

# KANSAS DEPARTMENT OF COMMERCE

|                                | Actual<br>FY 2014     | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015  | Agency Req.<br>FY 2016 | Gov. Rec.<br>FY 2016  | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017  |
|--------------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| <b>Operating Expenditures:</b> |                       |                        |                       |                        |                       |                        |                       |
| State General Fund             | \$ 15,031,976         | \$ 250,000             | \$ 245,000            | \$ 5,000,000           | \$ 0                  | \$ 5,000,000           | \$ 0                  |
| Other Funds                    | 138,266,545           | 127,251,793            | 125,985,198           | 108,353,269            | 112,234,369           | 107,506,732            | 110,385,216           |
| <b>TOTAL</b>                   | <b>\$ 153,298,521</b> | <b>\$ 127,501,793</b>  | <b>\$ 126,930,198</b> | <b>\$ 113,353,269</b>  | <b>\$ 112,234,369</b> | <b>\$ 112,506,732</b>  | <b>\$ 110,385,216</b> |
| <b>Capital Improvements:</b>   |                       |                        |                       |                        |                       |                        |                       |
| State General Fund             | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  | \$ 0                   | \$ 0                  |
| Other Funds                    | 122,346               | 195,000                | 195,000               | 200,000                | 200,000               | 200,000                | 200,000               |
| <b>TOTAL</b>                   | <b>\$ 122,346</b>     | <b>\$ 195,000</b>      | <b>\$ 195,000</b>     | <b>\$ 200,000</b>      | <b>\$ 200,000</b>     | <b>\$ 200,000</b>      | <b>\$ 200,000</b>     |
| <b>GRAND TOTAL</b>             | <b>\$ 153,420,867</b> | <b>\$ 127,696,793</b>  | <b>\$ 127,125,198</b> | <b>\$ 113,553,269</b>  | <b>\$ 112,434,369</b> | <b>\$ 112,706,732</b>  | <b>\$ 110,585,216</b> |
| <b>Percentage Change:</b>      |                       |                        |                       |                        |                       |                        |                       |
| <b>Operating Expenditures</b>  |                       |                        |                       |                        |                       |                        |                       |
| State General Fund             | 0.2 %                 | (98.3) %               | (98.4) %              | 1,900.0 %              | (100.0) %             | 0.0 %                  | 0.0 %                 |
| All Funds                      | (6.5)                 | (16.8)                 | (17.2)                | (11.1)                 | (11.6)                | (0.7)                  | (1.6)                 |
| FTE Positions                  | 163.8                 | 149.6                  | 149.6                 | 149.6                  | 149.6                 | 149.5                  | 149.5                 |
| <b>Non-FTE</b>                 |                       |                        |                       |                        |                       |                        |                       |
| Perm.Uncl.Pos.                 | 109.0                 | 119.1                  | 119.1                 | 119.1                  | 119.1                 | 118.1                  | 118.1                 |
| <b>TOTAL</b>                   | <b>272.8</b>          | <b>268.7</b>           | <b>268.7</b>          | <b>268.7</b>           | <b>268.7</b>          | <b>267.6</b>           | <b>267.6</b>          |

## AGENCY OVERVIEW

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The Department of 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.

- **Administration Division** is comprised of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, the Governor's Economic Council of Advisors, Legal, Regulatory Compliance and the Athletic Commission.
- **Business & 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, 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 (PEAK) Program;

- High Performance Incentive Program (HPIP);
- Community Service Tax Credits;
- Angel Investor Tax Credits;
- Rural Opportunity Zones;
- State Small Business Credit Initiative (SSBCI);
- Community Development Block Grant;
- Neighborhood Stabilization Program;
- Wind and Solar Bond Financing; and
- Sales Tax Revenue (STAR) Bonds

**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 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 **2004 Legislature** concurred with Executive Reorganization Order 31 which merged the Employment and Training Division of the Department of Human Resources (now the Department of Labor) with the Department of Commerce effective July 1, 2004. The merger resulted in a transfer of \$39,212,786, including \$237,350 from the State General Fund, and 280.6 FTE positions. Included in the transfer was the Older Kansans Employment Program (OKEP), funded at \$229,340 from the Economic Development Initiatives Fund. In FY 2005, America's Job Link of the Kansas Department of Labor was transferred to the Department of Commerce effective July 3, 2005, under Executive Reorganization Order (ERO) 31.

The **2004 Legislature** passed several pieces of legislation that added responsibilities to the Department. The Kansas Economic Growth Act added responsibilities for the administration of the Center for Entrepreneurship, the Community Entrepreneurship Fund, and Rural Business Development Tax Credits. Other pieces of legislation created responsibilities for the Agritourism Promotion Act, the Downtown Redevelopment Act, an Athletic Commission and STAR Bond revisions. The Legislature appropriated \$800,000 from the Economic Development Initiatives Fund to provide funding for the Center for Entrepreneurship and to provide seed funding of \$500,000 for the Community Entrepreneurship Fund to encourage foundation and federal investments.

The **2004 Legislature** appropriated \$700,000 from the Economic Development Initiatives Fund to support the state brand and image development process at \$2,100,000 as part of an Economic Revitalization Package.

The **2006 Legislature** transferred \$5.0 million from the State Highway Fund in each of FY 2007 through FY 2011 to the new State Affordable Airfares Fund created by 2006 House Sub.

for SB 475 and authorized expenditures of the same amount in FY 2007.

Additionally, the **2006 Legislature** added \$100,000 from the Economic Development Initiatives Fund for the Older Kansans Employment Program (OKEP) in FY 2007.

The **2009 Legislature** deleted language that authorized the Kansas Wheat Harvest program in FY 2010. The Wheat Harvest program connected Kansas farmers with custom wheat cutters.

The **2009 Legislature** deleted \$454,097, all from special revenue funds, in FY 2010 for the Regional Education and Workforce Access Remote Delivery (REWARD) project. The project would use video conferencing technology to assist in training dislocated workers and businesses.

The **2011 Legislature** deleted \$500,000, all from the Economic Development Initiatives Fund, for 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 Kansas Legislature before May 1, 2012.

The **2011 Legislature** 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.

The **2011 Legislature** added language prohibiting the 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 Economic Development Initiatives Fund, and 3.0 FTE positions, to fund the Kansas Creative Arts Commission. The Creative Arts 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 Economic Development Initiatives Fund, 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 in FY 2013.

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

The **2012 Legislature** deleted \$500,000, all from the State General Fund, for the Project 17 economic development initiatives project in southeast Kansas.

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

The **2013 Legislature** deleted \$275,000, all from the Economic Development Initiatives Fund, 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 that starts a new company with at least one full time employee besides themselves.

The **2013 Legislature** transferred \$1,000,000 for FY 2014 and \$500,000 for FY 2015 from the Reimbursement and Recovery Fund to the State General Fund.

The **2013 Legislature** deleted \$1,500,000, all from the Economic Development Initiatives Fund, in the Department of Commerce operating grant and increased the transfer from the Economic Development Initiatives Fund to the State General Fund for FY 2014 by that same amount.

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

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

The **2013 Legislature** directed that the \$5.0 million for the Affordable Airfares program be directed to the counties rather than the Regional Economic Area Partnership (REAP) for FY 2014.

The **2014 Legislature** deleted \$15.0 million, all from the State General Fund, 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 the Kansas State University, Wichita State University, and the University of Kansas respectively.

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

## **BUDGET SUMMARY AND KEY POINTS**

### **FY 2015 Agency Estimate**

The **agency** requests a revised estimate for FY 2015 operating expenditures of \$127.5 million, including \$250,000 from the State General Fund and \$19.3 million from the Economic Development Initiative Fund (EDIF). The estimate is an all funds increase of \$5.6 million, or 4.6 percent, and an EDIF increase of \$5.5 million, or 40.1 percent, above the amount approved by the 2014 Legislature. The State General Fund amount is an increase of \$5,000, or 2.2 percent, above the approved amount adjusted by the Governor's December 9<sup>th</sup> allotment. The EDIF increase was due entirely to a appropriation of money that was not spent in FY 2014 and shifted to FY 2015. The EDIF reappropriated funding will be largely used for agency operations (\$1.5 million), Rural Opportunity Grants (\$3.3 million), and Medicaid Reform

Employment Incentives (\$448,128). The budget includes 149.6 FTE positions, a decrease of 14.6 FTE positions below, and 119.1 non-FTE unclassified positions, an increase of 14.1 non-FTE unclassified positions above, the approved FY 2015 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.

The Governor's December 9<sup>th</sup> allotment, which was applied after the agency submitted its budget, reduced agency's FY 2015 approved amount for the State General Fund by \$5,000 in the other assistance expenditures for the Global Trade Services grants.

### **FY 2015 Governor Recommendation**

The **Governor** recommends FY 2015 operating expenditures of \$126.9 million, including \$18.8 million from EDIF and \$245,000 from the State General Fund. The recommendation is an all funds decrease of \$571,595, or 0.4 percent, an EDIF decrease of \$446,893, or 2.3 percent, and a State General Fund decrease of \$5,000, or 2.0 percent, below the agency's revised estimate.

The **Governor** concurs with the agency request with the following exceptions.

- Reduction of \$153,304, all from special revenue funds including \$33,602 from the Economic Development Initiatives Fund (EDIF) as a result of the Governor's State General Fund allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

- Reduction of \$5,000, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by a reduction in the grants for the Global Trade Services program in FY 2015.

- Reduction of \$274,000 from the EDIF as a result of the Governor's allotment plan. This reduces the agency's operating grant from EDIF and will result in a decrease in administrative expenditures.
- Reduction of \$139,291, all from reappropriated EDIF, for the Innovation Growth Program.

### **FY 2016 Agency Request**

The agency requests operating expenditures for FY 2016 of \$113.4 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$14.1 million, or 11.1 percent, from the FY 2015 agency request and is largely due to a decrease in funding from the EDIF and a shift in funding for the Affordable Airfare program. The request is

an increase of \$4.8 million, or 1,900.0 percent, from the State General Fund and is largely attributable to a desire to shift the funding source for the existing Affordable Airfare program to the State General Fund. This program has historically been funded with transfers from other special revenue funds. The budget includes 149.6 FTE positions and 119.1 non-FTE unclassified positions, the same as the number requested for FY 2015.

### **FY 2016 Governor Recommendation**

The **Governor** recommends FY 2016 operating expenditures of \$112.2 million, including \$13.8 million from the EDIF and no funding from the State General Fund. The recommendation is an all funds decrease of \$1.1 million, or 1.0 percent, an EDIF decrease of \$19,292, or 0.1 percent, and a State General Fund decrease of \$5.0 million, or 100.0 percent, from the agency request. The recommendation is an all funds decrease of \$14.7 million, an EDIF decrease of \$5.0 million and a State General Fund decrease of \$245,000 from the FY 2015 Governor's Budget Recommendation.

The **Governor** concurs with the agency request with the following exceptions.

- Reduction of \$1.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.

- Reduction of \$548,000 from the EDIF for the agency operating grant.

- Reduction of \$170,900, including \$32,708 from the EDIF, to reduce employer contributions for state employee health insurance.

## **FY 2017 Agency Request**

The agency requests operating expenditures of \$112.5 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all fund decrease of \$846,537, or 0.7 percent, from the FY 2016 agency request and is largely due to a decrease in funding for other assistance of \$1.2 million partially offset by an increase in the request for salaries and wages of \$690,668 due to the 27th payroll expenditures which occur in FY 2017. The State General Fund amount is the same as the FY 2016 agency request but reflects an increase of \$4.8

million, or 1,900.0 percent from the FY 2015 approved budget due to a desire to shift the funding source for the existing Affordable Airfare program to the State General Fund for FY 2016 and FY 2017. This program has historically been funded with transfers from other special revenue funds. The EDIF amount is the same as the FY 2016 agency request. The budget includes 149.5 FTE positions and 118.1 non-FTE unclassified positions, a decrease of 0.1 FTE position and 1.0 non-FTE unclassified positions from the FY 2016 agency request.

## **FY 2017 Governor Recommendation**

The **Governor** recommends FY 2017 operating expenditures of \$110.4 million, including \$13.8 million from the EDIF and no funding from the State General Fund. The recommendation is an all funds decrease of \$2.1 million, or 1.9 percent, an EDIF increase of \$18,640, or 0.1 percent, and a State General Fund decrease of \$5.0 million, or 100.0 percent, from the agency request.

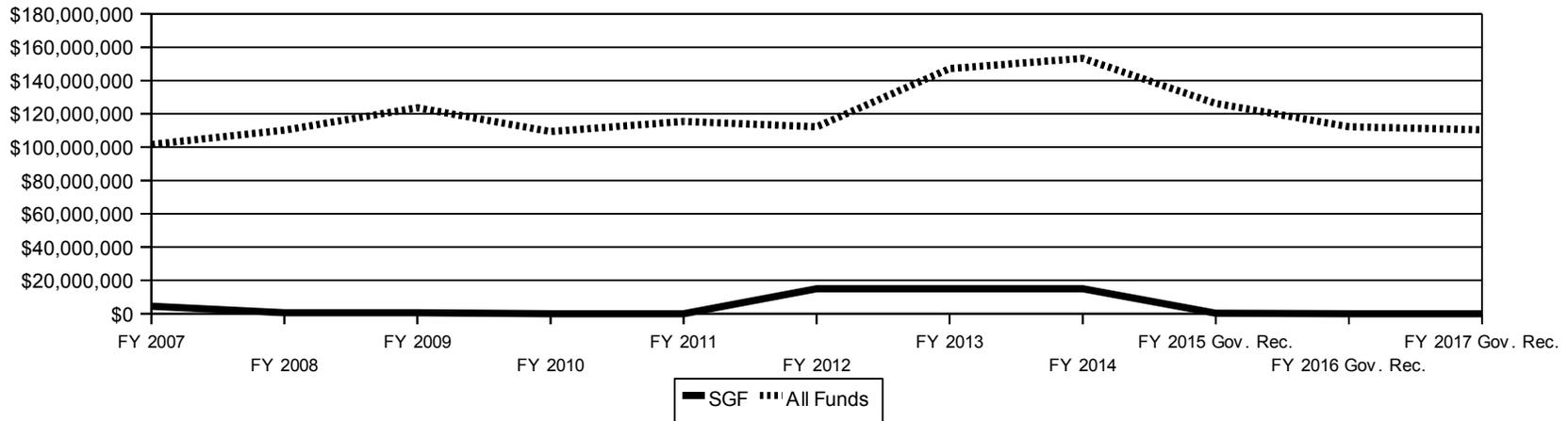
The **Governor** concurs with the agency request with the following exceptions.

- Reduction of \$2.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.

- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.
- Reduction of \$548,000 from the EDIF for the agency operating grant.
- Reduction of \$173,516 all funds, including \$33,360 from the EDIF, to reduce employer contributions for state employee health insurance.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2007 – FY 2017



| Fiscal Year        | SGF            | % Change  | All Funds      | % Change | FTE     |
|--------------------|----------------|-----------|----------------|----------|---------|
| 2007               | \$ 4,454,765   | 1,831.1 % | \$ 110,161,286 | 8.4 %    | 423.1   |
| 2008               | 622,463        | (86.0)    | 123,636,243    | 12.2     | 423.1   |
| 2009               | 580,607        | (6.7)     | 109,330,287    | (11.6)   | 314.8   |
| 2010               | 9,966          | (98.3)    | 115,395,054    | 5.5      | 314.8   |
| 2011               | 0              | (100.0)   | 112,236,173    | (2.7)    | 314.8   |
| 2012               | 15,000,000     | --        | 147,149,558    | 31.1     | 250.0   |
| 2013               | 15,001,308     | 0.0       | 164,030,681    | 11.5     | 192.0   |
| 2014               | 15,031,976     | 0.2       | 153,298,521    | (6.5)    | 163.8   |
| 2015 Gov. Rec.     | 245,000        | (98.4)    | 126,930,198    | (17.2)   | 149.6   |
| 2016 Gov. Rec.     | 0              | (100.0)   | 112,234,369    | (11.6)   | 149.6   |
| 2017 Gov. Rec.     | 0              | --        | 110,385,216    | (1.6)    | 149.5   |
| Eleven-Year Change | \$ (4,454,765) | (100.0)%  | \$ 223,930     | 0.2 %    | (273.6) |

\* The agency began receiving SGF appropriations in FY 2012 for the University Research Grant Program

**Summary of Operating Budget FY 2014 - FY 2016**

|   | Actual<br>2014        | Agency Estimate       |                       |                                |                                 | Governor's Recommendation |                       |                                |                                 |
|---|-----------------------|-----------------------|-----------------------|--------------------------------|---------------------------------|---------------------------|-----------------------|--------------------------------|---------------------------------|
|   |                       | Estimate<br>FY 2015   | Request<br>FY 2016    | Dollar<br>Change<br>from FY 15 | Percent<br>Change<br>from FY 15 | Rec.<br>FY 2015           | Rec.<br>FY 2016       | Dollar<br>Change<br>from FY 15 | Percent<br>Change<br>from FY 15 |
| <b>By Program:</b>                      |                       |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Administration                          | \$ 4,391,243          | \$ 6,695,390          | \$ 5,930,018          | \$ (765,372)                   | (11.4) %                        | \$ 6,253,774              | \$ 5,781,709          | \$ (472,065)                   | (7.5)%                          |
| Business & Community<br>Development     | 55,582,567            | 41,643,178            | 33,309,389            | (8,333,789)                    | (20.0)                          | 41,611,423                | 32,460,217            | (9,151,206)                    | (22.0)                          |
| Workforce Service                       | 93,278,328            | 79,121,450            | 74,076,962            | (5,044,488)                    | (6.4)                           | 79,023,226                | 73,955,543            | (5,067,683)                    | (6.4)                           |
| Debt Service                            | 46,383                | 41,775                | 36,900                | (4,875)                        | (11.7)                          | 41,775                    | 36,900                | (4,875)                        | (11.7)                          |
| <b>TOTAL</b>                            | <b>\$ 153,298,521</b> | <b>\$ 127,501,793</b> | <b>\$ 113,353,269</b> | <b>\$ (14,148,524)</b>         | <b>(11.1) %</b>                 | <b>\$ 126,930,198</b>     | <b>\$ 112,234,369</b> | <b>\$ (14,695,829)</b>         | <b>(11.6)%</b>                  |
| <b>By Major Object of Expenditure:</b>  |                       |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Salaries and Wages                      | \$ 15,107,940         | \$ 16,303,577         | \$ 16,740,161         | \$ 436,584                     | 2.7 %                           | \$ 16,150,273             | \$ 16,569,261         | \$ 418,988                     | 2.6 %                           |
| Contractual Services                    | 9,162,278             | 8,370,903             | 9,084,917             | 714,014                        | 8.5                             | 8,096,903                 | 8,963,351             | 866,448                        | 10.7                            |
| Commodities                             | 258,688               | 320,198               | 253,783               | (66,415)                       | (20.7)                          | 320,198                   | 253,783               | (66,415)                       | (20.7)                          |
| Capital Outlay                          | 396,273               | 635,285               | 576,331               | (58,954)                       | (9.3)                           | 635,285                   | 576,331               | (58,954)                       | (9.3)                           |
| Debt Service                            | 46,383                | 41,775                | 36,900                | (4,875)                        | (11.7)                          | 41,775                    | 36,900                | (4,875)                        | (11.7)                          |
| Subtotal - Operations                   | \$ 24,971,562         | \$ 25,671,738         | \$ 26,692,092         | \$ 1,020,354                   | 4.0 %                           | \$ 25,244,434             | \$ 26,399,626         | \$ 1,155,192                   | 4.6 %                           |
| Aid to Local Units                      | 30,083,047            | 19,534,794            | 16,010,000            | (3,524,794)                    | (18.0)                          | 19,534,794                | 16,010,000            | (3,524,794)                    | (18.0)                          |
| Other Assistance                        | 98,243,912            | 82,295,261            | 70,651,177            | (11,644,084)                   | (14.1)                          | 82,150,970                | 69,824,743            | (12,326,227)                   | (15.0)                          |
| <b>TOTAL</b>                            | <b>\$ 153,298,521</b> | <b>\$ 127,501,793</b> | <b>\$ 113,353,269</b> | <b>\$ (14,148,524)</b>         | <b>(11.1) %</b>                 | <b>\$ 126,930,198</b>     | <b>\$ 112,234,369</b> | <b>\$ (14,695,829)</b>         | <b>(11.6)%</b>                  |
| <b>Financing:</b>                       |                       |                       |                       |                                |                                 |                           |                       |                                |                                 |
| State General Fund                      | \$ 15,031,976         | \$ 250,000            | \$ 5,000,000          | \$ 4,750,000                   | 1,900.0 %                       | \$ 245,000                | \$ 0                  | \$ (245,000)                   | (100.0)%                        |
| Economic Development<br>Initiative Fund | 10,874,355            | 19,272,129            | 13,759,462            | (5,512,667)                    | (28.6)                          | 18,825,236                | 13,778,754            | (5,046,482)                    | (26.8)                          |
| Federal Funds                           | 69,483,937            | 57,251,143            | 49,784,616            | (7,466,527)                    | (13.0)                          | 57,168,710                | 49,689,844            | (7,478,866)                    | (13.1)                          |
| All Other Funds                         | 57,908,253            | 50,728,521            | 44,809,191            | (5,919,330)                    | (11.7)                          | 50,691,252                | 48,765,771            | (1,925,481)                    | (3.8)                           |
| <b>TOTAL</b>                            | <b>\$ 153,298,521</b> | <b>\$ 127,501,793</b> | <b>\$ 113,353,269</b> | <b>\$ (14,148,524)</b>         | <b>(11.1) %</b>                 | <b>\$ 126,930,198</b>     | <b>\$ 112,234,369</b> | <b>\$ (14,695,829)</b>         | <b>(11.6)%</b>                  |

**Summary of Operating Budget FY 2016 - FY 2017**

|   | Agency Estimate       |                       |                                |                                 | Governor's Recommendation |                       |                                |                                 |
|---|-----------------------|-----------------------|--------------------------------|---------------------------------|---------------------------|-----------------------|--------------------------------|---------------------------------|
|   | Request<br>FY 2016    | Request<br>FY 2017    | Dollar<br>Change<br>from FY 16 | Percent<br>Change<br>from FY 16 | Rec.<br>FY 2016           | Rec.<br>FY 2017       | Dollar<br>Change<br>from FY 16 | Percent<br>Change<br>from FY 16 |
| <b>By Program:</b>                      |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Administration                          | \$ 5,930,018          | \$ 5,934,123          | \$ 4,105                       | 0.1 %                           | \$ 5,781,709              | \$ 5,785,212          | \$ 3,503                       | 0.1 %                           |
| Business & Community<br>Development     | 33,309,389            | 32,862,441            | (446,948)                      | (1.3)                           | 32,460,217                | 31,012,814            | (1,447,403)                    | (4.5)                           |
| Workforce Services                      | 74,076,962            | 73,678,018            | (398,944)                      | (0.5)                           | 73,955,543                | 73,555,040            | (400,503)                      | (0.5)                           |
| Debt Service                            | 36,900                | 32,150                | (4,750)                        | (12.9)                          | 36,900                    | 32,150                | (4,750)                        | (12.9)                          |
| <b>TOTAL</b>                            | <b>\$ 113,353,269</b> | <b>\$ 112,506,732</b> | <b>\$ (846,537)</b>            | <b>(0.7) %</b>                  | <b>\$ 112,234,369</b>     | <b>\$ 110,385,216</b> | <b>\$ (1,849,153)</b>          | <b>(1.6) %</b>                  |
| <b>By Major Object of Expenditure:</b>  |                       |                       |                                |                                 |                           |                       |                                |                                 |
| Salaries and Wages                      | \$ 16,740,161         | \$ 17,430,829         | \$ 690,668                     | 4.1 %                           | \$ 16,569,261             | \$ 17,257,313         | \$ 688,052                     | 4.2 %                           |
| Contractual Services                    | 9,084,917             | 8,995,505             | (89,412)                       | (1.0)                           | 8,963,351                 | 8,873,939             | (89,412)                       | (1.0)                           |
| Commodities                             | 253,783               | 253,243               | (540)                          | (0.2)                           | 253,783                   | 253,243               | (540)                          | (0.2)                           |
| Capital Outlay                          | 576,331               | 576,109               | (222)                          | (0.0)                           | 576,331                   | 576,109               | (222)                          | (0.0)                           |
| Debt Service                            | 36,900                | 32,150                | (4,750)                        | (12.9)                          | 36,900                    | 32,150                | (4,750)                        | (12.9)                          |
| Subtotal - Operations                   | \$ 26,692,092         | \$ 27,287,836         | \$ 595,744                     | 2.2 %                           | \$ 26,399,626             | \$ 26,992,754         | \$ 593,128                     | 2.2 %                           |
| Aid to Local Units                      | 16,010,000            | 15,810,000            | (200,000)                      | (1.2)                           | 16,010,000                | 15,810,000            | (200,000)                      | (1.2)                           |
| Other Assistance                        | 70,651,177            | 69,408,896            | (1,242,281)                    | (1.8)                           | 69,824,743                | 67,582,462            | (2,242,281)                    | (3.2)                           |
| <b>TOTAL</b>                            | <b>\$ 113,353,269</b> | <b>\$ 112,506,732</b> | <b>\$ (846,537)</b>            | <b>(0.7) %</b>                  | <b>\$ 112,234,369</b>     | <b>\$ 110,385,216</b> | <b>\$ (1,849,153)</b>          | <b>(1.6) %</b>                  |
| <b>Financing:</b>                       |                       |                       |                                |                                 |                           |                       |                                |                                 |
| State General Fund                      | \$ 5,000,000          | \$ 5,000,000          | \$ 0                           | 0.0 %                           | \$ 0                      | \$ 0                  | \$ 0                           | 0%                              |
| Economic Development<br>Initiative Fund | 13,759,462            | 13,759,462            | 0                              | 0.0                             | 13,778,754                | 13,778,102            | (652)                          | (0.0)                           |
| Federal Funds                           | 49,784,616            | 49,085,751            | (698,865)                      | (1.4)                           | 49,689,844                | 48,989,704            | (700,140)                      | (1.4)                           |
| All Other Funds                         | 44,809,191            | 44,661,519            | (147,672)                      | (0.3)                           | 48,765,771                | 47,617,410            | (1,148,361)                    | (2.4)                           |
| <b>TOTAL</b>                            | <b>\$ 113,353,269</b> | <b>\$ 112,506,732</b> | <b>\$ (846,537)</b>            | <b>(0.7) %</b>                  | <b>\$ 112,234,369</b>     | <b>\$ 110,385,216</b> | <b>\$ (1,849,153)</b>          | <b>(1.6) %</b>                  |

# BUDGET OVERVIEW

## A. FY 2015 – Current Year

### Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$250,000 for the Department of Commerce in FY 2015. Adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

This adjustment changes the FY 2015 approved State General Fund to \$245,000. That amount is reflected in the table below as the currently approved FY State General Fund amount. The agency’s budget was submitted prior to the December allotment, so the agency’s revised budget estimates do not incorporate the allotment.

A reduction of \$5,000, as the result of the Governor’s December 9<sup>th</sup> State General Fund allotment.

| CHANGE FROM APPROVED BUDGET |                                    |                               |                                   |                             |                                     |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
|                             | Legislative<br>Approved<br>FY 2015 | Agency<br>Estimate<br>FY 2015 | Agency<br>Change from<br>Approved | Governor<br>Rec.<br>FY 2015 | Governor<br>Change from<br>Approved |
| State General Fund          | \$ 245,000                         | \$ 250,000                    | \$ 5,000                          | \$ 245,000                  | \$ 0                                |
| All Other Funds             | 127,446,793                        | 127,446,793                   | 0                                 | 126,180,198                 | (1,266,595)                         |
| <b>TOTAL</b>                | <b>\$ 127,691,793</b>              | <b>\$ 127,696,793</b>         | <b>\$ 5,000</b>                   | <b>\$ 126,425,198</b>       | <b>\$ (1,266,595)</b>               |
| FTE Positions               | 164.3                              | 149.6                         | (14.7)                            | 149.6                       | (14.7)                              |

The above table reflects State General Fund reappropriation, however a portion of the change in approved for all other funds is also due to a reappropriation in the Economic Development Initiative Fund (EDIF) from FY 2014 to FY 2015 totaling \$5.5 million. The total approved amount in this

table reflects operating expenditures as well as capital improvements.

The **agency** requests a revised estimate for FY 2015 total expenditures, including capital improvements, of \$127.7 million,

The agency requests operating expenditures of \$127.5 million, including \$250,000 from the State General Fund and \$19.3 million from the Economic Development Initiative Fund (EDIF). The estimate is an all funds increase of \$5.6 million, or 4.6 percent, and an EDIF increase of \$5.5 million, or 40.1 percent, above the amount approved by the 2014 Legislature. The State General Fund amount is an increase of \$5,000, or 2.2 percent, above the approved amount adjusted by the Governor's allotments. The EDIF increase was due entirely to an appropriation of money that was not spent in FY 2014 and shifted to FY 2015. The EDIF reappropriated funding will be largely used for agency operations (\$1.5 million), rural opportunity grants (\$3.3 million) and medicaid reform employment incentives (\$448,128). The Governor's allotments, which were applied after the agency submitted its budget request, reduced the agency's FY 2015 approved amount for the State General Fund in other assistance for Global Trade Services grants by \$5,000.

The request includes the following items.

- **Salaries and Wages** expenditures of \$16.3 million, including \$3.5 million from EDIF, to fund 149.6 FTE. The request is the same as the approved amount. The budget includes 149.6 FTE positions and 119.1 non-FTE unclassified positions, a decrease of 14.6 FTE positions below the approved amount and an increase of 14.1 non-FTE unclassified positions above the approved FY 2015 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.
- **Contractual Services** expenditures of \$8.4 million, including \$2.2 million from EDIF. The

request is an all funds increase of \$3,437, or 0.2 percent, all from the EDIF from the approved amount.

- **Commodities** expenditures of \$320,198, and is the same as the approved amount.
- **Capital Outlay** expenditures of \$635,285, and is the same as the approved amount.
- **Aid to Locals** expenditures of \$19.5 million, and is the same as the approved amount.
- **Other Assistance** expenditures of \$82.3 million including \$250,000 from the State General Fund and \$13.3 million from EDIF. This is an increase in all funds of \$5.5 million, or 7.2 percent, and an EDIF increase of \$5.5 million, or 70.8 percent above the approved budget. This is largely due to an increase in rural opportunity grants (\$3.3 million) and medicaid reform employment incentives (\$448,128). The increase in EDIF is based on the reappropriation of FY 2015 funding which was not spent in FY 2014 and shifted to FY 2015. The State General Fund amount is for the new Global Trade Services grant program and has been reduced by \$5,000 due to the Governor's allotments.

The **Governor** recommends FY 2015 total expenditures of \$127.1 million, including capital improvements. The Governor recommends operating expenditures of \$126.9 million, including \$18.8 million from the EDIF and \$245,000 from the State General Fund. The recommendation is an all funds decrease of \$571,595, or 0.4 percent, an EDIF decrease of \$446,893, or 2.3

percent, and a State General Fund decrease of \$5,000, or 2.0 percent, below the agency’s revised estimate.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$153,304, all from special revenue funds including \$33,602 from the Economic Development Initiatives Fund (EDIF) as a result of the Governor’s allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

- Reduction of \$5,000, as a result of the Governor’s State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by a reduction in the grants for the Global Trade Services program in FY 2015.
- Reduction of \$274,000 from the EDIF as a result of the Governor’s allotment plan. This reduces the agency’s operating grant from EDIF will result a decrease in administrative expenditures.
- Reduction of \$139,291, all from reappropriated EDIF, for the Innovation Growth Program.

### Governor’s Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a \$278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling \$280.0 million which reduced

expenditures by \$60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional \$219.9 million. The adjustments included in the \$219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

| GOVERNOR’S ALLOTMENTS             |            |            |     |
|-----------------------------------|------------|------------|-----|
| Allotment                         | SGF        | All Funds  | FTE |
| December Allotment                |            |            |     |
| Reduce SGF Funding by 4.0 percent | \$ (5,000) | \$ (5,000) | 0.0 |
| TOTAL                             | \$ (5,000) | \$ (5,000) | 0.0 |

**4.0 percent reduction to Cabinet-level and other SGF funded agencies**

State General Funded agencies in FY 2015. This allotment will be managed by a reduction in the grants for the Global Trade Services program in FY 2015.

A reduction of \$5,000, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other

**B. FY 2016 – Budget Year**

| <b>FY 2016 OPERATING BUDGET SUMMARY</b> |                        |                              |                |
|---|------------------------|------------------------------|----------------|
|   | Agency<br>Request      | Governor's<br>Recommendation | Difference     |
| <b>Total Request/Recommendation</b>     | \$ 113,353,269         | \$ 112,234,369               | \$ (1,118,900) |
| <b>FTE Positions</b>                    | 149.6                  | 149.6                        | 0.0            |
| <b><i>Change from FY 2015:</i></b>      |                        |                              |                |
| <i>Dollar Change:</i>                   |                        |                              |                |
| State General Fund                      | \$ 4,750,000           | \$ (245,000)                 |                |
| All Other Funds                         | (18,898,524)           | (13,750,829)                 |                |
| TOTAL                                   | <u>\$ (14,148,524)</u> | <u>\$ (13,995,829)</u>       |                |
| <i>Percent Change:</i>                  |                        |                              |                |
| State General Fund                      | 1,900.0 %              | (100.0) %                    |                |
| All Other Funds                         | (14.9)                 | (10.9)                       |                |
| TOTAL                                   | <u>(11.1) %</u>        | <u>(11.6) %</u>              |                |
| Change in FTE Positions                 | 0.0                    | 0.0                          |                |

The **agency** requests operating expenditures for FY 2016 of \$113.4 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$14.1 million, or 11.1 percent from the FY 2015 agency request and is due to a decrease in funding from EDIF and a shift in funding for the Affordable Airfare program. The request is an increase of \$4.8 million, or 1,900.0 percent from the State General Fund and is largely attributable to a desire to shift the funding source for the existing Affordable Airfare program, which has historically been funded with transfers from other special revenue funds, to the State General Fund. The budget includes 149.6 FTE positions and 119.1 non-FTE unclassified positions, the same as the number approved for FY 2015.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$16.7 million, including \$3.6 million from EDIF, to fund 149.6 FTE positions and 119.1 non-FTE unclassified positions, the same as the FY 2015 agency request. The request is an all funds increase of \$436,584, or 2.7 percent, and an EDIF increase of \$51,008 or 1.4 percent, from the FY 2015 agency request due to increased fringe cost.
- **Contractual Services** expenditures of \$9.1 million, including \$2.7 million from EDIF. The request is an all funds increase of \$714,014, or 8.5 percent, and an EDIF increase of \$513,081, or 23.1 percent, from the FY 2015 agency request. This is largely due to an increase in the agency operating grant from EDIF for administrative expenditures.
- **Commodities** expenditures of \$253,783, including \$66,586 from EDIF. The request is a decrease in all funds of \$66,415, or 20.7 percent, and an EDIF increase of \$167, or 0.3 percent, from the FY 2015 agency request. The all funds increase reflects decreased expenditures in the Broadband Data Development program.
- **Capital Outlay** expenditures of \$576,331, including \$162,152 from EDIF. Capital Outlay expenditures are largely used for technology upgrades and computer replacements. All funds expenditures decreased by \$58,954, or 9.3 percent, and EDIF expenditures decreased by \$32,979, or 16.9 percent, from the FY 2015 agency request.
- **Aid to Locals** expenditures of \$16.0 million, all from special revenue funds. The request is a decrease in all funds of \$3.5 million, or 18.0 percent, from the FY 2015 agency request and is largely attributable to a decrease in the amount of funds received for the federal Community Development Block Grant which funds city and county projects aimed at improving their communities.
- **Other Assistance** expenditures of \$70.7 million, including \$5.0 million from the State General Fund and \$7.2 million from EDIF. This a decrease in all funds of \$11.6 million, or 14.1 percent, a State General Fund increase of \$4.7 million, or 1894.0 percent, and an EDIF decrease of \$6.0 million, or 45.6 percent, from the FY 2015 agency request. The changes are largely due to to a request to shift the funding source for the

existing Affordable Airfare program (\$5.0 million), which has historically been funded with transfers from other special revenue funds, to the State General Fund. It also reflects a decrease in the Kansas Health Opportunity Program of \$3.3 million. The EDIF reductions are largely attributable to a decrease in the Rural Opportunity Program (\$3.3 million), the agency operating grant (\$2.1 million) and the Medicaid Reform Incentive program (\$448,554).

The **Governor** recommends FY 2016 operating expenditures of \$112.2 million, including \$13.8 million from the EDIF, and no funding from the State General Fund. The recommendation is an all funds decrease of \$1.1 million, or 1.0 percent, an EDIF decrease of \$19,292, or 0.1 percent, and a State General Fund decrease of \$5.0 million, or 100.0 percent, below the agency request.

The recommendation is an all funds decrease of \$14.7 million, or 11.4 percent, an EDIF decrease of \$5.0 million, or 26.8 percent, and a State General Fund decrease of \$245,000, or 100.0 percent, below the FY 2015 Governor's Budget Recommendation.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$1.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.
- Reduction of \$548,000 from the EDIF for the agency operating grant.
- Reduction of \$170,900, including \$32,708 from the EDIF, to reduce employer contributions for state employee health insurance.

**C. FY 2017 – Budget Year**

| <b>FY 2017 OPERATING BUDGET SUMMARY</b> |                     |                              |                |
|---|---------------------|------------------------------|----------------|
|   | Agency<br>Request   | Governor's<br>Recommendation | Difference     |
| <b>Total Request/Recommendation</b>     | \$ 112,506,732      | \$ 110,385,216               | \$ (2,121,516) |
| <b>FTE Positions</b>                    | 149.5               | 149.5                        | 0.0            |
| <b><i>Change from FY 2016:</i></b>      |                     |                              |                |
| <i>Dollar Change:</i>                   |                     |                              |                |
| State General Fund                      | \$ 0                | \$ 0                         |                |
| All Other Funds                         | (846,537)           | (1,849,153)                  |                |
| TOTAL                                   | <u>\$ (846,537)</u> | <u>\$ (1,849,153)</u>        |                |
| <i>Percent Change:</i>                  |                     |                              |                |
| State General Fund                      | 0.0 %               | 0.0 %                        |                |
| All Other Funds                         | (0.8)               | (1.6)                        |                |
| TOTAL                                   | <u>(0.7) %</u>      | <u>(1.6) %</u>               |                |
| Change in FTE Positions                 | (0.1)               | (0.1)                        |                |

The **agency** requests operating expenditures of \$112.5 million, including \$5.0 million from the State General Fund and \$13.8 million from the Economic Development Initiative Fund (EDIF). The request is an all fund decrease of \$846,537, or 0.7 percent, from the FY 2016 agency request and is due to a decrease in funding for Other Assistance of \$1.2 million offset by an increase in the request for salaries and wages of \$690,668. The State General Fund amount is the same as the

FY 2016 agency request but reflects an increase of \$4.8 million, or 1,900.0 percent from the FY 2015 approved budget due to a request to shift the funding source for the existing Affordable Airfare program which has historically been funded with transfers from other special revenue funds to the State General Fund for FY 2016 and FY 2017. The EDIF amount is the same as the FY 2016 agency request. The budget includes 149.5 FTE positions and 118.1 non-FTE unclassified positions, a decrease

of 0.1 FTE position and 1.0 non-FTE unclassified positions from the FY 2016 agency request.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$17.4 million, including \$3.8 million from EDIF, to fund 149.5 FTE positions and 118.1 non-FTE unclassified positions. The request is an all funds increase of \$690,668, or 4.1 percent, and an EDIF increase of \$168,190 or 4.1 percent, from the FY 2016 agency request. The request also reflects an increase in salaries and wages due to the 27th payroll expenditures which occur in FY 2017.
- **Contractual Services** expenditures of \$9.0 million, including \$2.7 million from EDIF. The request is an all funds decrease of \$89,412, or 1.0 percent, and an EDIF decrease of \$68,738, or 3.0 percent, from the FY 2016 agency request. This is largely due to a decrease in the agency operating grant from EDIF for administrative expenditures.
- **Commodities** expenditures of \$253,243, including \$58,024 from EDIF. The request is a decrease in all funds of \$540, or 0.2 percent, from the FY 2016 agency request. The all funds decrease reflects decreased expenditures in the Kansas Health Opportunity Program.
- **Capital Outlay** expenditures of \$576,109, including \$161,930 from EDIF. Capital Outlay

expenditures are largely used for technology upgrades and computer replacements. All funds expenditures decreased by \$222, or less than 0.1 percent, from the FY 2016 agency request.

- **Aid to Locals** expenditures of \$15.8 million, all from special revenue funds. The request is a decrease in all funds of \$200,000, or 1.2 percent, from the FY 2016 agency request and is largely attributable to a decrease in the amount of funds received for the federal Community Development Block Grant which funds city and county projects aimed at improving their communities.
- **Other Assistance** expenditures of \$69.4 million, including \$5.0 million from the State General Fund and \$7.1 million from EDIF. This a decrease in all funds of \$1.2 million, or 1.8 percent, and an EDIF decrease of \$100,020, or 1.4 percent, from the FY 2016 agency request. The request reflects a request to shift the funding source for the existing Affordable Airfare program (\$5.0 million), which has historically been funded with transfers from other special revenue funds, to the State General Fund. It also reflects a decrease in the Job Creation Program (\$603,000), Job Training Grant (\$800,000) and the EDIF funding for the agency operating grant (\$78,166).

The **Governor** recommends FY 2017 operating expenditures of \$110.4 million, including \$13.8 million from the EDIF and no funding from the State General Fund. The recommendation is an all funds decrease of \$2.1 million, or 1.9 percent, an EDIF increase of \$18,640, or 0.1 percent, and a

State General Fund decrease of \$5.0 million, or 100.0 percent, from the agency request.

The Governor concurs with the agency request with the following exceptions.

- Reduction of \$2.0 million in funding for the Affordable Airfare Program and a shift in funding from the State General Fund to the State Highway Fund.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from the Department of Administration to the Department of Commerce.
- Reduction of \$548,000 from the EDIF for the agency operating grant.
- Reduction of \$173,516, including \$33,360 from the EDIF, to reduce employer contributions for state employee health insurance.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$68,252, including \$12,549 from the Economic Development Initiatives Fund, and affects 219 employees.**

**Longevity Bonus Payments.** For FY 2016 and FY 2017, 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 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$62,080, all from special revenue funds, and FY 2017 longevity payments total \$67,681.**

**Group Health Insurance.** The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$170,900, including \$32,708 from the Economic Development Initiatives Fund for FY 2016. This is a reduction of \$173,516,**

**including \$33,360 from the Economic Development Initiative Fund, for FY 2017.**

**Kansas Public Employees Retirement System (KPERs) Rate Adjustments.** The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

## Funding Sources

| Funding Source                          | Agency Req.<br>Percent of<br>Total FY 2016 | Gov. Rec.<br>Percent of<br>Total FY 2016 | Agency Req.<br>Percent of<br>Total FY 2017 | Gov. Rec.<br>Percent of<br>Total FY 2017 |
|---|--|--|--|--|
| State General Fund                      | 4.4 %                                      | 0.0 %                                    | 4.4 %                                      | 0.0 %                                    |
| Economic Development<br>Initiative Fund | 12.1                                       | 12.3                                     | 12.2                                       | 12.5                                     |
| Federal Funds                           | 43.9                                       | 44.3                                     | 43.6                                       | 44.4                                     |
| All Other Funds                         | 39.5                                       | 43.4                                     | 39.7                                       | 43.1                                     |
| TOTAL                                   | <u>100.0 %</u>                             | <u>100.0 %</u>                           | <u>100%</u>                                | <u>100%</u>                              |

**Note:** Percentages may not add due to rounding.

## Athletic Fee Fund Analysis

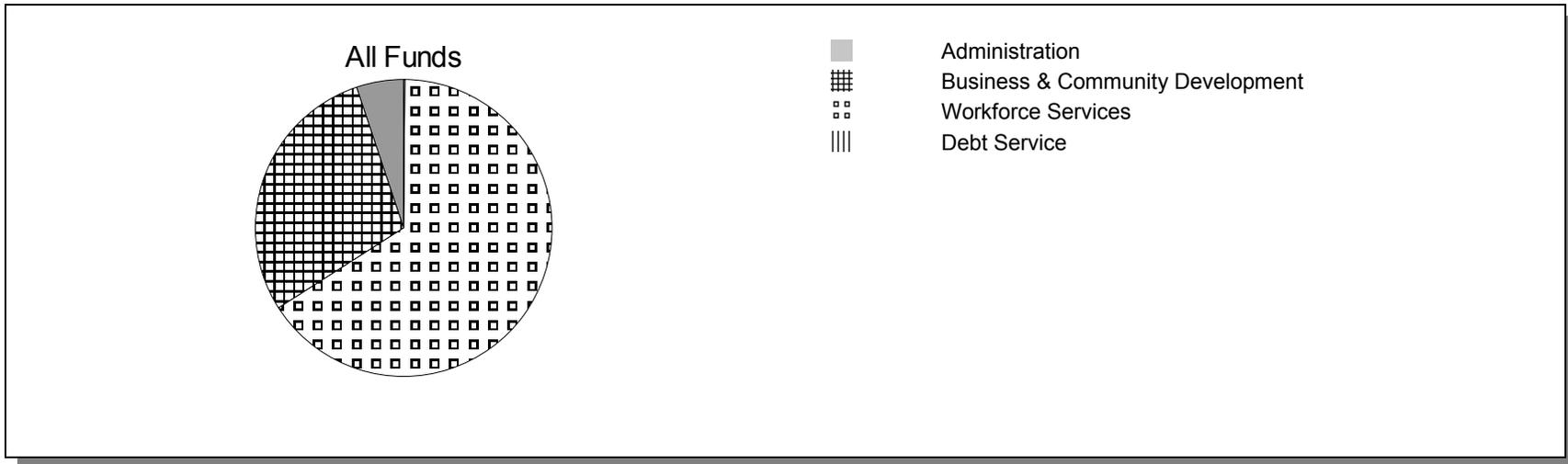
The Athletic Fee Fund is used to support the Kansas Athletic Commission (KAC). The KAC was created by the 2004 Legislature to regulate the state's fight-sport industry. The fund

is supported through licensing and registration of fighters, promoters, referees, judges, and ringside doctors.

| <u>Resource Estimate</u>                     | <u>Actual<br/>FY 2014</u> | <u>Agency<br/>Estimate<br/>FY 2015</u> | <u>Governor<br/>Rec.<br/>FY 2015</u> | <u>Agency<br/>Request<br/>FY 2016</u> | <u>Gov. Rec.<br/>FY 2016</u> | <u>Agency<br/>Request<br/>FY 2017</u> | <u>Gov. Rec.<br/>FY 2017</u> |
|--|---------------------------|--|--------------------------------------|---------------------------------------|------------------------------|---------------------------------------|------------------------------|
| Beginning Balance                            | \$ 6,727                  | \$ 73,892                              | \$ 73,892                            | \$ 70,877                             | \$ 71,721                    | \$ 71,133                             | \$ 72,734                    |
| Revenue                                      | 100,737                   | 110,550                                | 110,550                              | 110,550                               | 110,550                      | 121,895                               | 121,895                      |
| Transfers in                                 | <u>0</u>                  | <u>0</u>                               | <u>0</u>                             | <u>0</u>                              | <u>0</u>                     | <u>0</u>                              | <u>0</u>                     |
| Total Funds Available                        | \$ 107,464                | \$ 184,442                             | \$ 184,442                           | \$ 181,427                            | \$ 182,271                   | \$ 193,028                            | \$ 194,629                   |
| Less: Expenditures                           | 33,572                    | 113,565                                | 112,721                              | 110,294                               | 109,537                      | 116,079                               | 115,305                      |
| Transfers Out                                | 0                         | 0                                      | 0                                    | 0                                     | 0                            | 0                                     | 0                            |
| Off Budget Expenditures                      | <u>0</u>                  | <u>0</u>                               | <u>0</u>                             | <u>0</u>                              | <u>0</u>                     | <u>0</u>                              | <u>0</u>                     |
| Ending Balance                               | <u>\$ 73,892</u>          | <u>\$ 70,877</u>                       | <u>\$ 71,721</u>                     | <u>\$ 71,133</u>                      | <u>\$ 72,734</u>             | <u>\$ 76,949</u>                      | <u>\$ 79,324</u>             |
| Ending Balance as Percent of<br>Expenditures | 220.1%                    | 62.4%                                  | 63.6%                                | 64.5%                                 | 66.4%                        | 66.3%                                 | 68.8%                        |
| Month Highest Ending Balance                 | <u>\$ 111,000</u>         | <u>\$ 111,000</u>                      | <u>\$ 111,000</u>                    | <u>\$ 111,000</u>                     | <u>\$ 111,000</u>            | <u>\$ 122,000</u>                     | <u>\$ 122,000</u>            |
| Month Lowest Ending Balance                  | \$ 40,000                 | \$ 40,000                              | \$ 40,000                            | \$ 40,000                             | \$ 40,000                    | \$ 40,000                             | \$ 40,000                    |

# PROGRAM DETAIL

## EXPENDITURES BY PROGRAM-- GOVERNOR'S FY 2016 RECOMMENDATION



| Program                          | Gov. Rec.<br>All Funds<br>FY 2016 | Percent of<br>Total | Gov. Rec.<br>SGF<br>FY 2016 | Percent of<br>Total |
|----------------------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Administration                   | \$ 5,781,709                      | 5.1 %               | \$ 0                        | -- %                |
| Business & Community Development | 32,460,217                        | 28.9                | 0                           | --                  |
| Workforce Services               | 73,955,543                        | 65.8                | 0                           | --                  |
| Debt Service                     | 136,900                           | 0.1                 | 0                           | --                  |
| <b>TOTAL</b>                     | <b>\$ 112,334,369</b>             | <b>100.0 %</b>      | <b>\$ 0</b>                 | <b>-- %</b>         |

**FTE POSITIONS BY PROGRAM FY 2014 – FY 2017**

| Program                             | Actual<br>FY 2014 | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015 | Agency Req.<br>FY 2016 | Gov. Rec.<br>FY 2016 | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017 |
|-------------------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Administration                      | 21.8              | 20.1                   | 20.1                 | 20.1                   | 20.1                 | 20.0                   | 20.0                 |
| Business & Community<br>Development | 17.0              | 13.0                   | 13.0                 | 13.0                   | 13.0                 | 13.0                   | 13.0                 |
| Workforce Services                  | 125.0             | 116.5                  | 116.5                | 116.5                  | 116.5                | 116.5                  | 116.5                |
| Debt Service                        | 0.0               | 0.0                    | 0.0                  | 0.0                    | 0.0                  | 0.0                    | 0.0                  |
| <b>TOTAL</b>                        | <b>163.8</b>      | <b>149.6</b>           | <b>149.6</b>         | <b>149.6</b>           | <b>149.6</b>         | <b>149.5</b>           | <b>149.5</b>         |

**A. Administration**

The Administration Division is comprised of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, the Governor’s Economic Council of Advisors, Legal, Regulatory Compliance and the Athletic Commission.

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 the marketing efforts for the numerous business development and workforce services events; supporting the information technology infrastructure and software; and timely and accurate processing of all fiscal related documents, including all fiscal federal reporting and budget preparation and monitoring. This division is also responsible for the 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.

**ADMINISTRATION**  
**SUMMARY OF EXPENDITURES FY 2014 – 2017**

| Item                     | Actual<br>FY 2014   | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015 | Agency Req.<br>FY 2016 | Gov. Rec.<br>FY 2016 | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017 |
|--------------------------|---------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| <b>Expenditures:</b>     |                     |                        |                      |                        |                      |                        |                      |
| Salaries and Wages       | \$ 2,684,950        | \$ 2,998,945           | \$ 2,970,620         | \$ 3,010,953           | \$ 2,984,210         | \$ 3,152,431           | \$ 3,125,086         |
| Contractual Services     | 1,147,130           | 1,302,359              | 1,028,359            | 2,184,032              | 2,062,466            | 2,115,463              | 1,993,897            |
| Commodities              | 49,923              | 35,986                 | 35,986               | 37,936                 | 37,936               | 37,936                 | 37,936               |
| Capital Outlay           | 173,616             | 193,771                | 193,771              | 160,570                | 160,570              | 160,570                | 160,570              |
| Debt Service             | 0                   | 0                      | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations    | \$ 4,055,619        | \$ 4,531,061           | \$ 4,228,736         | \$ 5,393,491           | \$ 5,245,182         | \$ 5,466,400           | \$ 5,317,489         |
| Aid to Local Units       | 0                   | 0                      | 0                    | 0                      | 0                    | 0                      | 0                    |
| Other Assistance         | 335,624             | 2,164,329              | 2,025,038            | 536,527                | 536,527              | 467,723                | 467,723              |
| TOTAL                    | <u>\$ 4,391,243</u> | <u>\$ 6,695,390</u>    | <u>\$ 6,253,774</u>  | <u>\$ 5,930,018</u>    | <u>\$ 5,781,709</u>  | <u>\$ 5,934,123</u>    | <u>\$ 5,785,212</u>  |
| <b>Financing:</b>        |                     |                        |                      |                        |                      |                        |                      |
| State General Fund       | \$ 0                | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds          | 4,391,243           | 6,695,390              | 6,253,774            | 5,930,018              | 5,781,709            | 5,934,123              | 5,785,212            |
| TOTAL                    | <u>\$ 4,391,243</u> | <u>\$ 6,695,390</u>    | <u>\$ 6,253,774</u>  | <u>\$ 5,930,018</u>    | <u>\$ 5,781,709</u>  | <u>\$ 5,934,123</u>    | <u>\$ 5,785,212</u>  |
| FTE Positions            | 21.8                | 20.1                   | 20.1                 | 20.1                   | 20.1                 | 20.0                   | 20.0                 |
| Non-FTE Uncl. Perm. Pos. | 20.0                | 26.1                   | 26.1                 | 26.1                   | 26.1                 | 26.1                   | 26.1                 |
| TOTAL                    | <u>41.8</u>         | <u>46.2</u>            | <u>46.2</u>          | <u>46.2</u>            | <u>46.2</u>          | <u>46.1</u>            | <u>46.1</u>          |

The **agency** requests for the Administration Division operating expenditures for FY 2016 of \$5.9 million, including \$3.8 million from Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$765,372, or 11.4 percent, and an EDIF decrease of \$849,169, or 18.2 percent from the FY 2015 agency request and is largely due to a decrease in the agency's operating grant funding from EDIF.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$3.0 million, including \$1.2 million from EDIF, to fund 20.1 FTE positions and 26.1 non-FTE unclassified positions, the same number of positions as the FY 2015 agency request. The

request is an all funds increase of \$12,008, or 0.4 percent, and an EDIF decrease of \$37,548 or 2.9 percent, from the FY 2015 agency request.

- **Contractual Services** expenditures of \$2.2 million, including \$1.8 million from EDIF. The request is an all funds increase of \$881,673, or 67.7 percent, and an EDIF increase of \$849,932, or 85.6 percent, from the FY 2015 agency request. This is largely due to an increase in the agency operating grant from EDIF for administrative expenditures.
- **Commodities** expenditures of \$37,936, including \$32,626 from EDIF. The request is an increase in all funds of \$1,950, or 5.4 percent, and an EDIF increase of \$1,450, or 4.7 percent, from the FY 2015 agency request. The all funds increase reflects increased expenditures for the Governor's Council of Economic Advisors.
- **Capital Outlay** expenditures of \$160,570, including \$158,570 from EDIF. Capital Outlay expenditures are largely used for technology upgrades and computer replacements. All funds expenditures decreased by \$33,201, or 17.1 percent, and EDIF expenditures decreased by \$35,201, or 18.7 percent, from the FY 2015 agency request. This is largely due to a decrease in the agency operating grant from EDIF.
- **Other Assistance** expenditures of \$536,527, including \$336,870 from EDIF. This a decrease in all funds of \$1.6 million, or 75.2 percent, and an EDIF decrease of \$1.6 million, or 75.2 percent, from the FY 2015 agency request. This is largely

due to a decrease in the agency operating grant from EDIF and the Innovation Growth Program, offset by an increase in the Governor's Council of Economic Advisors.

The **Governor** concurs with the agency request for FY 2016 with the following exceptions.

- Reduction of \$121,566 from the EDIF for the agency operating grant.
- Reduction of \$26,743 to reduce employer contributions for state employee health insurance.

The **agency** requests for the Administration Division operating expenditures for FY 2017 of \$5.9 million, including \$3.7 million from the Economic Development Initiative Fund (EDIF). The request is an all funds increase of \$4,105, or 0.1 percent, and an EDIF decrease of \$68,134, or 1.8 percent from the FY 2016 agency request and is largely due to a decrease in the agency's operating grant funding from EDIF.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$3.2 million, including \$1.3 million from EDIF, to fund 20.0 FTE positions and 26.1 non-FTE unclassified positions. The request is an all funds increase of \$141,478, or 4.7 percent, and an EDIF increase of \$59,402 or 4.8 percent, from the FY 2016 agency request.

- **Contractual Services** expenditures of \$2.1 million, including \$1.8 million from EDIF. The request is an all funds decrease of \$68,569, or 3.1 percent, and an EDIF decrease of \$58,732, or 3.2 percent, from the FY 2016 agency request. This is largely due to a decrease in the agency operating grant from EDIF.
- **Commodities** expenditures of \$37,936, including \$32,626 from EDIF, the same as the FY 2016 agency request.
- **Capital Outlay** expenditures of \$160,570, including \$158,570 from EDIF, the same as the FY 2016 agency request.

- **Other Assistance** expenditures of \$467,723, including \$467,723 from EDIF. This request is a decrease in all funds of \$68,804, or 12.8 percent, and is largely due to a decrease in the agency operating grant from EDIF, a reduction for the Governor’s Council of Economic Advisors, and Innovative Job Growth Program.

The **Governor** concurs with the agency request for FY 2017 with the following exceptions.

- Reduction of \$121,566, all from EDIF, for the agency operating grant.
- Reduction of \$27,345 to reduce employer contributions for state employee health insurance.

## ***B. Business and Community Development***

The Business and Community Development Division plays a lead role in promoting economic and rural development for the State of 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.

During fiscal year 2013 a consolidation took place bringing what had been known as the International Trade Division into the Business and Community Development Division. The staff involved in trade development work actively to recruit international business to establish facilities and create Kansas jobs, and also provide resources and assistance to Kansas companies seeking to sell products and services to international customers-capitalizing on global opportunities.

In addition, initiatives from the former Kansas Technology Enterprise Corporation (KTEC), which was merged into Commerce in fiscal year 2011, were moved out of the Administration Division to this Division. The Angel Tax Credits were moved to the Business & Community Development Division and aligned within Business Finance along with the other incentive programs managed by Commerce.

Lastly, the Film Commission within the Business and Community Division was renamed to the Kansas Creative Arts Industries Commission (CAIC) and its goals and objectives were expanded to focus not just on the film industry but to all creative industries in Kansas. This includes an emphasis on how the creative industries can help grow the state's economy. During fiscal year 2013, focus was on creating a strategic plan for fiscal years 2014 and 2015 and applying for an National Endowment for the Arts (NEA) grant with state funding as match.

The Division administers several programs which include the **Community Development** and **Community Assistance Services** as well as **Recruitment**. The Division also houses the **Office of Minority and Women Business, Center for Entrepreneurship, Kansas Business Development Center, and the Kansas Creative Arts Commission**.

## **Recruitment**

In fiscal year 2014, the business recruitment team worked on 210 project leads and facilitated 88 successful corporate relocations and expansions, resulting in 11,779 jobs, \$652.0 million in payroll and \$1.2 billion in capital investment. These results also include the international business recruitment projects as well. Retention of jobs in the state was also a significant part of the results. The office and manufacturing sectors had the highest number of project leads this fiscal year. The office sector generated the highest number of successful projects.

## **Kansas Exports**

Kansas businesses totaled \$12.5 billion in exports in calendar year 2013. The international section provides market resources to Kansas companies empowering them to sell products and services to international customers. Staff directly helps Kansas businesses in the following areas.

- 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.
- Maintaining international consultants in key global markets.
- Assisting with required international documentation.

## **State Trade and Export Promotion Grant/International Mission Activity**

In fiscal year 2013, Kansas was awarded a total of \$154,371 from the federal State Trade and Export Promotion (STEP) program to provide assistance for Kansas companies to market and sell their products and services internationally. The Kansas

grant application was a joint effort between the Kansas Department of Commerce and the Kansas Department of Agriculture. Six Kansas companies promoted their export products at a Kansas-sponsored pavilion at this global aviation exhibition. Participants' results will be tracked and reported for the next four quarters as required by the STEP program.

Follow-up reporting for the fiscal year 2013 STEP grant participants shows that participants collectively reported \$2,250,225 in actual sales.

### **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 trade shows. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In fiscal year 2014, the international team awarded a total of \$46,275 to 11 Kansas companies to attend a total of 14 international trade shows. To date, those 11 companies reported sales of \$14.0 million. Eight of the 11 companies found new agents or distributors and two companies established a joint-venture as a result of their trade show participation.

### **Business and Community Development Assistance**

The Business and Community Development Assistance area is comprised of ten full time Regional Project Managers (RPMs) who provide face-to-face assistance to Kansas businesses and communities. To assist Kansas communities in reaching their full potential by increasing awareness of and access to available resources, the RPMs are a point of contact in the development of strategic plans and a connection to financial and human resources. The communities determine the

direction they need to take to achieve success, after which the RPM will work with them to connect with available resources. Additionally the RPMs assist existing Kansas businesses access state incentives which are designed to help businesses grow.

In fiscal year 2014, the team facilitated 87 successful projects that will create 1,770 new jobs, retain 1,718 existing jobs, and invest \$198.0 million in capital investment. Fifty-five percent of the successful projects were manufacturing, the rest were a mix of energy, wholesale distribution, professional services and retail. Of the 87 successful projects, 46.0 percent were located in a non-metro county.

### **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. The program addresses such areas as planning, housing, community services and community enrichment. Communities develop and implement a citizen-initiated plan of action. This is a cooperative program with Kansas State University Research and Extension and the Department of Commerce. The PRIDE planning approach assists smaller communities without resources to expand their community economic capacities. The Business and Community Development Assistance Regional Project Managers provide additional manpower to better assist the PRIDE communities.

### **Business Finance**

The Business Finance unit offers a diverse portfolio of financial incentives for rural and urban communities and businesses that are 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 (PEAK)**

The Promoting Employment Across Kansas (PEAK) Act (K.S.A. 2012 Supp. 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 Act to broaden the eligibility criteria to increase the companies that can apply. The Legislature enacted PEAK to encourage economic development in Kansas by incenting companies to relocate, locate, expand or retain a business facility/operations and related jobs. The Secretary of Commerce has discretion to approve applications of qualified companies and determine the benefit period. During the benefit period, participating PEAK companies may retain or be refunded 95 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 10 years.

In fiscal year 2014, 75 agreements were signed with companies to participate in PEAK for a 10.0 percent increase from fiscal year 2013. Approximately 6,730 new jobs and over \$400.0 million in additional payroll are projected over a five to ten year period from these agreements. Executed agreements for fiscal year 2015 to date are 201.

### **High Performance Incentive Program**

The Kansas High Performance Incentive Program (HPIP) is an incentive program which can provide 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 fiscal year 2014 the HPIP program certified or re-certified 300 worksites. Of these 300 certifications, 54 were first time certifications, indicating new worksite projects. During this same period, the HPIP program acknowledged receipt of 277 project description forms which pre-identified anticipated future capital investment prior to any formal commitment to invest. The total capital investment which was pre-identified on these forms was \$1.5 billion. Estimated expected new jobs as a result of these new projects totaled 5,648 with an expected additional payroll of \$260,176,598 or about \$46,000 per new job.

### **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 fund-raising 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 percent is allowed in communities of fewer than 15,000 residents and 50 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.

## **Angel Investor Tax Credit Program**

The purpose of the Kansas Angel Investor Tax Credit Act (K.S.A. 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 primary goal is to encourage accredited investors to provide seed-capital financing for emerging, Kansas businesses engaged in the development, implementation and commercialization of innovative technologies, products and services.

The Program provides tax credits to technology and biotechnology startups that they may in turn offer to potential angel investors. Credits are valued at 50 percent of the eligible investment and each qualified investor may receive up to \$50,000 in tax credits per taxable year. These credits help reduce the inherent risk of the investment and encourage investment in potentially high-growth companies.

Up to \$6 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 2013, \$6.2 million tax credits were issued.

## **Rural Opportunity Zones**

The Rural Opportunity Zones (ROZ) program facilitates the population growth of rural Kansas communities in 77 designated counties through the use of tax relief and student loan reimbursement. Under this program, qualified individuals could be eligible to receive Kansas state income tax abatements and

student loan reimbursements provided by both the county and state on a matched basis.

Qualified individuals establishing new residency in one of the 77 Kansas counties will receive a credit for the entirety of their Kansas state income tax liability for any year in which they qualify beginning in taxable year 2012 and ending in taxable year 2017. Additionally, qualified individuals may receive student loan payments in equal shares over a maximum term of five years. The annual payments will be equal to 20 percent of the individual's outstanding student loan balance up to a maximum of \$15,000.

As of August 27, 2014 the program had received 1,755 applications with 809 approved and 443 pending. The rate of applications received is expected to accelerate with the recent expansion of the program by 4 counties. This year the program began allowing employers to directly sponsor ROZ applicants.

## **State Small Business Credit Initiative**

The State Small Business Credit Initiative (SSBCI) was established by Congress with the adoption of the Small Business Jobs Act of 2010. In June of 2011, the Kansas Department of Commerce was awarded an allocation of approximately \$13.2 million dollars to create a Loan and Venture Capital lending program that would leverage private capital at 10:1 and be targeted to help small businesses. The Loan program received approximately \$10.5 million of the allocation while the Venture Capital lending program received approx. \$2.6 million. Each program augments private capital by providing 9.0 percent matching funds to small business projects that may never be realized without these funds.

In fiscal year 2014, the program funded 14 projects under the Loan program using \$2.5 million SSBCI funds to leverage

\$32.4 million in private investment. For the Venture program, four projects were funded utilizing \$603,000 to leverage \$8.5 million in private investment.

### **Community Development Block Grant**

The Small Cities Community Development Block Grant (CDBG) program receives approximately \$13 to \$15 million in federal funds annually. The state's allocation has decreased gradually over the past few years, from \$20.1 million in 2004 to \$13.6 million in fiscal year 2014. Awards made through this program pay for water and sewer systems, bridges, roads, community facilities, housing rehabilitation and economic development activities. Awards help build vital infrastructure and serve all areas of Kansas, except the entitlement zones of Topeka, Kansas City, Wichita, Lawrence, Leavenworth, Manhattan, Overland Park and Johnson County.

U.S. Department of Housing and Urban Development (HUD) provides federal funds to local units of government based on a population formula. One of three objectives must be met: benefit to low- and moderate-income individuals; removal or prevention of slum or blighted conditions; or 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: economic development; water/sewer; community facilities; urgent need; housing; and Kansas Small Town Environment Program (KAN STEP). Unlike other states, Kansas does not provide state funds for the administration of this program.

### **Neighborhood Stabilization Program**

The Neighborhood Stabilization Program (NSP 1) 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 NSP 1 funding through HUD, which administers the program at the federal level.

Contracts were signed with nine counties and 10 cities to invest these dollars to stabilize their neighborhoods. As of August, 2014, the State of Kansas NSP 1 program has generated \$7.4 million in program income which brings the total investment of \$28.4 million into the State. To date, seven additional allocations have been made to NSP 1 sub-grantees with an additional allocation pending. The NSP 1 program will not receive any new allocations after October 31, 2015; however, Commerce will still be responsible for the ongoing management of the program income.

The Neighborhood Stabilization Program 3 (NSP 3) was established in Fiscal Year 2011 to stabilize and revitalize communities that have been most severely impacted by foreclosure and abandoned properties. The most severely impacted communities are identified by a Census Tract Score. The State of Kansas was allocated \$5.0 million in NSP 3 funding by HUD. Due to their high Census Tract Score, the primary recipient of NSP 3 funds is the Unified Government of Wyandotte County. The NSP 3 program will not receive any new allocations after October 31, 2015; however, Commerce will still be responsible for the ongoing management of the program income.

### **Office of Minority and Women Business**

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, federal certification

and procurement information. The Office of Minority and Women Business Development developed an online directory of certified minority and women owned businesses, which can be accessed from the Kansas Department of Commerce website.

### **Center for Entrepreneurship**

The division partners with the Kansas Center for Entrepreneurship by providing pass-through budget dollars and by meeting on a regular basis. The mission of the Kansas Center for Entrepreneurship is to foster an entrepreneurial climate in Kansas and create a single-source network to link entrepreneurs to business support services. It operates under the supervision of a board of directors named by the Secretary of Commerce through a contract administered by the Department of Commerce. In addition to creating policies to foster entrepreneurship, the Center, under the name **NetWork Kansas**, establishes and maintains a website and toll-free number as a seamless resource center clearing house and referral source. The Center also manages the Kansas Community Entrepreneurship Fund and is responsible for outreach entrepreneurial education delivery to rural communities.

### **Kansas Small Business Development Center**

The Division also partners with the Kansas Small Business Development Center (KSBDC) through budget pass-through dollars and cooperative projects. The mission of the KSBDC is to increase economic prosperity in Kansas by helping entrepreneurs and small business owners start and grow their businesses through professional consulting, training and sharing of resources. The KSBDC network includes more than 35 team members at locations across the state, committed to providing services to Kansas entrepreneurs.

### **Kansas Creative Arts Industries Commission**

The Kansas Creative Arts Industries Commission (CAIC) 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.

CAIC also takes advantage of the state's amazing natural landscape to attract film crews to Kansas. Assistance often includes location scouting, serving as a liaison or facilitator and lending support during production. CAIC 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. CAIC also supports and encourages the local film industry through participation in film industry events. In fiscal year 2013, film production dollars spent in the state totaled an estimated \$25 million, including dollars from in-state and out-of-state sources.

In fiscal year 2014, CAIC was awarded a NEA partnership awarded of \$560,800 based on its strategic plan and planning process. Under this agreement, CAIC administered three grant programs: Creative Economy Project Support, Strategic Investment, and Arts Integration. CAIC awarded grants to over 57 organizations totaling over \$917,000.

In fiscal year 2015, CAIC will update its strategic plan to meet its mission and fulfill NEA federal grant requirements. In addition, the Commission will begin receiving data on FY 14 grant programs that support the arts and the role they play in enhancing local economies and the quality of life for all Kansas. While outcomes may vary from project to project, the measures created will provide data on how funded projects impact Kansas communities both culturally and economically. These measures

may include: the number of citizens effected by the program, increase in local cultural tourism, the number of jobs created,

and increased revenue to participating organizations and businesses.

| <b>BUSINESS AND COMMUNITY DEVELOPMENT<br/>SUMMARY OF EXPENDITURES FY 2014 – 2017</b> |                      |                        |                      |                        |                      |                        |                      |
|--|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item   | Actual<br>FY 2014    | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015 | Agency Req.<br>FY 2016 | Gov. Rec.<br>FY 2016 | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017 |
| <b>Expenditures:</b>   |                      |                        |                      |                        |                      |                        |                      |
| Salaries and Wages   | \$ 2,602,535         | \$ 2,791,078           | \$ 2,764,323         | \$ 2,541,263           | \$ 2,518,525         | \$ 2,659,651           | \$ 2,636,458         |
| Contractual Services   | 1,337,617            | 2,671,472              | 2,671,472            | 997,305                | 997,305              | 987,300                | 987,300              |
| Commodities  | 75,001               | 127,477                | 127,477              | 80,875                 | 80,875               | 80,875                 | 80,875               |
| Capital Outlay   | 6,270                | 2,625                  | 2,625                | 4,847                  | 4,847                | 4,625                  | 4,625                |
| Debt Service   | 0                    | 0                      | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations  | \$ 4,021,423         | \$ 5,592,652           | \$ 5,565,897         | \$ 3,624,290           | \$ 3,601,552         | \$ 3,732,451           | \$ 3,709,258         |
| Aid to Local Units   | 30,038,011           | 18,834,794             | 18,834,794           | 16,010,000             | 16,010,000           | 15,810,000             | 15,810,000           |
| Other Assistance   | 21,523,133           | 17,215,732             | 17,210,732           | 13,675,099             | 12,848,665           | 13,319,990             | 11,493,556           |
| <b>TOTAL</b>   | <b>\$ 55,582,567</b> | <b>\$ 41,643,178</b>   | <b>\$ 41,611,423</b> | <b>\$ 33,309,389</b>   | <b>\$ 32,460,217</b> | <b>\$ 32,862,441</b>   | <b>\$ 31,012,814</b> |
| <b>Financing:</b>  |                      |                        |                      |                        |                      |                        |                      |
| State General Fund   | \$ 0                 | \$ 250,000             | \$ 245,000           | \$ 5,000,000           | \$ 0                 | \$ 5,000,000           | \$ 0                 |
| All Other Funds  | 55,582,567           | 41,393,178             | 41,366,423           | 28,309,389             | 32,460,217           | 27,862,441             | 31,012,814           |
| <b>TOTAL</b>   | <b>\$ 55,582,567</b> | <b>\$ 41,643,178</b>   | <b>\$ 41,611,423</b> | <b>\$ 33,309,389</b>   | <b>\$ 32,460,217</b> | <b>\$ 32,862,441</b>   | <b>\$ 31,012,814</b> |
| FTE Positions  | 17.0                 | 13.0                   | 13.0                 | 13.0                   | 13.0                 | 13.0                   | 13.0                 |
| Non-FTE Uncl. Perm. Pos.   | 22.0                 | 21.0                   | 21.0                 | 21.0                   | 21.0                 | 21.0                   | 21.0                 |
| <b>TOTAL</b>   | <b>39.0</b>          | <b>34.0</b>            | <b>34.0</b>          | <b>34.0</b>            | <b>34.0</b>          | <b>34.0</b>            | <b>34.0</b>          |

The **agency** requests for the Business and Community Development Division operating expenditures for FY 2016 of \$33.3 million, including \$5.0 million from the State General Fund and \$5.7 million from the Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$8.3 million, or 20.0 percent, below the FY 2015 agency request and is due to a

decrease in funding from EDIF and a shift in funding for the Affordable Airfare program. The request is an increase of \$4.8 million, or 1,900.0 percent from the State General Fund and is largely attributable to a request to shift the funding source for the existing Affordable Airfare program, which has historically

been funded with transfers from other special revenue funds, to the State General Fund.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$2.5 million, including \$2.0 million from EDIF, to fund 13.0 FTE positions and 21.0 non-FTE unclassified positions, the same number of positions as the FY 2015 agency request. The request is an all funds decrease of \$249,815, or 9.0 percent, and an EDIF decrease of \$9,936 or 0.5 percent, from the FY 2015 agency request.
- **Contractual Services** expenditures of \$997,305, including \$15,000 from the State General Fund and \$822,388 from EDIF. The request is an all funds decrease of \$1.7 million, or 62.7 percent, State General Fund increase of \$15,000, or 100.0 percent, and an EDIF decrease of \$350,366, or 29.9 percent, from the FY 2015 agency request. This is largely due to a decrease in the agency operating grant from EDIF (\$348,900) and a decrease in the Broadband Data Development program (\$1.3 million).
- **Commodities** expenditures of \$80,875, including \$32,994 from EDIF. The request is a decrease in all funds of \$46,602, or 36.6 percent, and an EDIF decrease of \$350, or 1.0 percent, below the FY 2015 agency request. The all funds decrease reflects decreased expenditures in the Broadband Data Development program.
- **Capital Outlay** expenditures of \$4,847, including \$3,032 from EDIF. Capital Outlay expenditures are largely used for technology upgrades and computer replacements. All funds expenditures, all in EDIF, increased by \$2,222, or 84.6 percent, above the FY 2015 agency request due to an increase in the agency operating grant from EDIF.
- **Aid to Locals** expenditures of \$16.0 million, all from special revenue funds. The request is a decrease in all funds of \$2.8 million, or 15.0 percent, from the FY 2015 agency request and is largely attributable to a decrease in the amount of funds received for the federal Community Development Block Grant.
- **Other Assistance** expenditures of \$13.7 million, including \$5.0 million from the State General Fund and \$2.9 million from EDIF. This request is a decrease in all funds of \$3.5 million, or 20.6 percent, a State General Fund increase of \$4.7 million, or 1894.0 percent, and an EDIF decrease of \$3.7 million, or 55.8 percent, from the FY 2015 agency request. The changes are largely due to a request to shift the funding source for the existing Affordable Airfare program (\$5.0 million) to the State General Fund. The program has historically been funded with transfers from special revenue funds. It also reflects an increase in the Rural Opportunity Zone program (\$587,991) partially offset by a decrease in the Job Creation Program (\$207,000). The EDIF reductions are largely attributable to a decrease in the Rural Opportunity Program (\$3.3 million), agency operating grant from EDIF (\$243,925)

and Medicaid Reform Incentive program (\$171,797). The Governor concurs with the agency request for FY 2016 with the following exceptions.

- Reduction of \$5.0 million in State General Fund offset by an increase of \$4.0 million from the State Highway Fund for the Affordable Airfare program. The Governor's recommendation did not include the requested shift in funding source and decreased funding for the program by \$1.0 million from the agency request.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from Department of Administration to the Department of Commerce.
- Reduction of \$173,566 from the EDIF for the agency operating grant.
- Reduction of \$22,738 to reduce employer contributions for state employee health insurance.

The **agency** requests for the Business and Community Development Division operating expenditures for FY 2017 of \$32.9 million, including \$5.0 million from the State General Fund and \$5.8 million from Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$446,948, or 1.3 percent below the FY 2016 agency request and is due to a decrease in funding from Community Development Block Grant

and in expenditures for the Job Creation Program. The request reflects the request to shift the funding source for the existing Affordable Airfare program to the State General Fund. The program has historically been funded with transfers from other special revenue funds.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$2.7 million, including \$2.1 million from EDIF, to fund 13.0 FTE positions and 21.0 non-FTE unclassified positions, the same as the FY 2016 agency request. The request is an all funds increase of \$118,388, or 4.7 percent, and an EDIF increase of \$91,485 or 4.7 percent, from the FY 2016 agency request. The request also reflects an increase in salaries and wages due to the 27th payroll expenditures which occur in FY 2017.
- **Contractual Services** expenditures of \$987,300, including \$15,000 from the State General Fund and \$812,383 from EDIF. The request is an all funds decrease of \$10,005, or 1.0 percent, all from EDIF, from the FY 2016 agency request. This is largely due to a decrease in the agency operating grant from EDIF.
- **Commodities** expenditures of \$80,875, including \$32,994 from EDIF. The request is the same as the FY 2016 agency request.
- **Capital Outlay** expenditures of \$4,625, including \$2,810 from EDIF. Capital Outlay expenditures

are largely used for technology upgrades and computer replacements. All funds expenditures, all in EDIF, decreased by \$222, or 4.6 percent, from the FY 2016 agency request due to a decrease in the agency operating grant from EDIF.

- **Aid to Locals** expenditures of \$15.8 million, all from special revenue funds. The request is a decrease in all funds of \$200,000, or 1.2 percent, below the FY 2016 agency request and is attributable to a decrease in the amount of funds received for the federal Community Development Block Grant.
- **Other Assistance** expenditures of \$13.3 million, including \$5.0 million from the State General Fund and \$2.9 million from EDIF. This a decrease in all funds of \$355,109, or 2.6 percent, and an EDIF decrease of \$15,298, or 0.5 percent, from the FY 2016 agency request. The request reflects a request to shift the funding source for the existing Affordable Airfare program (\$5.0 million) to the State General Fund. The program has historically been funded with transfers from special revenue funds. It also reflects an increase in the Rural Opportunity Zone program (\$263,189) partially offset by a decrease in the Job Creation Program (\$603,000). The EDIF reductions are largely

attributable to a decrease in the Rural Opportunity Program (\$11,211) and Creative Industries (\$4,087).

The **Governor** concurs with the agency request for FY 2017 with the following exceptions.

- Reduction of \$5.0 million in State General Fund offset by an increase of \$3.0 million from the State Highway Fund for the Affordable Airfare program. The Governor's recommendation did not include the requested shift in funding source and decreased funding for the program by \$2.0 million from the agency's request.
- Addition of \$100,000 from the EDIF for the Military Base Program.
- Addition of \$500,000 from the EDIF for Public Broadcasting Grants due to the grants program transitioning from Department of Administration to the Department of Commerce.
- Reduction of \$173,566 from the EDIF for the agency operating grant.
- Reduction of \$23,198 to reduce employer contributions for state employee health insurance.

### **C. Workforce Services**

The Workforce Development Division implements the federal Workforce Investment Act of 1998. The Act identifies core indicators of performance that state and local areas will

have to meet, including job placement rates, earnings, employment retention, skill increases, and credentials earned. State and local organizations will have flexibility to build on

existing reforms and tailor systems to meet the particular needs of individual communities. The Workforce Development Division links businesses, job-seekers, and educational institutions to ensure that Kansas employers can find well trained, job-specific employees.

The Workforce Development Division also operates America's Job Link Alliance (AJLA) which is a national information technology field center with functional direction provided by the National Association of State Workforce Agencies (NASWA). The center was founded in 1969 with funding from the United States Department of Labor to centralize the development of management information systems used within the federal/state employment security system. AJLA computer-based systems provide the means for the national workforce development community to serve job seekers and employers and to track and report on performance measures.

In addition, the revamped Innovation Growth program with its newly created steering committee, were moved into the Workforce Services Division to align with the other university initiatives managed through the joint efforts of Commerce and Kansas Board of Regents (KBOR).

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 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 of Children and Families for the TANF

programs and the Kansas Department of Labor with Unemployment Insurance information. The one-stop 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 and Salina. The North East 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 and Butler and Cowley counties. Finally, the Southeast Region staff is in Chanute, Independence, Emporia, Paola and Pittsburg. There are a total of 22 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 to help job candidates find quality employment opportunities. In addition, there are a number of federal programs that compliment this program.

The Department of Commerce is responsible for administration of labor exchange, labor recruitment, general assessment, testing, and screening services for employers and job seekers. The Local Workforce Investment Board establishes policy, eligibility guidelines, and provides the designated administrative entity with any guidance needed to ensure successful Workforce Investment Act (WIA) training program administration within the region. Commerce, the local board or its designated agents, and other partners work collaboratively within a one-stop environment to deliver these services to employers and job seekers.

The Workforce Development Division has two subprogram areas: Training Services and Employment Services.

## **Training Services**

### ***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.

Competency and hybrid models have been developed to complement the traditional time-based apprenticeship models. In addition to broadening the flexibility for program sponsors, competency and hybrid Registered Apprenticeship models increase apprentices' opportunities for interim credentials and technology-based learning. Many Registered Apprenticeship programs now combine the ability to earn an associate's or higher degree (often paid for by the employer).

In fiscal year 2014, the Kansas Registered Apprenticeship program registered 613 new apprentices at an average starting wage of \$14.57 per hour. Additionally, 13 new employers/program sponsors registered a program and 5 programs were renewed. There were 144 individuals who completed apprenticeships at an average wage of \$27.65 per hour.

### ***Early Childhood Associate Apprenticeship Program (ECAAP)***

ECAAP, a Kansas Registered Apprenticeship Program, is a training model based on the skills and knowledge the early childhood industry needs from its employees. It combines RTI with planned, day-by-day training on the job under the supervision of a skilled worker. Apprentices start at a reasonable wage, determined by the employer. As their skills and value increase, so do their wages. ECAAP is a training model that gives the employer the opportunity to train workers in child care centers, preschools or group homes.

This program is funded with the state's Child Care and Development Block Grant funds and is administered through an interagency agreement between Commerce and the Kansas Department for Children and Family Services. In fiscal year 2014, ECAAP had 108 active apprentices in this two-year training program. The average wage for all apprentices is \$8.98 per hour. ECAAP has 49 registered sponsors with 28 who had active apprentices during fiscal year 2014. There were 23 new apprentices registered in fiscal year 2014 with an average starting wage rate of \$8.71 per hour. There were 5 program completers in fiscal year 2014 with an average completion wage rate of \$11.54 per hour.

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

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

In fiscal year 2014, KIT and KIR combined to fund 90 projects involving 84 companies in 19 counties. Funding of these projects totaled \$1,946,396. These funds leveraged \$5,211,904 in private sector matching funds. Once training is complete, these projects will result in the training of 7,420 individuals. The KIT program will cover the training of 3,837 newly created jobs. Through the KIR program, 3,583 will be retrained and the positions retained.

**Employment Services**

**Wagner-Peyser Act**

For fiscal year 2014, Kansas received \$5,526,029 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.

Although the Wagner-Peyser Act provides universal access to a full range of workforce services, it also mandates job search and placement services be provided specifically to unemployment insurance (UI) claimants. To focus resources on

UI claimants most in need of assistance, the Worker Profiling Reemployment System (WPRS) identifies those with a greater than 50 percent probability of exhausting benefits prior to obtaining employment. It is the responsibility of Wagner-Peyser staff to schedule staff assisted reemployment services for identified claimants.

| <b>STAFF ASSISTED REEMPLOYMENT SERVICES</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FY 2011 - FY 2013</b>                    |                |                |                |
| <u>Category of Service</u>                  | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014</u> |
| Registered for Employment Services          | 187,874        | 214,477        | 211,561        |
| Received Workforce Information              | 170,698        | 205,765        | 202,836        |
| Received Staff Assisted Services            | 50,492         | 57,511         | 56,059         |
| Referred to Employment                      | 15,488         | 14,889         | 18,931         |
| Entered Employment Rate                     | 67.9 %         | 64.8 %         | 66.0 %         |
| Employment Retention Rate (6 mo.)           | 84.4 %         | 84.0 %         | 84.5 %         |

**Reemployment and Eligibility Assessment (REA)**

A number of studies note that attention to claimants' efforts to find new jobs and awareness of their reemployment service needs will result in shorter claim durations and fewer erroneous payments by utilizing the REA program. The reemployment of UI claimants and the reduction of erroneous payments are high priorities for Kansas. The REA initiative addresses both these priorities. Kansas received an additional allocation of \$273,174 in fiscal year 2014 to provide REA services through March 2015.

Providing reemployment services to UI claimants has gained even greater momentum in Kansas with the receipt of the REA grant awarded to the Kansas Department of Labor. Through a

memorandum of understanding, Commerce provides contractual staff to deliver workforce services to a minimum of 8,500 eligible claimants in Local Areas 2, 3, and 4.

### ***Jobs for Veterans Grant***

For fiscal year 2013, Commerce received \$1,537,000, from the U.S. Department of Labor to administer the JVSG, in support of the Jobs for Veterans Act (JVA). This funding supports the State Veteran Services Manager, the Intensive Services Coordinator (ISC), the Local Veterans' Employment Representatives (LVER), and the Disabled Veterans Outreach Program (DVOP) Specialists. Some support services are also paid through this grant for the USDOL Director of Vets Service (DVET).

During fiscal year 2014, there were approximately 9,900 new veteran KANSASWORKS accounts created. Additionally, approximately 6,170 veterans received staff assisted services from veteran representatives, located across the state. The Veterans unemployment rate for the state of Kansas went from 10.5 percent in FY 2013, to 5.5 percent in FY 2014. Fiscal year 2014 Entered Employment Rate was approximately 60percent, and the Employment Retention Rate was approximately 82 percent. The JVSG program is striving to increase this activity by approximately 10 percent in FY 2015.

### ***Migrant and Seasonal Farm Worker Services***

Federal regulation mandates equitable levels of Wagner-Peyser services be provided to Migrant and Seasonal Farm Worker (MSFW) customers defined as follows:

- Migrant Farm Worker – During the preceding 12 months worked at least 25 or more days or parts of days in farm work; earned at least half of

income from farm work; was not employed year round by the same employer; had to travel to the work and was unable to return to permanent residence the same day. Full-time students traveling with groups other than their families are excluded.

- Migrant Food Processing Worker – During the preceding 12 months worked at least 25 or more days in food processing; earned at least half of income from food processing work; was not employed year round by the same employer; had to travel to the work and was not able to return to permanent residence the same day. Full-time students traveling with groups other than their families are excluded.
- Seasonal Farm Worker – During the preceding 12 months worked at least 25 or more days or parts of days in farm work; earned at least half of income from farm work; and was not employed year round by the same employer. Full-time students are excluded.

Workforce centers provide outreach services by partnering with other agencies and volunteer workers to inform farm workers of services available. This outreach network is further supported by the State Monitor Advocate, who is an employee of the Department of Commerce. The State Monitor Advocate conducts on-site visits to ensure equitable levels of Wagner-Peyser services are provided to the farm worker community. Expenses incurred by the State Monitor Advocate to monitor compliance with federal regulations and maintain a centralized procedure to process complaints filed by or on behalf of MSFWs are funded through the regular Wagner-Peyser grant.

## ***Foreign Labor Certification***

Kansas receives funding from the USDOL to administer the Foreign Labor Certification (FLC) program. Commerce provides the following services for employers having difficulty finding qualified U.S. workers to fill job openings:

***H-2A visas*** are granted to foreign workers for temporary agricultural jobs. Commerce assists employers by posting their job orders on KANSASWORKS.com to recruit U.S. workers. During the recruitment process, it is the responsibility of Wagner-Peyser staff to conduct pre-occupancy safety and suitability inspections whenever housing is furnished by the employer. In fiscal year 2013, Commerce assisted 127 employers, posted 127 job orders, and inspected 169 housing units in all parts of the state. If the recruitment process reveals no U.S. workers are available or willing to take the job, and the employer-provided housing meets all safety standards, the Foreign Labor National Office provides the employer a certification permitting them to bring foreign workers into Kansas; and

***H-2B visas*** are granted to foreign workers for temporary low-skilled non-agricultural jobs such as construction, landscaping, painting, remodeling, and roofing. Commerce assists employers by posting their job orders on KANSASWORKS.

## ***Kansas Employer Partner Incentive (KEPI)***

Commerce was appropriated \$450,000 from the Economic Development Initiative Fund (EDIF) for FY 2014 and FY 2015 to provide incentives to employers hiring individuals with qualifying

disabilities. Kansas companies that hire qualified individuals with disabilities will receive a cash benefit of \$1,500 per employee upon 90 days of stable employment and \$1,500 once verification has been received that the individual has been retained or advanced in employment by the company for two years from the original hire date. This overall benefit of \$3,000 is for employees hired on a full-time basis. Commerce and the Kansas Department of Children and Families have entered into a Memorandum of Understanding for the timely referral of eligible job seekers between the two agencies.

## ***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 Kansas' Area Agencies on Aging and other community-based organizations who administer the program on the agency's behalf. During fiscal year 2014, OKEP served a total of 1,916 participants and placed 1,151 into full-time or part-time private sector employment at an average wage of \$9.71 an hour for an average of 24 hours per week, resulting in \$13,418,418 in wages paid, or 53 times greater than the cost of the program.

## ***Senior Community Services Employment Program (SCSEP)***

The federal Senior Community Services Employment Program provides skills training through subsidized part-time employment to older Kansans who live at or below the poverty level. SCSEP served 98 participants, placing them in community organizations for training. Commerce paid \$830,000 in federal aid payments contributing to case management, service delivery and participant wages while the participants completed on-the-job training.

## **Workforce Investment Act Services**

The Workforce Investment Act of 1998 (WIA) provides the framework for a national workforce preparation and employment system designed to meet the needs of business and job candidates wishing to further their careers. The most important aspect of the law is its focus on providing easy access, information and services through a “One-Stop” system empowering customers to obtain training, education, and employment services at a single neighborhood location. This program is federally funded and is designed to serve targeted populations.

WIA services continue to improve the skills of Kansas workers. Through workforce centers and the well-established One-Stop system, local workforce investment boards and their partner agencies provided services to 190,425 adult participants, 1,475 dislocated worker participants and 1,654 youth participants in fiscal year 2014.

WIA Youth program projects continue to provide youth with opportunities to finish their education and receive employment training. In each of the five local areas, WIA-eligible youth are assisted through programs affiliated with Kansas’ public schools, community colleges, employer-operated training programs and programs located at the local youth providers training sites.

National Emergency Grants (NEG) are discretionary awards by the U.S. Secretary of Labor that temporarily expand service capacity at the state and local levels through time-limited funding assistance in response to significant dislocation events. Significant events are those that create a sudden need for assistance that cannot reasonably be expected to be accommodated within the ongoing operations of the formula-funded Dislocated Worker program, including the discretionary resources reserved at the state level. Kansas had one active

NEG, the On the Job Training NEG with close-out activity on the grant through September 30, 2015.

## **Rapid Response Program**

During the past year, the Department of Commerce received 38 Worker Adjustment Retraining Notification Act (WARN) notices impacting 4,297 workers and 26 non-WARN notices impacting 1,294 workers. Rapid Response is a proactive, business-focused, and flexible strategy designed to respond to layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers. Rapid Response services are available regardless of the size of the company impacted. The state Rapid Response Coordinator works closely with the five local area Rapid Response Coordinators to contact the companies, ensure timely response, and provide the best services possible to assist the workers in making a smooth transition to new employment.

## **Trade Adjustment Assistance Program**

The Trade Adjustment Assistance (TAA) program provides training and re-employment services to U.S. workers who have lost their jobs as a result of foreign trade. The TAA program provides trade-affected workers with opportunities to obtain the skills, resources and support necessary to become re-employed. TAA offers a variety of benefits and services to support workers in their search for reemployment, which includes training, job search and relocation allowances, income support, and assistance with healthcare premium costs.

For FY 2014, Kansas has 12 petitions certified, including Textron Inc., Spirit Aerosystems, Inc., Quest Diagnostics, Apria Healthcare, LLC., and Learjet. Also during this time, Kansas served 897 TAA participants with 253 of them new to the program. Of these participants, 426 received training, 249 participated in RTAA and 355 were placed on waivers.

### ***Work Opportunity Tax Credit Program***

The Work Opportunity Tax Credit program (WOTC) encourages the hiring of targeted employees so they move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers. Participating employers receive compensation by reducing their federal income tax liability. For fiscal year 2014, Commerce received \$177,425 from USDOL to carry out WOTC program activities.

In program year 2013, or fiscal year 2014, a total of 26,246 certification requests were received, resulting in 18,881 eligible for tax credits. This is a federal tax savings to Kansas businesses of almost \$50 million. The largest number of workers certified as eligible were recipients of Supplemental Nutrition Assistance Program (SNAP), followed by Designated Community Residents, recipients of Temporary Assistance for Needy Families (TANF) and Ex-Felons.

### ***Incumbent Worker Training Program***

The Incumbent Worker Training program is funded by the Federal Workforce Investment Act (WIA) and administered by the Workforce Services Division within the Kansas Department of Commerce and the Local Workforce Investment Boards. The purpose of the program is to provide grants to employers to assist with certain expenses associated with skills upgrade training for full-time employees of the company. The grant amount is subject to availability of funds. Training must be for the purpose of averting layoffs, but should also be for the purpose of improving employee retention, increasing employee earning potential through the upgrade of skills and to assist in staying competitive.

### ***Federal Bonding***

The Federal Bonding program provides individual fidelity bonds to employers who hire job applicants who have been, or may be, denied coverage by commercial carriers. Job candidates benefit because they are provided a second chance to prove themselves as valuable employees. Employers benefit because they provide an avenue to hire skilled job candidates who might not be hired due to their ineligibility for bond coverage.

### ***Kansas Health Profession Opportunity Project (KHPOP)***

In fiscal 2014, \$3,552,528 was made available through the Kansas Health Profession Opportunity Project grant to provide healthcare education, training and employment to 1,000 Temporary Assistance for Needy Families recipients, Supplemental Nutrition Assistance Program recipients and other low-income individuals. These services will reduce healthcare labor shortages and decrease total individuals receiving public assistance.

### ***Kansas Disability Employment Initiative***

Kansas was awarded a three-year Disability Employment Initiative grant in 2010. A partnership with the Cerebral Palsy Research Foundation, a non-profit organization in south central Kansas serving individuals with various disabilities, was finalized to expand adapted computer skills training in Wichita and to develop the training and classroom space within the Prairie Band Pottawatomie Nation. Two of the five Workforce Investment Areas hired a Disability Resource Coordinator to facilitate the implementation of the grant.

### ***H-1B Technical Skills Training Grant***

In November 2011, Commerce received nearly \$5 million from the US Department of Labor Technical Skills Training Grant competition. Using H-1B user fees, rather than tax dollars, Commerce is providing funds to employers to help reduce the cost of training engineers on the job. Funds are available to employers which hire new, dislocated or otherwise unemployed engineers. The purpose of the grant is to encourage employers to hire American workers rather than use H-1B VISA holders to meet their talent needs. As of June 30, 2014, 137 engineers began on-the-job training with over 30 Kansas employers. Each employer is eligible to receive up to \$25,000 per hire.

### ***Second Chance Act Grant***

In program year 2011, or fiscal year 2012, the Kansas Department of Corrections (KDOC) was awarded \$894,304 through a Second Chance Act Grant from the U.S. Department

of Justice to increase offender participation in job development and technical training. This grant funded a position at Commerce, called the Director of Alternative (Offender) Workforce Development, which serves as a bridge between KDOC, Commerce and the Kansas workforce system. This effort recognizes that offender population includes individuals who can become viable members of the workforce with the proper instruction and training

Although the original grant funding has concluded, the Kansas Department of Corrections has agreed to continue funding this position, through the State General Fund; additionally, this funding will be reduced by that percent of time the position works in conjunction with Barton Community College under its federal Department of Education PRSCEO Grant as well as by the percent of time supporting a Second Chance Act project supporting the training and transition of female offenders incarcerated at the Topeka Correctional Facility beginning on October 1, 2014.

**WORKFORCE SERVICES**  
**SUMMARY OF EXPENDITURES FY 2014 – 2017**

| Item                     | Actual<br>FY 2014    | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015 | Agency Req.<br>FY 2016 | Gov. Rec.<br>FY 2016 | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017 |
|--------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| <b>Expenditures:</b>     |                      |                        |                      |                        |                      |                        |                      |
| Salaries and Wages       | \$ 9,820,455         | \$ 10,513,554          | \$ 10,415,330        | \$ 11,187,945          | \$ 11,066,526        | \$ 11,618,747          | \$ 11,495,769        |
| Contractual Services     | 6,677,531            | 4,397,072              | 4,397,072            | 5,903,580              | 5,903,580            | 5,892,742              | 5,892,742            |
| Commodities              | 133,764              | 156,735                | 156,735              | 134,972                | 134,972              | 134,432                | 134,432              |
| Capital Outlay           | 216,387              | 438,889                | 438,889              | 410,914                | 410,914              | 410,914                | 410,914              |
| Debt Service             | 0                    | 0                      | 0                    | 0                      | 0                    | 0                      | 0                    |
| Subtotal - Operations    | \$ 16,848,137        | \$ 15,506,250          | \$ 15,408,026        | \$ 17,637,411          | \$ 17,515,992        | \$ 18,056,835          | \$ 17,933,857        |
| Aid to Local Units       | 45,036               | 700,000                | 700,000              | 0                      | 0                    | 0                      | 0                    |
| Other Assistance         | 76,385,155           | 62,915,200             | 62,915,200           | 56,439,551             | 56,439,551           | 55,621,183             | 55,621,183           |
| TOTAL                    | <u>\$ 93,278,328</u> | <u>\$ 79,121,450</u>   | <u>\$ 79,023,226</u> | <u>\$ 74,076,962</u>   | <u>\$ 73,955,543</u> | <u>\$ 73,678,018</u>   | <u>\$ 73,555,040</u> |
| <b>Financing:</b>        |                      |                        |                      |                        |                      |                        |                      |
| State General Fund       | \$ 15,031,976        | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds          | 78,246,352           | 79,121,450             | 79,023,226           | 74,076,962             | 73,955,543           | 73,678,018             | 73,555,040           |
| TOTAL                    | <u>\$ 93,278,328</u> | <u>\$ 79,121,450</u>   | <u>\$ 79,023,226</u> | <u>\$ 74,076,962</u>   | <u>\$ 73,955,543</u> | <u>\$ 73,678,018</u>   | <u>\$ 73,555,040</u> |
| FTE Positions            | 125.0                | 116.5                  | 116.5                | 116.5                  | 116.5                | 116.5                  | 116.5                |
| Non-FTE Uncl. Perm. Pos. | 67.0                 | 72.0                   | 72.0                 | 72.0                   | 72.0                 | 71.0                   | 71.0                 |
| TOTAL                    | <u>192.0</u>         | <u>188.5</u>           | <u>188.5</u>         | <u>188.5</u>           | <u>188.5</u>         | <u>187.5</u>           | <u>187.5</u>         |

The **agency** requests for the Workforce Services Division operating expenditures for FY 2016 of \$74.1 million, including \$4.2 million from Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$5.0 million, or 6.4 percent, below the FY 2015 agency request and is due to a decrease in funding from EDIF and the discontinuation of the Kansas Health Profession Opportunity program funding. It also reflects a decrease in expenditures for the Impact program, Job Training grants, and Dislocated Worker grants.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$11.2 million, including \$380,084 million from EDIF, to fund 116.5 FTE positions and 72.0 non-FTE unclassified positions, the same number of positions as the FY 2015 agency request. The

request is an all funds increase of \$674,391, or 6.4 percent, and an EDIF increase of \$98,492 or 35.0 percent, from the FY 2015 agency request.

- **Contractual Services** expenditures of \$5.9 million, including \$66,912 from EDIF. The request is an all funds increase of \$1.5 million, or 34.3 percent, and an EDIF increase of \$13,515 or 25.3 percent, above the FY 2015 agency request. This is largely due to an increase in Trade Adjustment Assistance (\$2.4 million), partially offset by decreases in funding for WIA Pilots (\$361,661) and Dislocated Worker Training (\$347,064).
- **Commodities** expenditures of \$134,972, including \$966 from EDIF. The request is a decrease in all funds of \$21,763, or 13.9 percent, and an EDIF decrease of \$933, or 49.1 percent, from the FY 2015 agency request. The all funds increase reflects decreased funding in the Child Care Development Block Grant (\$11,747), Veterans Assistance program (\$4,350), and the Trade Adjustment Assistance program (\$2,236).
- **Capital Outlay** expenditures of \$410,914, including \$550 from EDIF. Capital Outlay expenditures are largely used for technology upgrades and computer replacements. All funds expenditures decreased by \$27,975, or 6.4 percent, below the FY 2015 agency request and are largely attributable to decreased expenditures of Wagner/Peyser federal funds.
- **Other Assistance** expenditures of \$56.4 million, including \$3.8 million from EDIF. This request is a

decrease in all funds of \$6.5 million, or 10.3 percent, and an EDIF decrease of \$749,518, or 16.6 percent, from the FY 2015 agency request. This is largely attributable to decreases in the agency operating grant and the Medicaid Reform Employment Incentives funding from EDIF and decreased expenditures for Kansas Health Opportunities profession program (\$3.3 million), Impact Program (\$1.3 million) Job Training grants (\$400,000), Trade Adjustment Assistance (\$368,000), and WIA Dislocated Worker grants (\$300,000).

The **Governor** concurs with the agency request for FY 2016 with the exception of a reduction of \$121,419 to reduce employer contributions for state employee health insurance.

The **agency** requests for the Workforce Services Division operating expenditures for FY 2017 of \$73.7 million, including \$4.2 million from the Economic Development Initiative Fund (EDIF). The request is an all funds decrease of \$398,944, or 0.5 percent, below the FY 2016 agency request and is due to a decrease in funding from EDIF and the continued phase-out of the Kansas Health Profession Opportunity program funding. It also reflects a decrease in expenditures for the Impact program, Job Training grants, and Dislocated Worker grants.

The request is broken down by categories of expenditures below.

- **Salaries and Wages** expenditures of \$11.6 million, including \$398,177 million from EDIF, to fund 116.5 FTE positions and 71.0 non-FTE unclassified positions, a decrease of 1.0 non-FTE unclassified position from the FY 2016 agency request. The request is an all funds increase of

\$430,802, or 3.9 percent, and an EDIF increase of \$18,093 or 4.8 percent, from the FY 2016 agency request. The request also reflects an increase in salaries and wages due to the 27th payroll expenditures which occur in FY 2017.

- **Contractual Services** expenditures of \$5.9 million, including \$66,911 million from EDIF. The request is an all funds decrease of \$10,838, or 0.2 percent, below the FY 2016 agency request. This is largely due to a decrease in expenditures for the Kansas Health Profession Opportunity program (\$11,142), partially offset by an increase in the Childcare Development Block Grant (\$1,000).
- **Commodities** expenditures of \$134,432, including \$966 from EDIF. The request is a decrease in all funds of \$540, or 0.4 percent, from the FY 2016 agency request. The all funds decrease reflects decreased expenditures for the

Kansas Health Profession opportunity program (\$540).

- **Capital Outlay** expenditures of \$410,914, including \$550 from EDIF, the same as the FY 2016 agency request. Capital Outlay expenditures are largely used for technology upgrades and computer replacements.
- **Other Assistance** expenditures of \$55.6 million, including \$3.8 million from EDIF. This request is a decrease in all funds of \$818,368, or 1.4 percent, below the FY 2016 agency request. This is largely attributable to decreases in the agency operating grant from EDIF (\$14,523) and decreased expenditures for Job Training grants (\$800,000).

The **Governor** concurs with the agency request for FY 2017 with the exception of a reduction of \$122,978 to reduce employer contributions for state employee health insurance.

# CAPITAL IMPROVEMENTS

| CAPITAL IMPROVEMENTS                       |                        |                      |                           |                      |                        |                      |
|--|------------------------|----------------------|---------------------------|----------------------|------------------------|----------------------|
|  | Agency Est.<br>FY 2015 | Gov. Rec.<br>FY 2015 | Agency<br>Req.<br>FY 2016 | Gov. Rec.<br>FY 2016 | Agency Req.<br>FY 2017 | Gov. Rec.<br>FY 2017 |
| <b>Rehab and Repair:</b>                   |                        |                      |                           |                      |                        |                      |
| HVAC Duct Cleaning Project-TPKWFC          | \$ 20,000              | \$ 20,000            | \$ 0                      | \$ 0                 | \$ 0                   | \$ 0                 |
| Carpet & Paint Improvement Project-SALWFC  | 24,000                 | 24,000               | 0                         | 0                    | 0                      | 0                    |
| Lighting Up-Grade Project-HAYSWFC          | 12,000                 | 12,000               | 0                         | 0                    | 0                      | 0                    |
| Carpet & Paint Improvement Project-HAYSWFC | 20,000                 | 20,000               | 0                         | 0                    | 0                      | 0                    |
| Lighting Up-Grade Project-GCWFC            | 7,000                  | 7,000                | 0                         | 0                    | 0                      | 0                    |
| Carpet & Paint Improvement Project-DCWFC   | 17,000                 | 17,000               | 0                         | 0                    | 0                      | 0                    |
| Elevator #1 Improvement Project-TPKWFC     | 0                      | 0                    | 100,000                   | 100,000              | 0                      | 0                    |
| Re-Roof Project-SALWFC                     | 0                      | 0                    | 0                         | 0                    | 32,000                 | 32,000               |
| Parking Lot Improvement Project #1-TPKWFC  | 0                      | 0                    | 0                         | 0                    | 20,000                 | 20,000               |
| HVAC Controls Project-TPKWFC               | 0                      | 0                    | 0                         | 0                    | 24,000                 | 24,000               |
| Int Doors & Hardware Replacement -TPKWFC   | 0                      | 0                    | 0                         | 0                    | 24,000                 | 24,000               |
| <b>Debt Service Principal:</b>             |                        |                      |                           |                      |                        |                      |
| Topeka Workforce                           | 95,000                 | 95,000               | 100,000                   | 100,000              | 100,000                | 100,000              |
| TOTAL                                      | <u>\$ 195,000</u>      | <u>\$ 195,000</u>    | <u>\$ 200,000</u>         | <u>\$ 200,000</u>    | <u>\$ 200,000</u>      | <u>\$ 200,000</u>    |
| <b>Financing:</b>                          |                        |                      |                           |                      |                        |                      |
| State General Fund                         | \$ 0                   | \$ 0                 | \$ 0                      | \$ 0                 | \$ 0                   | \$ 0                 |
| All Other Funds                            | 195,000                | 195,000              | 200,000                   | 200,000              | 200,000                | 200,000              |
| TOTAL                                      | <u>\$ 195,000</u>      | <u>\$ 195,000</u>    | <u>\$ 200,000</u>         | <u>\$ 200,000</u>    | <u>\$ 200,000</u>      | <u>\$ 200,000</u>    |

## Current Year Agency Estimate

**FY 2015 – Current Year.** The agency estimates FY 2015 Capital improvements expenditures of \$195,000, all from special revenue funds, the same as the FY 2015 approved amount. The agency requests funding for the following projects.

### Rehabilitation and Repair

The agency request \$100,000 for repairs and rehabilitation for the agency's 27 Workforce Center Buildings.

HVAC Duct Cleaning - Topeka Workforce Center

Carpet & Paint Improvement - Salina Workforce Center

Lighting Upgrade - Hays Workforce Center

Carpet & Paint Improvement - Hays Workforce Center

Lighting Upgrade - Garden City Workforce Center

Carpet & Paint Improvement - Dodge City Workforce Center

### Debt Service - Principal

The agency requests \$95,000 for debt service principal payments for the Topeka Workforce Center.

## Current Year Governor Recommendation

The **Governor** concurs with the agency's revised estimate.

## Budget Year Agency Request

**FY 2016 – Budget Year.** The agency requests FY 2016 Capital improvements expenditures of \$200,000, all from special revenue funds, an increase of \$5,000 above the FY 2015 agency request. The agency requests funding for the following project.

### Rehabilitation and Repair

The agency request \$100,000 for repairs and rehabilitation for the Topeka Workforce Center Elevator #1 Improvement Project.

### Debt Service - Principal

The agency requests \$100,000 for debt service principal payments for the Topeka Workforce Center.

## **Budget Year Governor Recommendation**

The **Governor** concurs with the agency request.

## **Budget Year Agency Request**

**FY 2017– Budget Year.** The agency requests FY 2017 Capital improvements expenditures of \$200,000, all from special revenue funds, the same as the FY 2016 agency request. The agency requests funding for the following project.

- Parking Lot Improvement - Topeka Workforce Center.
- HVAC Controls - Topeka Workforce Center
- Interior Doors Replacement - Topeka Workforce Center

## **Rehabilitation and Repair**

The agency requests \$100,000 for repairs and rehabilitation for the agency's 27 Workforce Center Buildings.

- Re-Roof - Salina Workforce Center.

## **Debt Service - Principal**

The agency requests \$100,000 for debt service principal payments for the Topeka Workforce Center.

## **Budget Year Governor Recommendation**

The **Governor** concurs with the agency request.

| <b>PERFORMANCE MEASURES</b>   |                          |                   |                      |                      |                      |
|---|--------------------------|-------------------|----------------------|----------------------|----------------------|
| Measure   | Gov. Rec.<br>for FY 2014 | Actual<br>FY 2014 | Gov. Rec.<br>FY 2015 | Gov. Rec.<br>FY 2016 | Gov. Rec.<br>FY 2017 |
| Events sanctioned by the Athletic Commission  | 107                      | 54                | 60                   | 66                   | 72                   |
| Number of fighters, promoters, referees, judges, and doctors certified                          | 1,400                    | 607               | 670                  | 737                  | 811                  |
| Jobs created or retained through Business and Community Development Programs                    | 11,000                   | 11,779            | 11,000               | 11,000               | 11,000               |
| Capital investments resulting through Business and Community Development Programs (in billions) | \$1.2                    | \$1.2             | \$1.2                | \$1.2                | \$1.2                |
| Rural opportunity zones applications  | 490                      | 767               | 960                  | 1,000                | 1,100                |
| Individuals trained through Workforce Services  | 27,231                   | 34,489            | 37,938               | 41,732               | 45,906               |
| Jobs created or retained through Workforce Services   | 18,399                   | 12,006            | 13,207               | 14,528               | 15,981               |