

## Kansas Department of Commerce

Expenditure	Actual FY 2020	Approved FY 2021	Approved FY 2022
<b>All Funds:</b>			
State Operations	\$ 30,753,933	\$ 32,881,270	\$ 37,023,674
Aid to Local Units	30,250,300	30,889,235	14,143,000
Other Assistance	55,213,451	253,777,822	48,733,483
<i>Subtotal - Operating</i>	<u>\$ 116,217,684</u>	<u>\$ 317,548,327</u>	<u>\$ 99,900,157</u>
Capital Improvements	279,932	225,000	330,000
<b>TOTAL</b>	<b><u>\$ 116,497,616</u></b>	<b><u>\$ 317,773,327</u></b>	<b><u>\$ 100,230,157</u></b>
<b>State General Fund:</b>			
State Operations	\$ -	\$ -	\$ 10,000
Aid to Local Units	-	-	-
Other Assistance	25,000	10,585,000	-
<i>Subtotal - Operating</i>	<u>\$ 25,000</u>	<u>\$ 10,585,000</u>	<u>\$ 10,000</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 25,000</u></b>	<b><u>\$ 10,585,000</u></b>	<b><u>\$ 10,000</u></b>
<b>Percent Change:</b>			
Operating Expenditures			
All Funds	24.8 %	173.2 %	(68.5)%
State General Fund	(96.2)	42,240.0	(99.9)
FTE Positions	296.3	296.3	309.3

The FY 2021 approved budget for the Kansas Department of Commerce is \$317.8 million, including \$10.6 million SGF, which is an all funds increase of \$201.3 million, or 172.8 percent, and an SGF increase of \$10.6 million, or 42,240.0 percent, above the FY 2020 actual budget. The SGF increase is attributable to \$5.0 million appropriated for transfer to the Job Creation Program Fund to provide business incentives and \$5.0 million to reimburse the Job Creation Program Fund for expenditures on the HIRE program that provided small grants to individuals in the hospitality industry impacted by the COVID-19 pandemic.

The special revenue fund increase is attributable to the federal Coronavirus Relief Fund (CRF), which supports the Connectivity Emergency Response Grants (CERG) program, Business Retention and Expansion grants, Local Food Service Grants, and cybersecurity and advanced manufacturing grants. The increase is also attributable to \$18.3 million in Community Development Block Grants of which \$16.9 million is from federal CARES Act funding. In addition to the federal funding increases, the approved budget also includes an additional \$2.9 million in operating funds. The operating funds increases are for information technology expenditures related to the incentive database and website updates (\$1.9 million) and salaries and wages increases of \$959,815 from filling vacant positions in the Administration Program, the new federal Federal Employment Data Exchange System (FEDES) Grant, as well as hiring in the Main Street and Strong Military Bases programs.

The majority of the federal CRF moneys were planned to be utilized for the following:

- \$50.0 million for CERG; the grants were intended to improve internet connectivity and required a 20.0 percent match. The maximum grant amount allowed was \$10.0 million, and 67 projects were included;
- \$40.0 million of the funding was used for business assistance grants;
- \$61.5 million of the funding was used for Business Retention and Expansion grants. The small business grants averaged \$18,954 each for 1,982 businesses;
- \$9.0 million of the funding was used for grants to secure local food systems. The funding was used for meat processing plants, food banks, and producers. The program was housed in the Kansas Department of Commerce, but technical review was managed by the Kansas Department of Agriculture;

- \$8.1 million of the funding was used for workforce training and retraining. The grants were for information technology cybersecurity, project management, and advanced manufacturing; and
- \$10.0 million was reallocated for COVID-19 testing.

In addition to the federal CRF moneys, the approved budget includes an increase of \$8.0 million from the Job Creation Program Fund, mostly to reimburse expenditures for the HIRE program, which provided small grants to individuals in the hospitality industry impacted by the COVID-19 pandemic and increased estimated grants to encourage companies to invest in Kansas. The approved budget also includes \$5.0 million, all SGF, in additional funding for the Job Creation Program Fund allocated by the Legislative Coordinating Council.

The FY 2022 approved budget for the Kansas Department of Commerce is \$100.2 million, including \$10,000 SGF, which is an all funds decrease of \$217.5 million, or 68.5 percent, and an SGF decrease of \$10.6 million, or 99.9 percent, below the FY 2021 approved budget. The decrease is primarily attributable to one-time federal funds expenditures in FY 2021 for COVID-19 pandemic relief, including the Community Development Block Grant (CDBG) - federal CARES Act (\$16.9 million), CERG Program, Business Retention and Expansion grant program, local food systems grants, information technology grants and other programs totaling \$178.6 million, and expanded National Endowment for the Arts funding (\$342,600). The agency also estimates reductions in other assistance of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the Economic Development Initiatives Fund due to exhaustion of funding sources, and a reduction of \$550,000 from the IMPACT Program Services fund due to the depletion of funding.

The reductions are partially offset from moving the Tourism Division from the Kansas Department of Wildlife, Parks, and Tourism to the Kansas Department of Commerce for FY 2022. The move includes \$3.0 million from the Tourism and Travel Fee Fund, \$1.6 million from the Economic Development Initiatives Fund, and 12.0 FTE positions.

The FY 2022 approved budget includes 309.3 FTE positions, which is an increase of 13.0 FTE positions above the FY 2021 approved amount. The increase is due to 12.0 FTE positions for the Tourism Division and 1.0 FTE position to implement 2021 HB 2074 concerning technology-enabled fiduciary financial institutions.

## Kansas Department of Commerce

	FY 2021			FY 2022		
	SGF	All Funds	FTE	SGF	All Funds	FTE
<b>Agency Estimate</b>	\$ 6,877,926	\$ 270,079,620	296.3	\$ -	\$ 96,209,343	296.3
<b>Governor's Changes:</b>						
1. Impact Bond Refinancing	\$ -	\$ (1,030,596)	-	\$ -	\$ (1,029,700)	-
2. JCPF Transfer	5,000,000	5,000,000	-	-	-	-
3. Round 2 and 3 CRF Awards	-	45,017,229	-	-	-	-
4. Travel and Tourism	-	-	-	10,000	4,606,214	12.0
<b>Subtotal - Governor's Recommendation</b>	<b>\$ 11,877,926</b>	<b>\$ 319,066,253</b>	<b>296.3</b>	<b>\$ 10,000</b>	<b>\$ 99,785,857</b>	<b>308.3</b>
Change from Agency Est.	\$ 5,000,000	\$ 48,986,633	-	\$ 10,000	\$ 3,576,514	12.0
Percent Change from Agency Est.	72.7 %	18.1 %	0.0 %	-	3.7 %	4.0 %
<b>Legislative Action:</b>						
5. KBA Grant Commitment Lapse	\$ (1,292,926)	\$ (1,292,926)	-	\$ -	\$ -	-
6. KBA Grant Commitment Language	-	-	-	-	-	-
7. Public Broadcasting	-	-	-	-	-	-
8. Agritourism Funding	-	-	-	-	100,000	-
9. Agritourism Language	-	-	-	-	-	-
10. TEFFI Implementation	-	-	-	-	250,000	1.0
11. EDIF Transfer	-	-	-	-	-	-
12. Unemployment Modernization Act	-	-	-	-	94,300	-
<b>TOTAL APPROVED</b>	<b>\$ 10,585,000</b>	<b>\$ 317,773,327</b>	<b>296.3</b>	<b>\$ 10,000</b>	<b>\$ 100,230,157</b>	<b>309.3</b>
Change from Gov. Rec.	\$ (1,292,926)	\$ (1,292,926)	-	\$ -	\$ 444,300	1.0
Percent Change from Gov. Rec.	(10.9)%	(0.4)%	0.0 %	-- %	0.4 %	0.3 %
Change from Agency Est.	\$ 3,707,074	\$ 47,693,707	-	\$ 10,000	\$ 4,020,814	13.0
Percent Change from Agency Est.	53.9 %	17.7 %	0.0 %	-- %	4.2 %	4.4 %

1. The Governor deleted \$1.0 million to refinance Impact Bond bonds in FY 2021 and FY 2022.
2. The Governor added \$5.0 million, all SGF, for funding the Job Creation Program Fund to reimburse HIRE Fund expenditures in FY 2021.
3. The Governor added \$45.0 million, all from the federal CRF, for small business assistance in FY 2021.
4. The Governor added \$4.6 million, and \$10,000 SGF, along with 12.0 FTE positions to transfer the Division of Tourism from the Department of Wildlife, Parks and Tourism to the Kansas Department of Commerce in FY 2022.
5. The Legislature deleted \$1.3 million, all from the Kansas Bioscience Authority (KBA) Grant Commitments Account of the SGF, in FY 2021. This deletion will leave \$100,000 in the account to settle ongoing obligations of the KBA in FY 2021.
6. The Legislature added language authorizing transfers of moneys from the SGF to the KBA Grant Commitments Account of the SGF, up to the amount necessary to meet the agency's contractual obligations if the funds in the account are inadequate in FY 2021 and FY 2022. Transfers will be subject to approval of the Director of the Budget with notification to the Director of Legislative Research.
7. The Legislature added language prohibiting grants of funds to any Public Broadcasting Station that has moved to a new city, or plans to move to a new city for FY 2021, FY 2022, or FY 2023. This provision was vetoed in 2021 HB 2007, but redrafted for inclusion in 2021 SB 159, the Omnibus appropriations bill.
8. The Legislature added \$100,000, all to the Tourism Program account of the Economic Development Initiatives Fund, for FY 2022.
9. The Legislature added language requiring the Tourism Division use \$100,000 from the Economic Development Initiatives Fund to promote agritourism for FY 2022. The Legislature also added language requiring the Tourism Division to submit a report to the House Committee on Agriculture and Natural Resources Budget on or before

February 15, 2022, detailing the Division's efforts to educate and assist farmers and ranchers on agritourism possibilities.

10. The Legislature added \$250,000, all from special revenue funds, and 1.0 FTE position to implement 2021 HB 2074 concerning technology-enabled fiduciary financial institutions, and appropriate a no-limit Technology-enabled Fiduciary Financial Institutions Fund for FY 2022.
11. The Legislature deleted \$48,626 from the transfer from the Economic Development Initiatives Fund to the SGF for FY 2022.
12. The Legislature added \$94,300, all from the Economic Development Initiatives Fund, to implement the reemployment provisions of 2021 Senate Sub. for Sub. for HB 2196, the Unemployment Modernization Act for FY 2022.