

KANSAS DEPARTMENT OF COMMERCE

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

| | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Operating Expenditures: | | | | | |
| State General Fund | \$ 24,703,107 | \$ 39,079,270 | \$ 39,079,270 | \$ 131,238 | \$ 45,631,238 |
| Federal Funds | 407,052,251 | 204,076,724 | 204,076,724 | 86,754,734 | 86,754,734 |
| All Other Funds | 59,829,567 | 84,256,260 | 84,306,260 | 75,969,585 | 75,869,585 |
| <i>Subtotal</i> | <u>\$ 491,584,925</u> | <u>\$ 327,412,254</u> | <u>\$ 327,462,254</u> | <u>\$ 162,855,557</u> | <u>\$ 208,255,557</u> |
| Capital Improvements: | | | | | |
| State General Fund | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Funds | - | - | - | - | - |
| All Other Funds | 18,075,000 | 230,000 | 230,000 | 100,000 | 100,000 |
| <i>Subtotal</i> | <u>\$ 18,075,000</u> | <u>\$ 230,000</u> | <u>\$ 230,000</u> | <u>\$ 100,000</u> | <u>\$ 100,000</u> |
| TOTAL | <u>\$ 509,659,925</u> | <u>\$ 327,642,254</u> | <u>\$ 327,692,254</u> | <u>\$ 162,955,557</u> | <u>\$ 208,355,557</u> |
| Percentage Change: | | | | | |
| State General Fund | 1,406.3 % | 58.2 % | 58.2 % | (99.7) % | 16.8 % |
| All Funds | 301.1 % | (35.7) % | (35.7) % | (50.3) % | (36.4) % |
| FTE Positions | 318.0 | 318.0 | 318.0 | 318.0 | 320.0 |

The Kansas Department of Commerce (Commerce) is a cabinet-level agency with the mission to empower businesses and communities 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 agency operates through the following six divisions.

The **Administration Division** is composed of the Office of the Secretary, Human Resources, Marketing and Communications, Information Technology, Fiscal Services, Building Services, Legal, Regulatory Compliance, the Governor’s Economic Council of Advisors, Workforce AID, the Athletic Commission, Office of Rural Prosperity, Office of Broadband Development, and America’s Job Link Alliance.

The **Business Development Division** seeks to grow 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 by 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 Program;
- High Performance Incentive Program;
- Job Creation Program Fund (JCPF);
- Sales Tax and Revenue (STAR) Bonds;
- Kansas Industrial Training and Kansas Industrial Retraining;
- Private Activity Bonds; and
- Minority and Women Business Development.

The **Workforce Services Division** links businesses, job candidates, and educational institutions to ensure employers can find skilled workers. The division accomplishes this by partnering with local workforce investment boards and other state agencies. In addition, a 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 25 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.

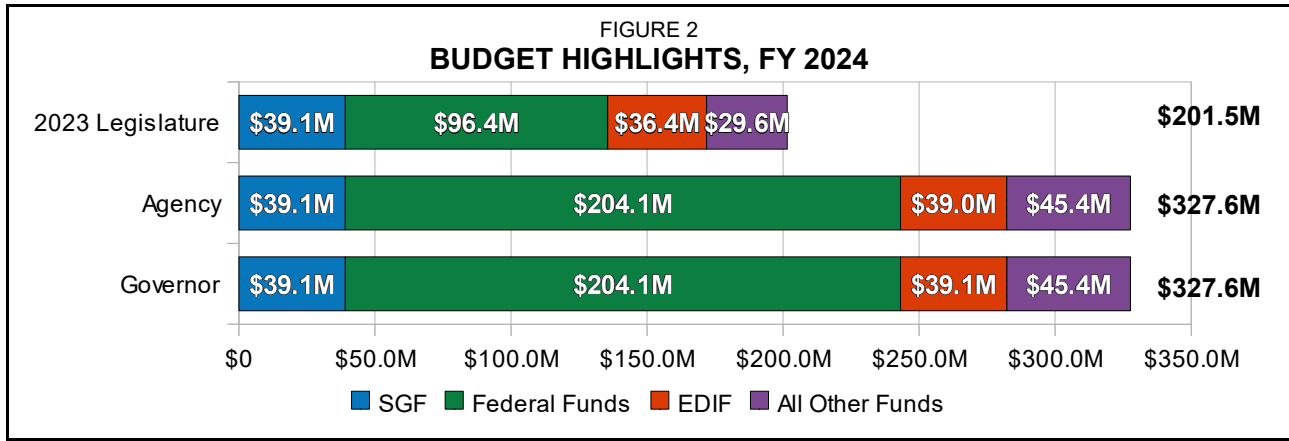
The **Community Development Division** provides technical assistance and professional staff to communities for community development-related opportunities. The division director provides direction, oversight, and coordination among the programs and services for maximum effectiveness, and additional staff was added to support the Office of Broadband Development. The Community Development Division includes programs that provide grants, tax credits, technical assistance, and support for Kansas communities to help them find solutions for various infrastructure and quality of life investments. The Community Development Division is focused on the needs of Kansas communities to enhance their current assets to develop their communities and people and improve their ability to attract residents and businesses.

The **International Business Division** works with Kansas companies to help them sell their products and services in international markets. The division also works to recruit international businesses to establish facilities and create jobs in Kansas. These two goals compose the agency's overall mission—to help Kansas capitalize on opportunities in the global economy. The International Business Division became a standalone division within the agency in FY 2021 after having been eliminated as a separate business unit in FY 2013.

The mission of the **Kansas Tourism Division** is to inspire travel to and throughout Kansas, and to maximize the positive impacts that tourism has on the state and local communities. According to the agency, a strong travel and tourism industry helps provide economic prosperity and a better quality of life for all Kansans. Programs from the Kansas Tourism Division are built to ensure that all travelers feel welcome and are provided the resources they need for positive experiences in Kansas.

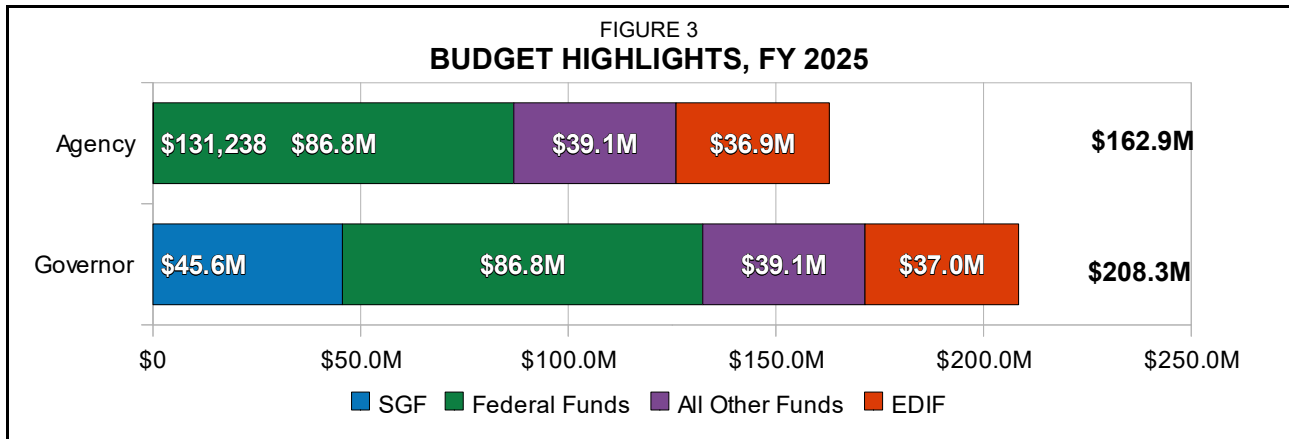
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$201,542,893, including \$39,078,459 from the State General Fund (SGF), for the Kansas Department of Commerce for FY 2024. An adjustment of \$10,198,500 SGF has been made subsequently to that amount, which changes the current year approved amount without any legislative action required.



The **agency** requests a revised estimate of \$327.6 million, including \$39.1 million SGF, in expenditures and 318.0 FTE positions in FY 2024. This is an all funds increase of \$126.1 million, or 62.6 percent, above the approved amount. This increase is primarily attributable to an increase in federal funds for approved American Rescue Plan Act (ARPA) projects that will be expended in FY 2024.

The **Governor** recommends FY 2024 expenditures of \$327.7 million, including \$39.1 million SGF, and 318.0 FTE positions. This is an increase of \$50,000 from the Economic Development Initiatives Fund (EDIF) above the agency's FY 2024 revised estimate. The increase is attributable to operating expenditures for the Tourism Division.



The **agency** requests \$163.0 million, including \$131,238 SGF, in expenditures and 318.0 FTE positions for FY 2025. This is an all funds decrease of \$164.7 million, or 50.3 percent, below the agency's revised estimate. The decrease is primarily attributable to the conclusion of one-time projects or available funds. This is offset by two enhancement requests: Kansas Creative Arts Industries Commission (\$500,000) and a Film Tax Credit support position (\$100,000 and 1.0 FTE position).

The **Governor** recommends FY 2025 expenditures of \$208.4 million, including \$45.6 million SGF, and 320.0 FTE positions. This is an increase of \$45.4 million, or 27.9 percent, above the agency's FY 2025 revised estimate. The increase is primarily attributable to funding the following programs for FY 2025: World Cup (\$20.0 million), Moderate Income Housing (\$10.0 million), Apprenticeship and Business Partnership (\$8.0 million), Swope Health Project (\$4.5 million), Housing and Workforce Development Program (\$2.0 million), micro-internships (\$500,000), and youth career exploration (\$500,000).

The Governor recommends 320.0 FTE positions, which is an increase of 2.0 FTE positions above the agency's FY 2025 request. The increase is attributable to the addition of 3.0 FTE positions for Business Development and the deletion of 1.0 FTE position for the Film Tax Credit support position.

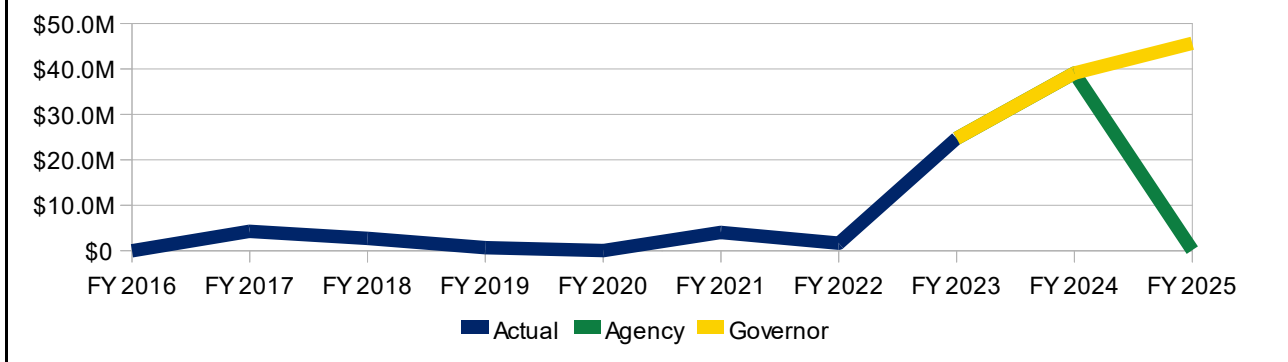
EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

| Category of Expenditure: | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Salaries and Wages | \$ 21,060,094 | \$ 26,334,276 | \$ 26,334,276 | \$ 26,318,176 | \$ 26,507,093 |
| Contractual Services | 25,382,992 | 27,706,041 | 27,756,041 | 23,035,149 | 23,246,232 |
| Commodities | 277,470 | 301,152 | 301,152 | 275,537 | 275,537 |
| Capital Outlay | 673,389 | 910,186 | 910,186 | 535,717 | 535,717 |
| Debt Service Interest | 6,761,250 | - | - | - | - |
| <i>Subtotal</i> | <i>\$ 54,155,195</i> | <i>\$ 55,251,655</i> | <i>\$ 55,301,655</i> | <i>\$ 50,164,579</i> | <i>\$ 50,564,579</i> |
| Aid to Local Units | 49,104,972 | 34,051,235 | 34,051,235 | 17,500,000 | 25,000,000 |
| Other Assistance | 388,324,758 | 238,109,364 | 238,109,364 | 95,190,978 | 132,690,978 |
| <i>Subtotal—Operating</i> | <i>\$ 491,584,925</i> | <i>\$ 327,412,254</i> | <i>\$ 327,462,254</i> | <i>\$ 162,855,557</i> | <i>\$ 208,255,557</i> |
| Capital Improvements | - | 230,000 | 230,000 | 100,000 | 100,000 |
| Debt Service Principal | 18,075,000 | - | - | - | - |
| TOTAL | \$ 509,659,925 | \$ 327,642,254 | \$ 327,692,254 | \$ 162,955,557 | \$ 208,355,557 |
| Financing: | | | | | |
| State General Fund | \$ 24,703,107 | \$ 39,079,270 | \$ 39,079,270 | \$ 131,238 | \$ 45,631,238 |
| EDIF | 23,579,713 | 39,036,476 | 39,086,476 | 36,998,267 | 36,898,267 |
| Federal Funds | 407,052,251 | 204,076,724 | 204,076,724 | 86,754,734 | 86,754,734 |
| All Other Funds | 54,324,854 | 45,449,784 | 45,449,784 | 39,071,318 | 39,071,318 |
| TOTAL | \$ 509,659,925 | \$ 327,642,254 | \$ 327,692,254 | \$ 162,955,557 | \$ 208,355,557 |
| FTE Positions | 318.0 | 318.0 | 318.0 | 318.0 | 320.0 |

STATE GENERAL FUND

FIGURE 5
STATE GENERAL FUND EXPENDITURES, FY 2016 – FY 2025



For the Kansas Department of Commerce, SGF expenditures have been used primarily to close out the affairs of the Kansas Bioscience Authority (KBA) from FY 2015 to FY 2020. During the 2021 Legislative Session, the Legislature lapsed the remaining KBA funds and included a proviso to transfer SGF moneys as necessary if new KBA commitments arose. The State Finance Council later transferred SGF moneys to the agency to replace Job Creation Program Fund (JCPF) moneys used in the Restaurant Revitalization Program and other COVID-19 relief efforts. A total of \$20.0 million SGF was reappropriated into FY 2023 for moderate-income housing projects because agreements were not finalized by the end of FY 2022.

The 2023 Legislature approved SGF expenditures for the Housing Revolving Loan Program (\$20.0 million), World Cup planning and area improvements (\$30.0 million), Attracting Powerful Economic Expansion (APEX) (\$6.3 million), and Level Up Kansas (\$2.5 million). These one-time expenditures are anticipated to be spent in FY 2024 and are not included in the agency's FY 2025 request.

The Governor recommends \$45.6 million SGF for various projects that are detailed below.

FY 2024 ANALYSIS

FIGURE 6

SUMMARY OF BUDGET REQUEST, FY 2024

| | SGF | All Funds | FTE |
|---|---------------|----------------|-------|
| Legislative Approved: | | | |
| Amount Approved by 2023 Legislature | \$ 28,879,959 | \$ 191,344,393 | 318.0 |
| 1. SGF Reappropriation | 10,198,500 | 10,198,500 | -- |
| <i>Subtotal—Legislative Approved</i> | \$ 39,078,459 | \$ 201,542,893 | 318.0 |
| Agency Revised Estimate: | | | |
| Supplemental Requests: | | | |
| 2. Pay Plan Shortfall | \$ 811 | \$ 811 | -- |
| <i>Subtotal—Supplemental Requests Only</i> | \$ 811 | \$ 811 | -- |
| 3. Job Creation Program Fund | \$ - | \$ 19,585,575 | -- |
| 4. Community Development Block Grants | - | 7,716,562 | -- |
| 5. Apprenticeship Programming | - | 5,767,063 | -- |
| 6. EDIF Funding | - | 2,638,209 | -- |
| 7. BASE 2.0 Grants | - | 45,927,160 | -- |
| 8. Airport Authority Payment | - | 2,950,000 | -- |
| 9. Animal Nourishment Facility | - | 5,000,000 | -- |
| 10. Digital Equity Grant Program | - | 5,000,000 | -- |
| 11. Lasting Infrastructure Network Connectivity | - | 29,500,000 | -- |
| 12. Port Authority Transload | - | 2,500,000 | -- |
| 13. Public Television | - | 2,500,000 | -- |
| 14. Private and Independent Colleges | - | 1,335,274 | -- |
| 15. Flint Hills | - | 500,000 | -- |
| 16. Housing Grant | - | 4,961,425 | -- |
| 17. Tourism Grant | - | 14,995,484 | -- |
| 18. Economic Development Infrastructure | - | 5,000,000 | -- |
| 19. Workforce: Aviation and Aerospace | - | 9,664,740 | -- |
| 20. Workforce: Delivering Residents and Workforce | - | 4,874,747 | -- |
| 21. Economic Development Structure | - | (43,410,214) | -- |
| 22. Tourism Publication and Other Sales Fund | - | (1,024,100) | -- |
| 23. Reimbursement and Recovery Fund | - | (529,650) | -- |
| 24. All Other Adjustments | - | (85,968) | -- |
| <i>Subtotal—Agency Revised Estimate</i> | \$ 39,079,270 | \$ 326,910,011 | 318.0 |
| Governor's Recommendation: | | | |
| 25. Tourism | \$ 50,000 | \$ 50,000 | -- |
| TOTAL | \$ 39,079,270 | \$ 326,960,011 | 318.0 |

LEGISLATIVE APPROVED

Subsequent to the 2023 Session, an adjustment was made to the \$191.3 million appropriated to the Kansas Department of Commerce for FY 2024. This adjustment changes the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATION.** A total of \$10.2 million SGF was added for reappropriated SGF moneys. These funds are derived from the World Cup planning and area improvements (\$10.0 million), Advantage Kansas (\$125,000), and the Kansas Semiquincentennial Commission (\$73,500).

AGENCY ESTIMATE

The **agency** requests \$327.6 million, including \$39.1 million SGF, in expenditures in FY 2023. The revised estimate is an all funds increase of \$126.1 million, or 62.6 percent, above the FY 2023 approved budget.

The revised estimate includes \$811 for the following supplemental request:

2. **PAY PLAN SHORTFALL.** The revised estimate includes \$811 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For the Department of Commerce, a supplemental appropriation of \$811 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

Absent the supplemental requests, the revised estimate includes an increase of \$124.8 million in base budget expenditures. Significant adjustments are as follows:

3. **JOB CREATION PROGRAM FUND.** The agency's revised estimate includes an addition of \$19.6 million for the Job Creation Program Fund in FY 2024.
4. **COMMUNITY DEVELOPMENT BLOCK GRANTS.** The agency's revised estimate includes an addition of \$7.7 million for community development block grants in FY 2024.
5. **APPRENTICESHIP PROGRAMMING.** The agency adds \$5.8 million for the registered apprenticeship program in FY 2024.
6. **EDIF FUNDING.** The agency adds \$2.7 million for EDIF initiatives in FY 2024. These initiatives include Small Business Research and Development Grants, Rural Opportunity Zones program, the operating grant, Main Street Program, Broadband Development Program, and Work-Based Learning.
7. **Building A Stronger Economy (BASE) 2.0 GRANTS.** The agency adds \$45.9 million federal ARPA funds for BASE 2.0 Grants in FY 2024. BASE 2.0 Grants were authorized by the Strengthening People and Revitalizing Kansas (SPARK) Executive Committee to offer matching funds to address economic development opportunities throughout the state. BASE is designed to support infrastructure development to address economic development opportunities statewide to expand the state's base of businesses and residents.
8. **AIRPORT AUTHORITY PAYMENT.** The agency adds \$3.0 million federal ARPA funds for a payment to an airport authority in a Kansas county with a population between 40,000 and 60,000 for the lease or purchase of buildings and equipment in FY 2024. This item was approved in 2023 HB 2184.
9. **ANIMAL NOURISHMENT FACILITY.** The agency adds \$5.0 million federal ARPA funds for an animal nourishment facility in Kansas with a population greater than 24,000 but less than 24,500. This item was approved in 2022 HB 2510.

10. **DIGITAL EQUITY GRANT PROGRAM.** The agency adds \$5.0 million federal ARPA funds for the Digital Equity Grant program, which provides digital skill and broadband services to low-income households in FY 2024. This item was approved by a State Finance Council Resolution from December 21, 2022.
11. **LASTING INFRASTRUCTURE NETWORK CONNECTIVITY.** The agency adds \$29.5 million federal ARPA funds for the Lasting Infrastructure and Network Connectivity (LINC) program to provide grants for broadband expansion. A local match is required based on population. This item was approved by a State Finance Council Resolution from December 21, 2022.
12. **PORT AUTHORITY TRANSLOAD.** The agency adds \$2.5 million federal ARPA funds for a grant for a port authority transload facility in a county in Kansas with a population greater than 4,000 but less 4,300 that has been awarded a BASE grant in FY 2024. This item was approved in 2022 HB 2510.
13. **PUBLIC TELEVISION.** The agency adds \$2.5 million federal ARPA funds for upgrades to a public television broadcasting station in Western Kansas in 2024. This item was approved in 2023 HB 2184.
14. **PRIVATE AND INDEPENDENT COLLEGES.** The agency adds \$1.3 million federal ARPA funds for private and independent colleges in FY 2024. These items were approved in 2022 HB 2510.
15. **FLINT HILLS.** The agency adds \$500,000 federal ARPA funds for welding equipment for the Flint Hills Technical College in FY 2024. A dollar-for-dollar local match is required. This item was approved in 2022 HB 2510.
16. **HOUSING GRANT.** The agency adds \$5.0 million for a housing grant program, requiring a dollar-for-dollar match. The grant must be to a Kansas county with a population less than 60,000 and greater than 40,000. This item was approved in 2022 SB 267.
17. **TOURISM GRANT.** The agency adds \$15.0 million federal ARPA funds for grants to tourism-focused businesses and tourism agencies for projects, including site development, renovation, or expansion. This item was approved by a State Finance Council Resolution on December 21, 2022.
18. **ECONOMIC DEVELOPMENT INFRASTRUCTURE.** The agency adds \$5.0 million federal ARPA funds for economic development infrastructure in a city in southeast Kansas with a population greater than 12,200 but less than 12,700 in FY 2024. This item was approved in 2022 HB 2510.
19. **WORKFORCE: AVIATION AND AEROSPACE.** The agency adds \$9.7 million federal ARPA funds for grants to aviation and aerospace manufacturers and airports for workforce development and service expansion. A local match of 25.0 percent is required. This item was approved by a State Finance Council Resolution on December 21, 2022.
20. **DELIVERING RESIDENTS AND WORKFORCE (DRAW).** The agency adds \$4.9 million federal ARPA funds for the DRAW program, which provides competitive grants to employers in high-demand industries, such as health care and information technology,

for equipment and training. A local match of 25.0 percent is required. This item was approved by a State Finance Council Resolution on December 21, 2022.

21. **ECONOMIC DEVELOPMENT STRUCTURE.** The agency deletes \$43.4 million federal ARPA funds due to economic development funds being expended in FY 2023.
22. **Tourism Publication and Other Sales Fund.** The agency deletes \$1.0 million for Tourism Publication and Other Sales Fund due to not anticipating these expenditures in FY 2024.
23. **Reimbursement and Recovery Fund.** The agency deletes \$529,650, for the Reimbursement and Recovery Fund due to not anticipating these expenditures in FY 2024.
24. **ALL OTHER ADJUSTMENTS.** The agency deletes \$85,968 in all other adjustments.

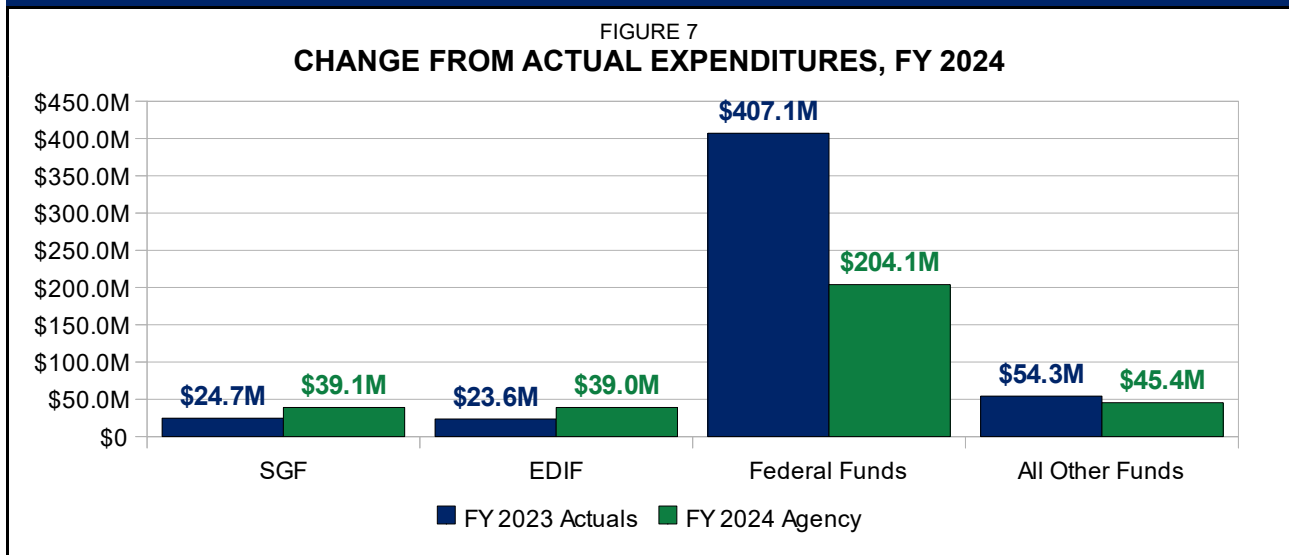
GOVERNOR'S RECOMMENDATION

The **Governor** recommends FY 2024 expenditures of \$327.7 million, including \$39.1 million SGF, and 318.0 FTE positions. This is an increase of \$50,000 EDIF above the agency's FY 2024 revised estimate.

The **Governor's** recommendation includes the following adjustments:

25. **TOURISM.** The Governor recommends adding \$50,000 EDIF for operating expenditures in the Tourism Division in FY 2024.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$327.6 million, including \$39.1 million SGF, in FY 2024. This is an all funds decrease of \$182.0 million, or 35.7 percent, below FY 2023 actual expenditures. The decrease is primarily attributable to federal ARPA funds that were expended through the Department of Commerce as one-time funds. These projects include University Challenge Grants and grants for private, technical, and independent colleges; funding for a new agricultural production facility; a rural housing grant; and the State Small Business Credit Initiative.

This is an SGF increase of \$14.4 million, or 58.2 percent, above FY 2023 actual expenditures. This increase is primarily attributable to the 2023 Legislature approving funding for the World Cup planning and area improvements, APEX, and Level Up Kansas.

This is an EDIF increase of \$15.5 million, or 65.6 percent, above FY 2023 actual expenditures. This increase is primarily attributable to the 2023 Legislature approving EDIF expenditures for the Sunflower Summer Program, workforce marketing, travel and tourism, Historic Economic Asset Lifeline (HEAL) and Emergency HEAL grants through the Office of Rural Prosperity, registered apprenticeships, funding for expansion of the International Business division, and increased funding for the Kansas Creative Arts Industries Commission to match federal funding.

FY 2025 ANALYSIS

FIGURE 8

SUMMARY OF BUDGET REQUEST, FY 2025

| | SGF | All Funds | FTE |
|---|---------------|----------------|-------|
| Agency Request: | | | |
| Request without Major Changes | \$ 36,381,238 | \$ 318,868,235 | 317.0 |
| Enhancement Requests: | | | |
| 1. Kansas Creative Arts Industries Commission | \$ - | \$ 500,000 | -- |
| 2. Film Tax Credit Support Position | - | 100,000 | 1.0 |
| <i>Subtotal—Enhancement Requests Only</i> | \$ 36,381,238 | \$ 600,000 | 1.0 |
| 3. Job Creation Program Fund | \$ - | \$ (8,000,233) | -- |
| 4. Community Development Block Grants | - | (5,544,558) | -- |
| 5. Apprenticeship Programming | - | (5,767,063) | -- |
| 6. One-Time Federal ARPA projects | - | (54,785,274) | -- |
| 7. BASE 2.0 Grants | - | (46,165,550) | -- |
| 8. Housing Revolving Loan | (20,000,000) | (20,000,000) | -- |
| 9. APEX | (6,250,000) | (6,250,000) | -- |
| 10. World Cup Planning and Area Improvements | (10,000,000) | (10,000,000) | -- |
| <i>Subtotal—Agency Request</i> | \$ 131,238 | \$ 162,955,557 | 318.0 |
| Governor's Recommendation: | | | |
| 11. Enhancements Not Recommended | \$ - | \$ (100,000) | (1.0) |
| 12. World Cup | 20,000,000 | 20,000,000 | -- |
| 13. Moderate Income Housing | 10,000,000 | 10,000,000 | -- |
| 14. Apprenticeships & Business Partnerships | 8,000,000 | 8,000,000 | 3.0 |
| 15. Swope Health Project | 4,500,000 | 4,500,000 | -- |
| 16. Housing & Workforce Development | 2,000,000 | 2,000,000 | -- |
| 17. Micro-Internship Expansion | 500,000 | 500,000 | -- |
| 18. HirePaths | 500,000 | 500,000 | -- |
| TOTAL | \$ 45,631,238 | \$ 208,355,557 | 320.0 |

AGENCY REQUEST

The **agency** requests \$163.0 million, including \$131,238 SGF, for FY 2025. This is an all funds decrease of \$164.7 million, or 50.3 percent, below the agency's revised FY 2024 estimate. The decrease is primarily attributable to the conclusion of one-time projects or funding being available.

The request includes \$600,000 for the following enhancement requests:

1. **KANSAS CREATIVE ARTS INDUSTRIES COMMISSION.** The agency requests \$500,000 EDIF for business and workforce development efforts, including creating grant programs designed to provide targeted assistance to nonprofit arts organizations in underserved communities, expanding grant programs to include general operating support for Kansas nonprofit organizations, increasing efforts to enhance and expand arts education programming in underserved communities, and to allow for further renovation and facility enhancements of cultural institutions throughout the state.

2. **FILM TAX CREDIT SUPPORT POSITION.** The agency requests \$100,000 EDIF to build a program focused on the recruitment of film and television production companies to Kansas. This position would focus on developing a film and local media ecosystem in the state. The individual would also manage the Film Tax Credit program if it passed into law by the 2024 Legislature.

Absent the enhancement requests, the request includes a decrease of \$156.5 million in base budget expenditures. Significant adjustments are as follows:

3. **JOB CREATION PROGRAM FUND.** The agency anticipates a decrease in expenditures in the amount of \$8.0 million for FY 2025.
4. **COMMUNITY DEVELOPMENT BLOCK GRANTS.** The agency anticipates a decrease of \$5.5 million in community development block grants available to the state for FY 2025.
5. **APPRENTICESHIP PROGRAM.** The agency anticipates a decrease of \$5.8 million, all from federal funds, that will be available for the registered apprenticeship program.
6. **ONE-TIME FEDERAL ARPA PROJECTS.** The agency deletes \$54.8 million for one-time projects that will take place in FY 2024. These projects include items 8-15 on the FY 2024 Analysis for this agency: funding for an airport authority payment, animal nourishment facility, digital equity grant program, LINK, port authority transload, public television, private and independent colleges, and Flint Hills.
7. **BASE 2.0 GRANTS.** The agency deletes \$46.2 million for one-time BASE 2.0 Grants that will be awarded in FY 2024.
8. **HOUSING REVOLVING LOAN.** The agency deletes \$20.0 million SGF for the housing revolving loan program that is available in FY 2024 only.
9. **APEX.** The agency deletes \$6.3 million SGF for APEX that was authorized in FY 2024 only.
10. **WORLD CUP PLANNING AND AREA IMPROVEMENTS.** The agency deletes \$10.0 million SGF for World Cup planning and area improvements that will take place in FY 2024 only.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends FY 2025 expenditures of \$208.4 million, including \$45.6 million SGF, and 320.0 FTE positions. This is an increase of \$45.4 million, or 27.9 percent, above the agency's FY 2025 revised estimate. The Governor recommends 320.0 FTE positions, an increase of 2.0 FTE positions above the agency's FY 2025 request. The increase is attributable to the addition of 3.0 FTE positions for Business Development and the deletion of 1.0 FTE position for the Film Tax Credit support position.

The **Governor's** recommendation includes the following adjustments:

11. **ENHANCEMENTS NOT RECOMMENDED.** The Governor does not recommend adoption of the supplemental request for a Film Tax Credit support position.
12. **WORLD CUP.** The Governor recommends adding \$20.0 million SGF to support the 2026 World Cup Games.
13. **MODERATE INCOME HOUSING.** The Governor recommends adding \$10.0 million SGF for the Moderate Income Housing program.

14. **APPRENTICESHIP & BUSINESS PARTNERSHIP.** The Governor recommends adding \$8.0 million SGF to encourage community and technical colleges to develop new registered apprenticeship opportunities, facilitate business and industry outreach, and develop programming to meet the needs of Kansas businesses. Technical and community colleges will be granted \$7.5 million, and up to \$500,000 and 3.0 FTE positions may be used for administrative and marketing costs.
15. **SWOPE HEALTH PROJECT.** The Governor recommends adding \$4.5 million SGF for a dollar-for-dollar matching grant with non-State funding for a Community Education and Health and Wellness Center project in downtown Kansas City, Kansas. The project will place a Kansas City public school, Kansas City Community College, and a credit union in one central location.
16. **HOUSING & WORKFORCE DEVELOPMENT.** The Governor recommends \$2.0 million SGF to fund a revolving loan opportunity that would allow high schools and colleges funding for building supplies and training materials, allowing the educational institutions to establish hands-on home construction environments for training purposes.
17. **MICRO-INTERNSHIP EXPANSION.** The Governor recommends adding \$500,000 SGF for the expansion of micro-internships, which will connect students with Kansas employers to showcase the types of opportunities available in the state and establish connections between students and businesses as a partnership with the Kansas Board of Regents.
18. **HIREPATHS.** The Governor recommends adding \$500,000 SGF for HirePaths to promote career opportunities to junior high and high school students to fill the gap in existing workforce recruitment efforts and connect students with future employers to demonstrate opportunities available to them upon graduation.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 9
SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2024 – FY 2025

| Request | Agency | | | Governor | | |
|---|-------------|-------------------|------------|----------------------|----------------------|------------|
| Request | SGF | All Funds | FTE | SGF | All Funds | FTE |
| FY 2024 Supplementals: | | | | | | |
| 1. Pay Plan Shortfall | \$ 811 | \$ 811 | - | \$ 811 | \$ 811 | - |
| FY 2025 Enhancements: | | | | | | |
| 2. Kansas Creative Arts Industries Commission | \$ - | \$ 500,000 | - | \$ - | \$ 500,000 | - |
| 3. Film Tax Credit Support Position | - | 100,000 | 1.0 | - | - | - |
| 4. World Cup | - | - | - | 20,000,000 | 20,000,000 | - |
| 5. Moderate Income Housing | - | - | - | 10,000,000 | 10,000,000 | - |
| 6. Apprenticeship & Business Partnership | - | - | - | 8,000,000 | 8,000,000 | 3.0 |
| 7. Swope Health Project | - | - | - | 4,500,000 | 4,500,000 | - |
| 8. Housing and Workforce Development | - | - | - | 2,000,000 | 2,000,000 | - |
| 9. Micro-internship Expansion | - | - | - | 500,000 | 500,000 | - |
| 10. HirePaths | - | - | - | 500,000 | 500,000 | - |
| TOTAL | \$ - | \$ 600,000 | 1.0 | \$ 45,500,000 | \$ 46,000,000 | 3.0 |

1. **PAY PLAN SHORTFALL.** The revised estimate includes \$811 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For the Department of Commerce, a supplemental appropriation of \$811 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

The Governor recommends adoption of this request.

2. **KANSAS CREATIVE ARTS INDUSTRIES COMMISSION.** The agency requests \$500,000 EDIF for business and workforce development efforts, including creating grant programs designed to provide targeted assistance to nonprofit arts organizations in underserved communities, expanding grant programs to include general operating support for Kansas nonprofit organizations, increasing efforts to enhance and expand arts education programming in underserved communities, and to allow for further renovation and facility enhancements of cultural institutions throughout the state.

The Governor recommends adoption of this request.

3. **FILM TAX CREDIT SUPPORT POSITION.** The agency requests \$100,000 EDIF to build a program focused on the recruitment of film and television production companies to Kansas. This position would focus on developing a film and local media ecosystem in the state. The individual would also manage the Film Tax Credit program if it passed into law by the 2024 Legislature.

The Governor does not recommend adoption of this request.

4. **WORLD CUP.** The Governor recommends adding \$20.0 million SGF to support the 2026 World Cup Games.

The Governor recommends adoption of this request.

5. **MODERATE INCOME HOUSING.** The Governor recommends adding \$10.0 million SGF for the Moderate Income Housing program.

The Governor recommends adoption of this request.

6. **APPRENTICESHIP & BUSINESS PARTNERSHIP.** The Governor recommends adding \$8.0 million SGF to encourage community and technical colleges to develop new registered apprenticeship opportunities, facilitate business and industry outreach, and develop programming to meet the needs of Kansas businesses. Technical and community colleges will be granted \$7.5 million, and up to \$500,000 and 3.0 FTE positions may be used for administrative and marketing costs.

The Governor recommends adoption of this request.

7. **SWOPE HEALTH PROJECT.** The Governor recommends adding \$4.5 million SGF for a dollar-for-dollar matching grant with non-State funding for a Community Education and Health and Wellness Center project in downtown Kansas City, Kansas. The project will place a Kansas City public school, Kansas City Community College, and a credit union in one central location.

The Governor recommends adoption of this request.

8. **HOUSING & WORKFORCE DEVELOPMENT.** The Governor recommends \$2.0 million SGF to fund a revolving loan opportunity that would allow high schools and colleges funding for building supplies and training materials, allowing the educational institutions to establish hands-on home construction environments for training purposes.

The Governor recommends adoption of this request.

9. **MICRO-INTERNSHIP EXPANSION.** The Governor recommends adding \$500,000 SGF for the expansion of micro-internships, which will connect students with Kansas employers to showcase the types of opportunities available in the state and establish connections between students and businesses as a partnership with the Kansas Board of Regents.

The Governor recommends adoption of this request.

10. **HIREPATHS.** The Governor recommends adding \$500,000 SGF for HirePaths to promote career opportunities to junior high and high school students to fill the gap in existing workforce recruitment efforts and connect students with future employers to demonstrate opportunities available to them upon graduation.

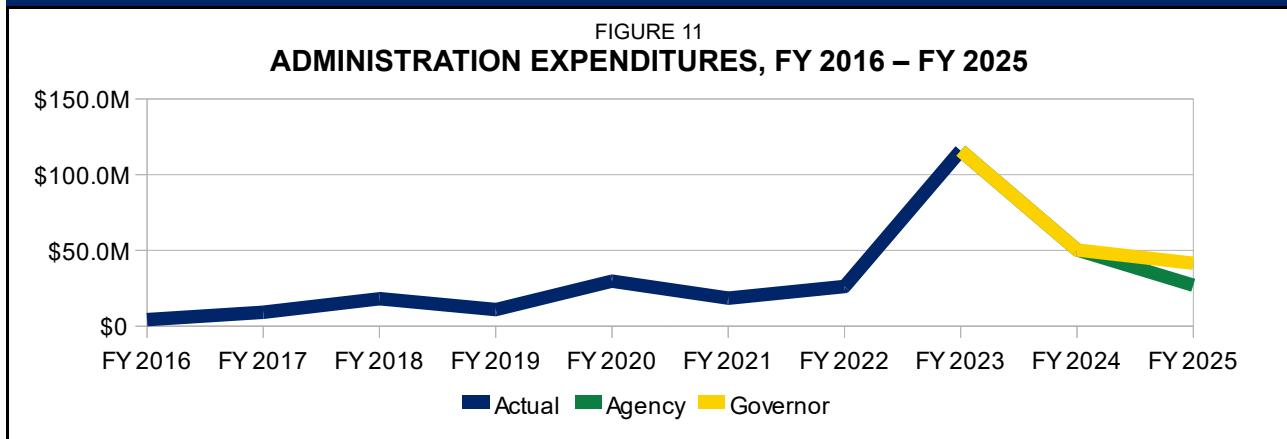
The Governor recommends adoption of this request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2023 – FY 2025

| Programs | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures: | | | | | |
| Administration | \$ 115,850,648 | \$ 50,340,703 | \$ 50,340,703 | \$ 26,986,775 | \$ 41,486,775 |
| ARPA Projects | 197,766,189 | 138,379,121 | 138,379,121 | 34,835,900 | 34,835,900 |
| Business | 18,138,062 | 50,907,154 | 50,907,154 | 27,520,379 | 56,020,379 |
| Development | | | | | |
| Community | 6,418,605 | 27,742,567 | 27,742,567 | 22,259,152 | 22,159,152 |
| Development | | | | | |
| Economic | 97,792,667 | 1,946,538 | 1,946,538 | 260,795 | 260,795 |
| Development | | | | | |
| Structure | | | | | |
| International Business | 1,360,509 | 1,672,318 | 1,672,318 | 1,671,997 | 1,671,997 |
| Tourism | 8,600,043 | 9,503,674 | 9,553,674 | 9,218,053 | 9,218,053 |
| Workforce Services | 38,896,952 | 46,920,179 | 46,920,179 | 40,102,506 | 42,602,506 |
| Debt Service | 24,836,250 | - | - | - | - |
| Capital Improvements | - | 230,000 | 230,000 | 100,000 | 100,000 |
| TOTAL | \$ 509,659,925 | \$ 327,642,254 | \$ 327,692,254 | \$ 162,955,557 | \$ 208,355,557 |
| FTE Positions: | | | | | |
| Administration | 102.0 | 97.4 | 97.4 | 97.4 | 97.4 |
| ARPA Projects | - | 3.6 | 3.6 | 3.6 | 3.6 |
| Business | 24.0 | 24.0 | 24.0 | 24.0 | 27.0 |
| Development | | | | | |
| Community | 18.0 | 18.0 | 18.0 | 19.0 | 18.0 |
| Development | | | | | |
| Economic | - | 3.0 | 1.1 | 1.1 | 1.1 |
| Development | | | | | |
| Structure | | | | | |
| International Business | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Tourism | 15.0 | 15.0 | 15.0 | 14.0 | 14.0 |
| Workforce Services | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |
| TOTAL | 318.0 | 319.9 | 318.0 | 318.0 | 320.0 |

ADMINISTRATION



STATUTORY BASIS: • KSA 74-5002y; KSA 74-50, 183; IKE Transportation Plan, 2020 SB 173; Executive Order 20.67

- PROGRAM GOALS:**
- Athletic Commission - Regulate and facilitate high-quality competitive sporting events while protecting the health and welfare of all participants and spectators.
 - America's Job Link Alliance - Increase revenue by 10.0 percent.
 - Broadband - Award infrastructure grants to expand broadband availability to premises where needed.
 - Office of Rural Prosperity - Collaborate with other state and local partners to increase or improve housing program opportunities, and provide support for communities in developing or redeveloping housing.
 - Workforce AID - Utilize new and innovative industry-driven talent solutions to develop short-term, customized training projects with employers and education.

The Administration Division is composed of the Office of the Secretary, Human Resources, Marketing and Communications, Information Technology, Fiscal Services, Building Services, Legal, Regulatory Compliance, the Governor's Economic Council of Advisors, Workforce AID, the Athletic Commission, Office of Rural Prosperity, Office of Broadband Development, and America's Job Link Alliance (AJLA).

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

FIGURE 12
ADMINISTRATION FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| SGF | \$ 20,400,000 | \$ 20,255,770 | \$ 20,255,770 | \$ 131,238 | \$ 14,631,238 |
| Federal Funds | 72,891,092 | 3,024,666 | 3,024,666 | 2,413,636 | 2,413,636 |
| All Other Funds | 22,559,556 | 27,060,267 | 27,060,267 | 24,441,901 | 24,441,901 |
| TOTAL | \$ 115,850,648 | \$ 50,340,703 | \$ 50,340,703 | \$ 26,986,775 | \$ 41,486,775 |
| Percent Change: | | | | | |
| SGF | 9.0 % | (0.7) % | -- % | (99.4) % | 11,048.6 % |
| All Funds | 343.6 % | (56.5) % | -- % | (46.4) % | 53.7 % |
| FTE Positions | 102.0 | 97.4 | 97.4 | 97.4 | 97.4 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** submits a revised estimate of \$50.3 million, including \$20.3 million SGF, for the Administration Division in FY 2024. This is an all funds decrease of \$10.2 million, or 16.8 percent, below the approved amount. The decrease is primarily attributable to the agency shifting APEX and Level Up funding from the Administration Division to the Business Development Division.

The **Governor** concurs with the agency's revised estimate for the Administration Division in FY 2024.

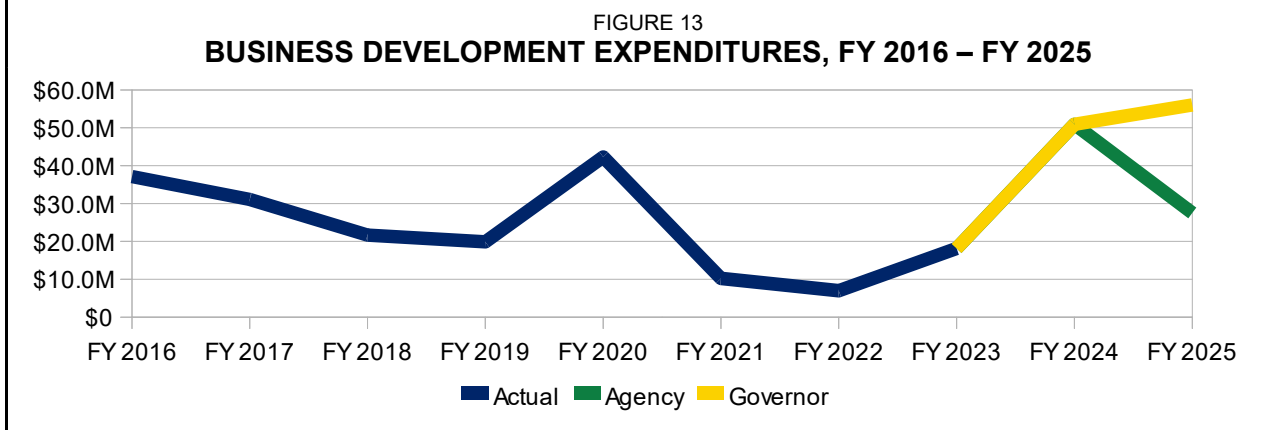
FY 2025 REQUEST

The **agency** requests \$27.0 million, including \$131,238 SGF, for the Administration Division

for FY 2025. This is an all funds decrease of \$23.4 million, or 46.4 percent, including \$20.1 million SGF, below the agency's revised estimate. This decrease is primarily attributable to the Housing Revolving Loan Program funding being expended in FY 2024 and a decrease in EDIF initiatives.

The **Governor** recommends FY 2025 Administration Division expenditures of \$41.5 million, which is an increase of \$14.5 million, or 0.5 percent, above the agency's FY 2025 request. This increase is attributable to the Moderate Income Housing program (\$10.0 million) and the Swope Health Project (\$4.5 million).

BUSINESS DEVELOPMENT



STATUTORY BASIS: • Discretionary

PROGRAM GOALS: • Increase new business to Kansas.
• Retain businesses in Kansas.

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

Some of the tools offered to businesses by this program are not direct expenditures from this program, but are tax credits and reduced financing options.

FIGURE 14
BUSINESS DEVELOPMENT FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SGF | \$ 4,303,107 | \$ 16,250,000 | \$ 16,250,000 | \$ - | \$ 28,500,000 |
| Federal Funds | - | - | - | - | - |
| All Other Funds | 13,834,955 | 34,657,154 | 34,657,154 | 27,520,379 | 27,520,379 |
| TOTAL | \$ 18,138,062 | \$ 50,907,154 | \$ 50,907,154 | \$ 27,520,379 | \$ 56,020,379 |
| Percent Change: | | | | | |
| SGF | 9.0 % | 277.6 % | -- % | (100.0) % | -- % |
| All Funds | 159.9 % | 180.7 % | -- % | (45.9) % | 103.6 % |
| FTE Positions | 24.0 | 24.0 | 24.0 | 24.0 | 27.0 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** submits a revised estimate of \$50.9 million, including \$16.3 million SGF, for the Business Development Division in FY 2024. This is an increase of \$36.2 million, or 246.0 percent, including an increase of \$16.3 SGF, above the agency's approved amount. The all funds increase is primarily attributable to an increase in the Job Creation Program Fund. The SGF increase is attributable to shifting

APEX and World Cup funding, approved by the 2023 Legislature, from the Administration Division to the Business Development Division.

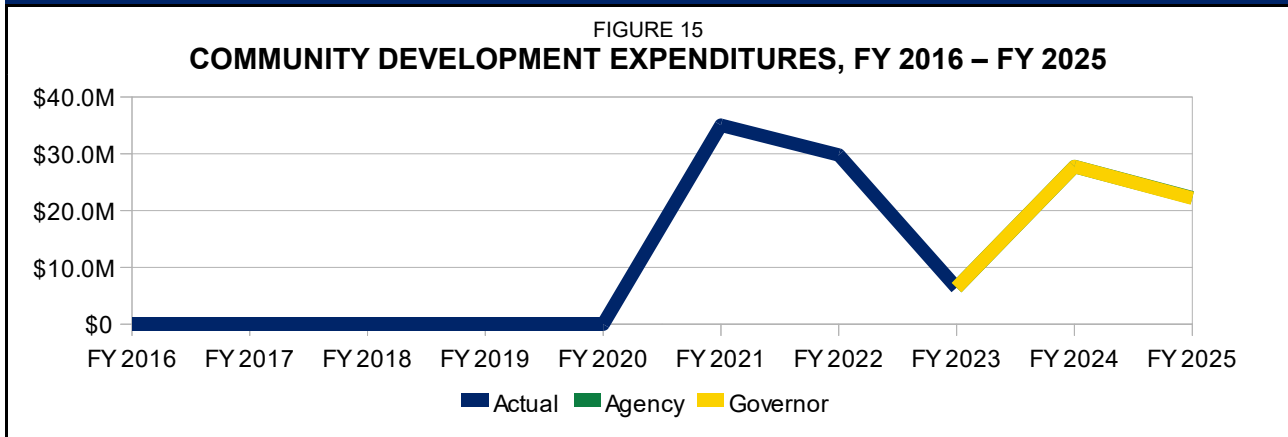
The **Governor** concurs with the agency's revised estimate for the Business Development Division in FY 2024.

FY 2025 REQUEST

The **agency** requests \$27.5 million for the Business Development Division for FY 2025. This is a decrease of \$23.4 million, or 45.9 percent, below the agency's FY 2024 revised estimate. This decrease is primarily attributable the one-time SGF expenditures for APEX and World Cup Funding in FY 2024 and a decrease in the Job Creation Program Fund.

The **Governor** recommends FY 2025 Business Development Division expenditures of \$56.0 million, which is an increase of \$28.5 million, or 103.6 percent, above the agency's FY 2025 request. This increase is attributable to expenditures for the World Cup (\$20.0 million), an Apprenticeship and Business Partnership (\$8.0 million), and the expansion of micro-internships (\$500,000).

COMMUNITY DEVELOPMENT



STATUTORY BASIS: • Discretionary

PROGRAM GOALS:

- Provide direct technical assistance in planning, development, housing resources, and funding preparation for Community Development programs.
- Provide program support and community assistance for community development programs.

The Community Development Division was reestablished at the Department of Commerce in collaboration with the Lieutenant Governor’s Office of Rural Prosperity under the agency. The existing Community Development programs and personnel were separated from Business Development Division to form the new Community Development Division. With the

restoration of the division, Kansas Main Street was reestablished as a program within the division, a division director was hired to provide oversight and coordination among the programs and services for maximum effectiveness, and additional staff is being added to support the Office of Broadband Development.

FIGURE 16
COMMUNITY DEVELOPMENT FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| SGF | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Funds | 2,737,862 | 24,685,137 | 24,685,137 | 19,075,579 | 19,075,579 |
| All Other Funds | 3,680,743 | 3,057,430 | 3,057,430 | 3,183,573 | 3,083,573 |
| TOTAL | \$ 6,418,605 | \$ 27,742,567 | \$ 27,742,567 | \$ 22,259,152 | \$ 22,159,152 |
| Percent Change: | | | | | |
| SGF | -- % | -- % | -- % | -- % | -- % |
| All Funds | (78.4) % | 332.2 % | -- % | (19.8) % | (0.4) % |
| FTE Positions | 18.0 | 18.0 | 18.0 | 19.0 | 18.0 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The revised estimate for FY 2024 expenditures for the Community Development Division is \$27.7 million. This is an increase of \$7.7 million, or 38.1 percent, above the approved amount. This increase is primarily attributable to the agency receiving an

additional \$7.7 million in community development block grants.

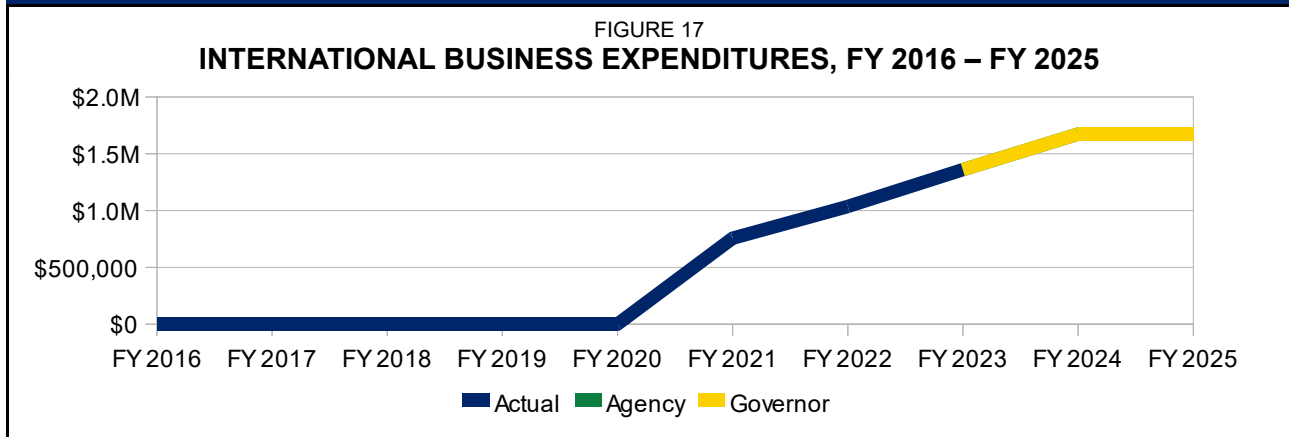
The **Governor** concurs with the agency's revised Community Development Division expenditures in FY 2024.

FY 2025 REQUEST

The **agency** requests \$22.3 million for Community Development Division expenditures for FY 2025. This is a decrease of \$5.5 million, or 19.8 percent, below the revised estimate. This decrease is primarily attributable to the agency anticipating a decrease in available community development block grants.

The **Governor** recommends FY 2025 Community Development Division expenditures of \$22.2 million, which is a decrease of \$100,000, or 0.4 percent, below the agency's FY 2025 request. This decrease is attributable to the Governor not recommending the agency's request for a Film Tax Credit support position.

INTERNATIONAL BUSINESS



STATUTORY BASIS: • Discretionary

PROGRAM GOALS: • Increase the number of Kansas exporters and Kansas exporter market diversification.
• Recruit international businesses to establish facilities and create jobs in Kansas.

The International Business Division works with Kansas companies to help them sell their products and services in international markets. The division also works to recruit international businesses to establish facilities and create jobs in Kansas. These two goals compose the agency's overall mission, to help Kansas capitalize on opportunities in the global economy.

The International Business Division became a standalone division within the agency in FY 2021 after having been eliminated as a separate business unit in FY 2013.

Prior to FY 2021, the international export promotion and international business recruitment functions were managed by a much smaller staff operating out of the Business Development Division.

In preparation for the reemergence of the International Business Division in FY 2021, several administrative actions were taken. These included the hiring of a new Division Director, as well as the hiring of two other professional staff to enable the division to better address its main mission.

FIGURE 18
INTERNATIONAL BUSINESS FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| SGF | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Funds | 249,335 | 200,000 | 200,000 | 200,000 | 200,000 |
| All Other Funds | 1,111,174 | 1,472,318 | 1,472,318 | 1,471,997 | 1,471,997 |
| TOTAL | \$ 1,360,509 | \$ 1,672,318 | \$ 1,672,318 | \$ 1,671,997 | \$ 1,671,997 |
| Percent Change: | | | | | |
| SGF | -- % | -- % | -- % | -- % | -- % |
| All Funds | 31.4 % | 22.9 % | -- % | -- % | -- % |
| FTE Positions | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** submits a revised estimate of \$1.7 million for International Business Division expenditures in FY 2024. This is a decrease of \$617,382, or 27.0 percent, below the agency's approved amount. This decrease is primarily attributable to an anticipated decrease in expenditures for international travel, rent, and federal aid.

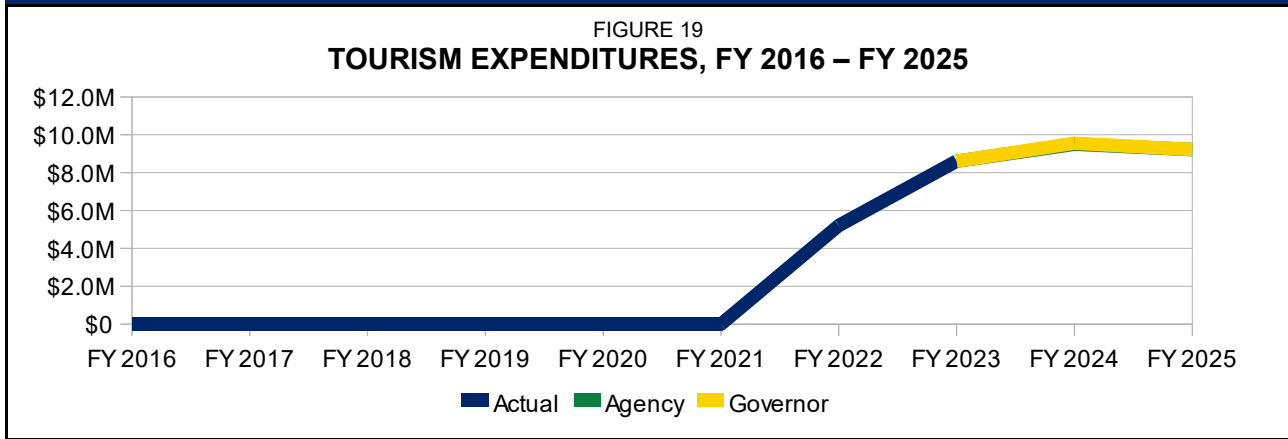
The **Governor** concurs with the agency's International Business Division expenditures in FY 2024.

FY 2025 REQUEST

The **agency** submits a request of \$1.7 million for International Business Division expenditures for FY 2025. This is a decrease of \$321, or less than 0.1 percent, below the agency's revised estimate. This decrease is attributable to a decrease in international travel offset by an increase in software costs and temporary pay for unclassified employees.

The **Governor** concurs with the agency's International Business Division expenditures for FY 2025.

TOURISM



STATUTORY BASIS: • KSA 32-1403

PROGRAM GOALS:

- Increase number of visitors to Kansas.
- Increase Statewide Transient Guest Tax Collections.
- Increase visitor spending.
- Increase number of registered Agritourism businesses.
-

The Tourism Division’s mission is to inspire travel to and throughout Kansas, and to maximize the positive impacts that tourism has on the state and local communities. According to the agency, a strong travel and tourism industry helps provide economic prosperity and a better quality of life for all Kansans. Programs from the Kansas Tourism Division are built to ensure that all travelers feel welcome and are provided the resources they need to create positive experiences in Kansas.

The Tourism Division markets the state’s travel and tourism opportunities to the general public. The division’s efforts also include promotion to travel media and specific niche markets, such as group tour leaders, sports event coordinators, and meeting planners. The primary focus is placed on increasing out-of-state visitation, with the secondary focus on

building state pride for Kansans by encouraging them to travel throughout the state. Marketing initiatives include platforms such as TravelKS.com, travel publications, multiple social media sites, print advertising, digital advertising, e-newsletters, photography, and videography. The Tourism Division also operates the Travel Information Centers in Goodland and Belle Plaine. These centers serve an important role in welcoming and orienting visitors to Kansas and showcasing Kansas experiences and opportunities.

The Tourism Division also produces KANSAS! magazine, a lifestyle publication geared toward creating state pride among Kansans. The Tourism Division is also responsible for the Kansas Byways program and the Kansas Agritourism program.

FIGURE 20

TOURISM FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| SGF | \$ - | \$ 73,500 | \$ 73,500 | \$ - | \$ - |
| Federal Funds | 1,630,518 | 100,000 | 100,000 | - | - |
| All Other Funds | 6,969,525 | 9,330,174 | 9,380,174 | 9,218,053 | 9,218,053 |
| TOTAL | \$ 8,600,043 | \$ 9,503,674 | \$ 9,553,674 | \$ 9,218,053 | \$ 9,218,053 |
| Percent Change: | | | | | |
| SGF | -- % | -- % | -- % | (100.0) % | -- % |
| All Funds | 65.3 % | 10.5 % | 0.5 % | (3.0) % | -- % |
| FTE Positions | 15.0 | 15.0 | 15.0 | 14.0 | 15.0 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** submits a revised FY 2024 Tourism Division estimate of \$9.5 million, including \$73,500 SGF, which is a decrease of \$738,479, or 7.2 percent, below the approved amount. This decrease is primarily attributable to decreased expenditures for publications.

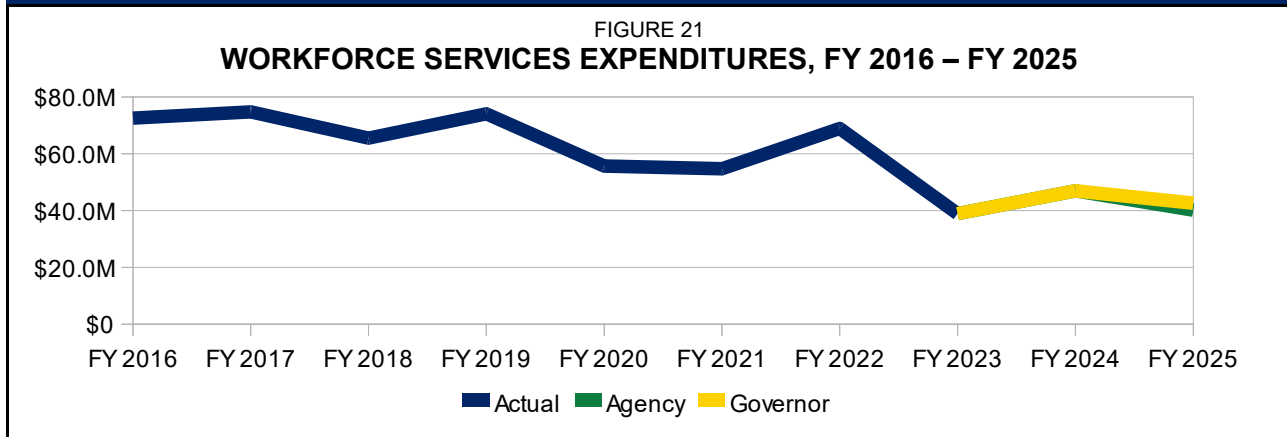
The **Governor** recommends Tourism Division expenditures totaling \$9.6 million, including \$73,500 SGF, which is an increase of \$50,000 above the agency's revised estimate in FY 2024. The increase is attributable to operating expenditures for the division.

FY 2025 REQUEST

The **agency** requests FY 2025 Tourism Division expenditures of \$9.2 million, which is a decrease of \$285,621, or 3.0 percent, below the approved amount. This decrease is primarily attributable to travel and tourism marketing campaign funds and Kansas Semiquincentennial Commission funds being expended.

The **Governor** concurs with the agency's Tourism Division expenditures for FY 2025.

WORKFORCE SERVICES



STATUTORY BASIS: • Workforce Innovation Opportunity Act (WIOA)

- PROGRAM GOALS:**
- Customer Service
 - Performance Accountability and Transparency
 - System Messaging and Awareness
 - Technology Integration

The 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 development

boards and other state agencies. In addition, a partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses.

FIGURE 22
WORKFORCE SERVICES FINANCING, FY 2023 – FY 2025

| Fund | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SGF | \$ - | \$ 2,500,000 | \$ 2,500,000 | \$ - | \$ 2,500,000 |
| Federal Funds | 33,984,588 | 35,741,262 | 35,741,262 | 29,968,824 | 29,968,824 |
| All Other Funds | 4,912,364 | 8,678,917 | 8,678,917 | 10,133,682 | 10,133,682 |
| TOTAL | \$ 38,896,952 | \$ 46,920,179 | \$ 46,920,179 | \$ 40,102,506 | \$ 42,602,506 |
| Percent Change: | | | | | |
| SGF | -- % | -- % | -- % | (100.0) % | -- % |
| All Funds | (43.5) % | 20.6 % | -- % | (14.5) % | 6.2 % |
| FTE Positions | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |

BUDGET ANALYSIS

FY 2024 REVISED ESTIMATE

The **agency** submits a revised estimate of \$46.9 million in FY 2024 Workforce Services Division expenditures. This is an increase of \$9.0 million, or 23.7 percent, above the approved amount. The increase is attributable to shifting expenditures for Level Up Kansas, federal Retaining Employment and Talent After Injury/Illness Network (RETAIN), and the apprenticeship program from the Administration Division to the Workforce Services Division.

RETAIN promotes coordination among individuals and organizations about how or whether to return to work after a work disability. The agency received a one-time grant for this program.

The **Governor** concurs with the agency's revised Workforce Services Division expenditures in FY 2024.

FY 2025 REQUEST

The **agency** requests \$40.1 million for Workforce Services Division expenditures for FY 2025. This is a decrease of \$6.8 million, or 14.5 percent, below the agency's revised estimate. The decrease is primarily attributable to not anticipating being awarded federal RETAIN funding.

The **Governor** recommends FY 2025 Workforce Services Division expenditures of \$42.6 million, which is an increase of \$2.5 million, or 6.2 percent, above the agency's FY 2025 request. This increase is attributable to the housing and workforce development program revolving loan (\$2.0 million) and the HirePaths for youth career exploration (\$500,000).

CAPITAL IMPROVEMENTS

The Kansas Department of Commerce has capital improvement expenditures for the 25 Workforce Centers in Kansas.

| FIGURE 23 CAPITAL IMPROVEMENTS, FY 2023 – FY 2025 | | | | | |
|--|----------------------|-------------------|---------------------|-------------------|---------------------|
| | Actual FY 2023 | Agency FY 2024 | Governor FY 2024 | Agency FY 2025 | Governor FY 2025 |
| Capital Projects: | | | | | |
| Topeka WFC - Elevator | \$ - | \$ 230,000 | \$ 230,000 | \$ - | \$ - |
| Topeka WFC - HVAC | - | - | - | 100,000 | 100,000 |
| <i>Subtotal–Projects</i> | <i>\$ -</i> | <i>\$ 230,000</i> | <i>\$ 230,000</i> | <i>\$ 100,000</i> | <i>\$ 100,000</i> |
| Debt Service Principal: | | | | | |
| Workforce Service Centers | \$ 18,075,000 | \$ - | \$ - | \$ - | \$ - |
| <i>Subtotal–Debt</i> | <i>\$ 18,075,000</i> | <i>\$ -</i> | <i>\$ -</i> | <i>\$ -</i> | <i>\$ -</i> |
| TOTAL | \$ 18,075,000 | \$ 230,000 | \$ 230,000 | \$ 100,000 | \$ 100,000 |
| Financing: | | | | | |
| SGF | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Funds | - | - | - | - | - |
| All Other Funds | 18,075,000 | 230,000 | 230,000 | 100,000 | 100,000 |
| TOTAL | \$ 18,075,000 | \$ 230,000 | \$ 230,000 | \$ 100,000 | \$ 100,000 |

FY 2024 CAPITAL IMPROVEMENTS

The **agency** submits capital improvement expenditures totaling \$230,000 in the FY 2024 revised estimate. This funding will be used to

modernize one elevator at the Topeka Workforce Center.

The **Governor** concurs with the agency's FY 2024 revised estimate.

FY 2025 CAPITAL IMPROVEMENTS

The **agency** requests capital improvement expenditures totaling \$100,000 for FY 2025. This funding will be used to install a new

heating, ventilation, and air conditioning (HVAC) control system at the Topeka Workforce Center.

The **Governor** concurs with the agency's FY 2025 request.