


FY 2012

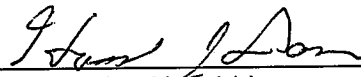
HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE

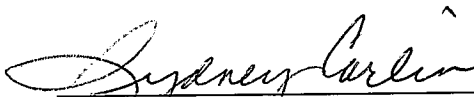
Department of Commerce  
Kansas Inc.  
Kansas Technology Enterprise Corp.

  
Representative Sharon Schwartz, Chair

  
Representative Steven Johnson

  
Representative Don Schroeder, Vice-Chair

  
Representative Harold Lane

  
Representative Sydney Carlin,  
Ranking Minority Member

  
Representative Larry Powell

  
Representative Dan Collins

\_\_\_\_\_  
Representative Tom Sloan

  
Representative Carl Holmes

Appropriations Committee

Date February 14, 2011

Attachment 2

# House Budget Committee Report

**Agency:** Kansas Department of Commerce **Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 70**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 0	\$ 15,000,000	\$ 0
Other Funds	138,817,338	142,700,481	0
Subtotal	\$ 138,817,338	\$ 157,700,481	\$ 0
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	160,000	160,000	0
Subtotal	\$ 160,000	\$ 160,000	\$ 0
<b>TOTAL</b>	<b>\$ 138,977,338</b>	<b>\$ 157,860,481</b>	<b>\$ 0</b>
FTE positions	314.8	251.8	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	50.0	49.0	0.0
<b>TOTAL</b>	<b>364.8</b>	<b>300.8</b>	<b>0.0</b>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$138,817,338, including \$15,933,419 from the Economic Development Initiatives Fund (EDIF). The agency is not requesting any State General Fund appropriations for FY 2012. The request is an all funds decrease of \$2,860,542, or 2.0 percent, and an EDIF increase of \$275,792, or 1.8 percent, above the agency's FY 2011 request. The all funds decrease is attributable to a reduction in several federal funds, including the Community Development Block Grant (CDBG) and the Workforce Investment Act (WIA) funds. The decrease is offset by an increase in the EDIF due to the agency's \$200,000 enhancement request for a pilot program to recruit small technology companies.

## Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$157,700,481, including \$15,000,000 from the State General Fund and \$17,504,262 from the Economic Development Initiatives Fund (EDIF). The Governor's recommendation is an all funds increase of \$16,584,011, or 11.8 percent, an SGF increase of \$15,000,000, and an EDIF increase of \$1,908,045 or 12.2 percent, above the Governor's FY 2011 recommendation. The all funds increase includes the following adjustments:

Appropriations Committee

Date February 14, 2011

Attachment 2-2

- State General Fund Adjustments:
  - Add \$5.0 million for animal health research;
  - Add \$5.0 million for cancer research; and
  - Add \$5.0 million for aviation research.
  
- Economic Development Initiatives Fund Adjustments:
  - Add \$885,444 for Rural Opportunity Zones;
  - Add \$100,000 for the Small Technology Pilot Program;
  - Add \$500,000 for Community College Competitive Grants;
  - Add \$1,000,000 for Engineering Expansion Grants;
  - Add \$3,351,604 for the Kansas Technology Enterprise Corporation (KTEC);
  - Delete \$696,331 for the Agriculture Marketing Program and transfer to the Kansas Department of Agriculture;
  - Delete \$184,310 for the Kansas Commission on Disability Concerns and transfer to the Governor's Office;
  - Delete \$1,856,487 for the Travel and Tourism Division and transfer to the Kansas Department of Wildlife and Parks

Also included in the Governor's recommendation for FY 2012 is a transfer of \$5.0 million from the EDIF to the State Affordable Airfare Fund, which provides subsidies for commercial air travel to Wichita's Mid-Continent Airport. For FY 2007 through FY 2011 the program was funded through annual transfers of \$5.0 million from the State Highway Fund.

The Governor recommends eliminating 40.0 vacant FTE positions for FY 2012.

### House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. The Budget Committee would like to note that the Secretary of Commerce is working on fostering a positive and productive business environment in Kansas and the Department of Commerce is committed to growing all sectors of the Kansas economy with a focus on advanced manufacturing, value-added agriculture, biosciences, energy, and professional services. Additionally, the Committee is also confident that Secretary George will ensure a smooth and seamless transition as the grant programs of the Kansas Technology Enterprise Corporation are integrated into the Kansas Department of Commerce.
  
2. The Budget Committee would like to note the importance of veterinarians in Kansas, in particular large animal veterinarians. The Budget Committee encourages the Secretary of Commerce to work with Kansas State University and use a portion of the \$5.0 million grant for Kansas State University, which will be used for animal health research, to expand the KSU College of Veterinary Medicine, which would allow more Kansas students to attend veterinarian school in the state. It should be noted that in 2009 only 45 of the 132 students who began at the College of Veterinary Medicine at KSU were Kansas students.
  
3. The Budget Committee requests the Secretary of Commerce study and report back to the House Agriculture and Natural Resources Budget Committee by February 1, 2012 the feasibility of turning the America's Job Link Alliance (AJLA) into a not-for-profit entity.

Appropriations Committee

Date February 14, 2011

Attachment 2-3

AJLA is a consortium of state workforce agencies which provide information technology and systems support for several state workforce agencies. AJLA is housed within the Kansas Department of Commerce and is funded entirely through special revenue funds, including federal funds from the U.S. Department of Labor.

4. The Budget Committee would like to note the results and recommendations of the performance audit released by the Legislative Division of Post Audit on February 9, 2011 regarding the Fair Fares Program. The Budget Committee would like to acknowledge that while the Fair Fares Program has been successful in lowering passenger fares at Wichita's Mid-Continent Airport, the claims asserted by the Regional Economic Area Partnership (REAP) contained numerous inconsistencies and inaccuracies. The Budget Committee recognizes that there is a lack of oversight and accountability and as a result of the performance audit, the Budget Committee recommends that the Legislature enact new procedures to ensure greater accountability and oversight of REAP. The Committee would also like to note that the original intent of the legislation was to provide access to affordable airfares for residents of western Kansas in addition to the residents of Wichita.

In an effort to bring greater accountability to REAP, the Budget Committee recommends that a proviso be included in the mega appropriations bill. The proviso would require REAP to submit an annual report and appear in person to the House Committee on Economic Development, the House Committee on Appropriations, the Senate Committee on Commerce, and the Senate Committee on Ways and Means before May 1, 2012. Additionally, the proviso would require the Department of Commerce to conduct an independent review of the financial reports submitted by REAP as well an analysis of the statistics and data used by REAP. The Department of Commerce would present the findings of its review to the House Committee on Economic Development, the House Committee on Appropriations, the Senate Committee on Commerce, and the Senate Committee on Ways and Means before May 1, 2012. The proviso would allow the Secretary of Commerce to develop the necessary procedures to conduct such a review.

Appropriations Committee

Date February 14, 2011

Attachment 2-4

# House Budget Committee Report

**Agency:** Kansas, Inc.

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
Econ. Dev. Initiatives Fund	\$ 351,979	\$ 0	\$ 0
Other Funds	220,242	0	0
Subtotal	\$ 572,221	\$ 0	\$ 0
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 572,221</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FTE positions</b>			
FTE positions	4.5	0.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	1.0	0.0	0.0
<b>TOTAL</b>	<b>5.5</b>	<b>0.0</b>	<b>0.0</b>

## Agency Request

The **agency** requests \$572,221 for FY 2012 operating expenditures, an increase of \$38,376, or 7.2 percent, above the FY 2011 estimate. The estimate includes \$351,979 from the Economic Development Initiatives Fund (EDIF) and \$220,242 from the Kansas, Inc. Private Fund. The increase is attributable to increased state contributions for group health insurance and hospitalization and Kansas Public Employees Retirement System (KPERs) contributions. The agency request maintains the 4.5 FTE positions from FY 2011.

## Governor's Recommendation

The **Governor** recommends restructuring Kansas, Inc. and renaming it the Governor's Economic Council. All economic development policy research, program evaluation, and strategic planning of the State of Kansas will continue to be performed by the Governor's Economic Council as a program within the Kansas Department of Administration.

## House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation.

Appropriations Committee

Date February 14, 2011

Attachment 2-5

# House Budget Committee Report

**Agency:** Kansas Technology Enterprise Corporation

**Bill No. --**

**Bill Sec. --**

**Analyst:** Steiner

**Analysis Pg. No. --**

**Budget Page No. 90**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
Econ. Dev. Initiatives Fund	\$ 7,855,272	\$ 0	\$ 0
Other Funds	1,864,950	0	0
Subtotal	<u>\$ 9,720,222</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 9,720,222</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	14.7	0.0	0.0
Non FTE Uncl. Perm. <u>Pos.</u>	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>14.7</u></u>	<u><u>0.0</u></u>	<u><u>0.0</u></u>

## Agency Request

The **agency** requests FY 2012 operating expenditures of \$9,720,222, including \$7,855,272 from the EDIF. The request is an all funds increase of \$1,122,195, or 13.1 percent, and an EDIF increase of \$1,607,195, or 25.7 percent above the FY 2011 revised estimate. The request includes three enhancements totaling \$1,851,055. Without the enhancement packages, the request would be a decrease of \$728,860, or 8.5 percent, below the FY 2011 revised estimate.

## Governor's Recommendation

The **Governor** recommends eliminating KTEC as a state agency and transferring the programs previously managed by KTEC to the Kansas Department of Commerce and the Board of Regents for FY 2012.

## House Budget Committee Recommendation

The **House Budget Committee** concurs with the Governor's recommendation with the following adjustments:

Appropriations Committee

Date February 14, 2011

Attachment 2-6

1. Review at Omnibus the progress of the Governor's proposed reorganization of the programs within the Kansas Technology Enterprise Corporation. In particular, the Committee would like an update on whether HB 2054, which authorizes the transfer of all current policies, assets, and necessary employees to the Department of Commerce and the Kansas Board of Regents, makes all of the required statutory changes.

Appropriations Committee

Date February 14, 2011

Attachment 2-7