

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Agency-Wide Overview

**AGENCY MISSION**

By statute, the Kansas Department of Commerce serves as the State’s lead economic development agency. The Department administers a variety of programs and services to create a more resilient economy and make Kansas an attractive place to locate new businesses and grow existing ones. Commerce helps create new jobs, attract new capital investment, offer innovative workforce development strategies, encourage community vitality and promote the state as a great place to live and work.

**PROGRAMS ESTABLISHED TO ASSIST WITH AGENCY MISSION**

- Administration Division
- Business Development Division
- Community Development Division
- International Division
- Workforce Services Division
- Tourism Division

**STATUTORY HISTORY**

The Kansas Industrial Development Commission was created by an act of the 1939 Legislature to promote Industrial Development and improve the economic welfare of the state. Upon recommendation of the Governor’s Economic Development Committee, the 1963 Legislature reorganized the Commission into a Department of Economic Development with increased responsibilities for community development. Executive Reorganization Order No. 7, K.S.A. 74-5002(a) created the Department of Economic Development as an executive cabinet-level agency in 1975.

K.S.A. 74-5008(a) through K.S.A. 74-5032 had major revisions in 1985 reorganizing the Department into four divisions: Small Business Development (K.S.A. 13-13a28); Community Development (K.S.A. 74-5009); Travel and Tourism and Film Services (K.S.A. 74-5032); and Industrial Development (K.S.A. 74-5008a) and creating two offices under the Secretary: Minority Business (K.S.A. 74-5012) and Advanced Technology (K.S.A. 13-13a27). Two divisions were abolished at that time: Housing and Minority Business.

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In 1986, the name was changed to the Department of Commerce. In 1992, K.S.A. 74-5002(a) brought the Department under the provisions of the Kansas Governmental Operations Accountability law while abolishing the sunset provisions in K.S.A. 74-5049.

The 2003 Legislature adopted Executive Reorganization Order No. 30 which transferred the Division of Housing to the Kansas Development Finance Authority and changed the agency name to the Kansas Department of Commerce. This change was effective July 1, 2003. The 2004 Legislature adopted Executive Reorganization Order No. 31 which transferred the Employment and Training Division of the former Department of Human Resources to the Kansas Department of Commerce, effective July 1, 2004.

The America’s Job Link Alliance in the Department of Labor was transferred to the Kansas Department of Commerce effective July 3, 2005.

A FY 11 ERO was executed in FY 12 that abolished the Kansas Main Street Program, transferred the Travel and Tourism Division to the Kansas Department of Wildlife and Parks, transferred the Ag Marketing Division to the Kansas Department of Agriculture, transferred the Kansas Commission on Disability Concerns to Department of Administration and dismantled the International Trade Development Division. Commerce was assigned the administration of the new Rural Opportunity Zone program, the Job Creation Fund (formerly IMPACT) and assumed responsibility for the Entrepreneur Technology Program (formerly KTEC, including Mid-America Manufacturing Technology Center) and oversight of the Governor’s Economic Council. EDIF funding was reduced, which impacted the Women and Minority Business program, passthroughs to the Kansas Small Business Development Center and NetWork Kansas, and the Kansas Industrial Training/Retraining (KIT/KIR) programs. The Kansas Film Commission was eventually abolished as was the Kansas Arts Commission, which was subsequently replaced by the Kansas Creative Arts Industry Council.

During FY 16, the Public Broadcasting Council (PBC) was transferred from the Department of Administration to the Department of Commerce and funded by Economic Development Initiative Funds as a pass through in Commerce’s budget.

On July 20, 2016, the State Finance Council approved the merger of Kansas Bioscience Authority (KBA) into the Department of Commerce. Effective July 22, 2016, the KBA ceased to exist as a legal entity and the assets of the Authority temporarily became the assets of Commerce.

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Most of those assets were sold at the direction of the Administration in FY 17, but Commerce retained some funds to cover KBA’s financial commitments which continue to lessen over time as requisite expenditures are reduced. The KBA grant commitments have ended and there will not be any grant commitment payments made in or FY 24.

ERO No. 48, which became effective July 1, 2021, established the Division of Tourism within the Department of Commerce from Kansas Department of Wildlife and Parks. This realignment supports both businesses and the tourism industry and will help to continue to grow economic development throughout the state.

**AGENCY-WIDE OVERVIEW**

**Fiscal Year 2023:**

The Kansas Department of Commerce continues to use the Kansas Framework for Growth, the state’s economic development strategic plan, as our North Star. With our business recruitment and in-state development teams focused on our five target sectors (advanced manufacturing; aerospace; distribution, logistics and transportation; food and agriculture; and professional services), approximately 90% of the Department’s 272 project successes this past year were in one of those segments. The purposeful efforts generated more than \$7.3 billion private sector investment that created or retained almost 13,400 jobs for Kansans. The capital expenditure marked the third straight year of record-setting investment and resulted in our third consecutive Gold Shovel Award and second straight Governor’s Cup. While the \$4 billion Panasonic Energy battery manufacturing plant grabbed the most attention, hundreds of large and small successes were recorded in communities of all sizes throughout the state. Since the Framework for Growth was implemented, no fewer than 85 Kansas counties have landed at least one project.

Kansas exports continue their upward surge as well, reaching an all-time high of \$13.97 billion in the past calendar year. Exports surged by \$1.42 billion – an 11.4% increase. International investment in Kansas continues to grow, with nearly 600 foreign companies doing business in the state and employing approximately 75,000 people.

Both in-state and soon-to-become-in-state companies invest in Kansas for similar reasons: Our pro-business climate, skilled and educated workforce, innovation, inclusivity, strong infrastructure and strategic central location. Kansas clearly is the best state in the nation to conduct business. The Commerce Department ensures both expansions and relocations are easy transitions and beneficial to our people and economy.

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The Department of Commerce helps industries throughout the state continue to grow because of the stability and exponential multiplying effects they provide for local and state economies. The in-state, national and international recruitment and development teams focus on supporting companies that fit naturally into industries as varied as animal health, cybersecurity, bioscience, advanced manufacturing, aerospace, logistics and transportation, and so many others. We’re creating new ecosystems around electric vehicles, battery manufacturing and microelectronics.

As important as it is to keep and attract companies, we need to concurrently empower businesses, individuals and communities to achieve prosperity here in Kansas. And we need to recruit former Kansans and graduates of our institutions of higher learning to either come back or remain here. To that end, the Legislature saw fit this past session to fund a new talent recruitment program, which will launch in January 2024.

The Department of Commerce understands that economic development is a holistic endeavor.

And each division at Commerce is configured to help achieve this goal:

1. Workforce Services connects businesses, job-seekers, educational institutions and training providers to ensure we are meeting industry needs. Aiding these efforts has been the newly established Kansas Office of Registered Apprenticeship. Their efforts already have resulted in significant increases in the number of apprentices, businesses and organizations offering apprenticeships, and non-traditional sectors that now offer them.
2. Kansas Tourism knows every new resident and every new business started with a visit to the state. Tourism promotes the best Kansas has to offer and works to get people here. The economic impact has soared past \$11 billion annually and shows no signs of slowing down.
3. The Office of Rural Prosperity advocates for and promotes rural parts of the state and focuses on efforts designed to aid rural improvements. Outreach and ideal programming has allowed more and more communities to interact with this office.
4. The Office of Broadband Development is working to provide broadband internet access across the state because if communities and businesses can’t access it, they’re effectively disqualified from a major portion of the economy. While in the final planning phases, Broadband will soon be moving to utilize state, federal and private-sector investments to connect every address to high-speed internet.

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5. Community Development knows employees need communities where they can live happily and comfortably. Community Development aims to foster the development of vibrant communities across the state through the Kansas Creative Arts Industries Commission, Kansas Main Street, and myriad opportunities through Community Development Block Grant funding.
6. The Office of Minority and Women Business Development ensures all efforts are inclusive by nature, and provides certification and education for disadvantaged, minority- and women-owned businesses.
7. The International team helps Kansas businesses diversify markets and expand sales by increasing their exports. The International Division also works with international companies looking to take advantage of our central location, plentiful transportation options and intermodal services.
8. The Office of Innovation is fueling new efforts to recruit the kind of cutting-edge businesses that have positioned Kansas as the innovation hub of the Midwest.
9. And under the wide umbrella of Administration are found all the critical employees that keep the entire department running.

Under the direction of Secretary Toland, Commerce divisions and teams are working in concert to bring prosperity to all areas of the state – the realization of Governor Kelly’s promise to all Kansans. Kansas no longer is striving to become the best place in the nation to live and do business; we have become that.

**Fiscal 2024 and 2025:**

The unprecedented surge of economic activity in Kansas shows no sign of abating moving forward for the next two years. The Kansas Department of Commerce will continue delivering economic prosperity to people, businesses and communities across the Sunflower State. The Department will also continue to use its available fiscal resources wisely in executing a sustainable and successful business development strategy on all fronts. To that end, Commerce has crafted a budget proposal that’s lean while still investing adequately in programs and strategies needed to encourage further economic growth and prosperity in Kansas communities and the state as a whole.

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The Department of Commerce's FTE limitation for FY 2023 is 121.49. Actual FTE is as follows:

	FTE Positions	Non-FTE Unclassified Permanent Positions
Administration	12.00	90.00
Business Development	1.00	23.00
Community Development	1.00	17.00
International Development	1.00	8.00
Workforce Development	80.00	70.00
Tourism	2.00	13.00
Agency Total	97.00	221.00

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**ENHANCEMENT PACKAGE – FY 2025:**

The Department is requesting two enhancement packages for consideration by the Governor and the Legislature for FY 25. They are listed below in order of importance:

**1. Film and Television Industry Program Manager** – This enhancement request of \$100,000 will be for a position 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 and develop a workforce to support the film and television industry. In addition to these roles, the individual will also manage the Film Tax Credit program (SB 91 as amended) that did not make it out of session last year, but is being pursued again for the 2024 session.

Overall, this is just the start to building a robust film/arts economic development program. It will further leverage our assets, diversify economic development, keep young people in our state and will be transformative for rural communities.

**2. Kansas Creative Arts (KCAIC) Enhancement** - Kansas consistently ranks among the lowest for funding allocated to the arts agency. In 2022-2023, Kansas ranks 48<sup>th</sup> at 17 cents per capita. Only Georgia and Wisconsin are below us with both spending 14 cents per capita. Nebraska’s total appropriations for the arts is a little more than \$2.6 million, and Missouri dedicates more than \$31 million. Overall, Kansas is LAST among the states in total funding.

The arts play a critical role in our lives through bolstering the economy, fostering vibrant communities, preserving and promoting our legacies and culture and improving our health. The arts put people to work, produce tax revenue, stimulate business and retain a talented workforce. The arts foster vibrant communities and create productive places for people to live, work, play and raise their families.

This reasonable enhancement of \$500,000 will uplift the KCAIC and allow them to expand activities to areas of the creative sector currently restricted under NEA regulations. Specifically, this additional funding beyond the NEA partnership would be dedicated to business and workforce development/entrepreneurship efforts including:

- Creating grant programs designed to provide targeted assistance to nonprofit arts organizations in underserved communities. The arts accelerate economic recovery: a growth in arts employment has a positive and causal effect on overall employment.

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- Expanding grant programs to include general operating support for Kansas nonprofit arts organizations, providing working capital nonprofits need to sustain their day-to-day operations, enabling them to build strong and sustainable infrastructures to provide programs and services that will have the greatest impact.
- Increasing efforts to enhance and expand arts education programming for underserved communities. Involvement in the arts is linked to higher academic performance, increased standardized test scores, more community service, and lower dropout rates. Arts students have been shown to achieve better jobs with higher pay, more responsibility, more promotion opportunity, and more employee satisfaction.
- Allowing for further renovation and facility enhancements of cultural institutions throughout the state. This initiative would support the acquisition, design, repair, rehabilitation, renovation, expansion, or construction of nonprofit cultural facilities statewide.



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The Administration Division is comprised of the Office of the Secretary, Human Resources, Marketing and Communications, Information Technology, Fiscal Services, Building Services, Legal, Regulatory Compliance, the Athletic Commission, Kansas Bioscience Authority, Office of Rural Prosperity, Office of Broadband Development, Office of Innovation and America’s Job Link Alliance.

The goals and objectives of the Administration Division are to provide leadership, internal and external communications, an overall high level of internal support of the broader mission and to assist with implementing broadband deployment, rural development, community development and economic development initiatives throughout 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; ensuring sound supervisory practices and a professional work environment, including the associates located in the various workforce centers across the state; designing creative marketing strategies to improve the image of the state; developing the marketing campaigns for the numerous business development and workforce services initiatives and events; supporting the information technology infrastructure and software; timely and accurate processing of all fiscal related documents; preparing and submitting fiscal federal reports, state budget documents and other monitoring resources; developing and implementing robust rural development strategies; implementing broadband infrastructure and adoption programs; and developing strategies to capitalize on emerging industries and technologies. This division is also responsible for the building services management of the state-owned workforce centers. Legal services include review and monitoring of all STAR Bond projects, issuance of incentive contracts, legal review of state and federal grants, development of MOUs/MOAs and all binding contracts for the agency. Legal also performs audits and compliance reviews for the federal grants administered through the Workforce Services Division.

**OFFICE OF BROADBAND DEVELOPMENT**

The Office of Broadband Development (OBD) was established by executive order in FY 21 to lead state efforts in bridging the digital divide in Kansas. The mission of OBD was further enhanced as the COVID-19 pandemic spotlighted the need for robust, equitable and reliable broadband access throughout Kansas. The OBD operates in the following four priority areas:

1. Driving access to robust broadband infrastructure
2. Enabling Kansans to connect through digital adoption, literacy and inclusion programs

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- 3. Developing Kansas broadband information services to inform investments and priorities
- 4. Engaging stakeholders through local, regional and statewide partnerships

OBD continued to support critical investments in broadband infrastructure and to address urgent digital equity needs for remote education, telehealth, business and overall quality of life needs. As a result, the Kansas Office of Broadband Development has invested nearly \$837 million from Federal grants and through matching dollars to support infrastructure and digital equity needs. In FY 23 OBD expanded its capacity to support program management, outreach, and technical assistance across the state. Operationally, OBD has expanded capacity and expertise through both additional FTEs and outside experts to support this complex work. FY 24 encompasses increasing the current FTE to a total of 11.

In 2020, the state authorized \$85 million in broadband funding through the 10-year Eisenhower Legacy Transportation Plan. Through this competitive infrastructure construction program, OBD will invest \$5 million per year for the first three years, and \$10 million per year for the final seven years. During FY 23, OBD administered project closeouts of the Year 1 Broadband Acceleration Grants that were carried over from FY 22. The overall impact of the \$5 million in investment for these 14 projects culminated in more than \$10.2 million in infrastructure investment with the required matching funds, impacting 16 Kansas counties. These projects constructed more than 280 route miles of fiber infrastructure to enable high-speed broadband access to nearly 3,000 homes and businesses.

OBD continues to track the progress and completion of Year 2 Broadband Acceleration Grant program projects through managing resources, project timelines and compliance. By the end of FY 23, 95% of the projects had completed the construction phase. With a required 18-month project deadline, these projects are targeted to be completed by October 2023 (FY 24). The overall impact of the \$5 million in investment for these 11 projects culminated in more than \$12.2 million in infrastructure investment with the required matching funds, impacting 13 Kansas counties. These projects have the potential to construct more than 250 route miles of fiber infrastructure to enable high-speed broadband access to more than 3,000 homes and businesses.

In June of FY 23, OBD opened applications for Year 3 of the Broadband Acceleration Grant program. Grant application window was open until August 7, 2023, with awards will be announced in fall of FY 24.

Federal funding opportunities through the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA) have also been a primary responsibility for the Office during FY 23. These multi-year federal programs are overseen by the U.S. Treasury and the National Telecommunications and Internet Agency (NTIA), a subsidiary office within the U.S. Department of Commerce.

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**American Rescue Plan (ARPA) FY 23 – FY 28**

Kansas has received federal funding through the American Rescue Plan Act (ARPA) for a number of broadband programs. These programs include:

<b>ARPA FUNDED PROGRAM</b>	<b>AMOUNT</b>	<b>FY IMPACT</b>
CPF Broadband Infrastructure Access	\$85 million	FY 23 – FY 28
Digital Connectivity Technology (digital adoption)	\$15 million	FY 23 – FY 28
Lasting Infrastructure Network Connectivity (LINC)	\$30 million	FY 23 – FY 25
Digital Equity Connecting Kansans (DECK)	\$5 million	FY 23 – FY 25

In partnership with the Kansas Recovery Office, OBD successfully developed programs to receive and distribute the ARPA Capital Project Fund (CPF) and the Digital Connectivity Technology (DCT) for digital adoption and literacy programs. This effort resulted in Kansas being one of the first 8 states to receive their CPF broadband infrastructure award, leading to the early FY 23 launch of the multiyear Kansas CPF broadband infrastructure grant program. This highly competitive infrastructure construction program seeks to invest in unserved and highly underserved areas of need across the state. The program elicited 141 applications totaling nearly \$600 million in requested funding. This equated to a 700% oversubscription rate, indicative of the needs that exist for broadband access across the state.

Overall, in FY 23 OBD successfully completed three rounds of CPF awards, totaling 24 grants. This program had a collective investment total, including matching funds, of \$125.3 million impacting 24,567 premises. The program spans FY 23 to FY 28 with the target project completion within 2 years of award (FY 25).

The Digital Connectivity Technology (DCT) award was announced during the spring of FY 23. Kansas was the first state in the nation to receive approval on our program and award announcement. This program will provide \$15 million to support equal access to high-speed internet, provide devices to underserved Kansans, and expand digital skills training for communities across Kansas. OBD is planning to launch the program in fall of FY 24.

OBD continues to invest the \$35 million in allocations from state and local recovery efforts as designated by the Strengthening People and Revitalizing Kansas (SPARK) committee. These funds will enable the deployment of last-mile and middle-mile broadband infrastructure, along

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with support for equal access to high-speed internet, provide devices to underserved Kansans and programming to expand digital skills training for communities across Kansas. Allocations include the \$30 million investment in the Lasting Infrastructure and Network Connectivity (LINC) program and \$5 million for the Digital Equity Connecting Kansans (DECK). Infrastructure priority areas include those lacking access to high-speed internet service at speeds of 100/20 megabits (Mbps) with a sliding scale private match based on rurality. The LINC grant application window closed in FY 23 and awards will be announced in the fall of FY 24. The program was 526% oversubscribed with 67 applications and a total grant request amount of \$184 million. The DECK program will open in the fall of FY 24.

**Infrastructure Investment & Jobs Act FY 23 – FY 28**

Approved by Congress in FY 22, the Infrastructure Investment & Jobs Act (IIJA) incorporates multiple funding opportunities for both stated allocation and competitive opportunities. Comprehensively, both state allocations and competitive opportunities within IIJA include:

<b>IIJA STATE ALLOCATED OPPORTUNITIES</b>	<b>AMOUNT</b>	<b>FY IMPACT</b>
State Broadband Equity Access and Deployment Program - Kansas	\$451.7 million	FY 23 – FY 28
State Broadband Equity Access and Deployment Planning Grant Program - Kansas	\$5.7 million	FY 23 – FY 24
State Digital Equity Planning Grant Program - Kansas	\$692,664	FY 23 – FY 24
State Digital Equity Capacity Grant Program - Kansas	TBD	FY 24 – FY 28
<b>IIJA COMPETITIVE OPPORTUNITIES</b>		
State Middle Mile Infrastructure Program \$1 Billion	\$42.5 million	FY 23 – FY 28
State Digital Equity Grant Program \$1.25 Billion	TBD	FY 23 – FY 28
Tribal Broadband Connectivity Program \$980 Million	TBD	FY 23 – FY 28

Within IIJA, the Broadband Equity Access and Deployment (BEAD) funding provides \$42.45 billion nationally to expand high-speed internet access by funding planning, infrastructure deployment, and adoption programs. Also within IIJA, the Digital Equity Act (DEA) funding provides \$2.75 billion nationally to promote digital equity and inclusion. These programs aim to ensure all people and communities have the skills, technology, and capacity needed to reap the full benefits of our digital economy.

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During FY 22, in coordination and partnership with the Kansas Subcabinet Infrastructure Hub, OBD conducted stakeholder outreach and engagement sessions, developed planning documents, applied for, and was allocated IJJA BEAD and DEA program planning dollars. Both BEAD and DEA each require a comprehensive 5-Year Strategic Plan. The BEAD strategic plan encompasses the infrastructure build out and addresses universal connection, while the DEA plan addresses bridging the digital divide through digital skills, access, and affordability. OBD is in the process of developing these strategic plans, which will be open to public comment and are anticipated for finalization during FY 24. Planning dollars were used to support extensive capacity building, stakeholder engagement and outreach, and program development for both BEAD and DEA strategic planning initiatives.

During FY 23, OBD hosted the Kansas Broadband Summit with 200 plus registrants to engage and support the opportunities these funds would provide and the work it would take to connect all Kansans. Furthermore, as part of its strategic outreach and community engagement, OBD hosted 34 community listening sessions across the state and connected with 2,000 plus members of the community. OBD has also instituted a Kansas mapping effort to determine high areas of need based on self-reported data from Internet Service Providers (ISPs), community stakeholders and other state assets. As part of this effort, OBD invited Internet Service Providers (ISPs) to share investment data for accurate planning and has begun hosting bi-weekly industry roundtables to foster collaboration between OBD and ISPs. The culmination of these efforts was the NTIA announcement that Kansas will receive \$451.7 million in funding to help connect all Kansans through the BEAD program.

Office of Broadband Development in partnership with state agencies, nonprofit and private industry through a competitive Request for Proposal Process applied for and received \$42.5 million for the Enabling Middle Mile Broadband Infrastructure (EMMBI) program. The project seeks to lower the cost of broadband construction in rural areas, connect to higher education and healthcare facilities, and provide internet at lower costs to underserved areas. This project will create a 682-mile open-access middle mile fiber network and will add 1.0 FTE. The Broadband Middle Mile Program Manager will function as the research and data analyst to lead/work on the statewide open-access middle-mile network and last mile broadband infrastructure initiatives on behalf of OBD.

The state continues to implement competitive opportunities in the programs above when prudent. FY 23 efforts for IJJA funding involved extensive capacity building and program development for both the BEAD program and Digital Equity Act initiatives. Stakeholder engagement efforts began with vigor in FY 23, and KOBD expects them to extend throughout the life of these programs to inform our collective work and reporting requirements in partnership with the NTIA, Treasury and FCC.

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From a programmatic perspective, OBD anticipates adding multiple programs relative to IJA BEAD infrastructure, the Digital Equity Act Initiatives, as well as ARPA Digital Connectivity programs during FY 24 and FY 25. The specific programs will continue to be developed through FY 24, as informed by the stakeholders and outreach efforts. In addition, OBD will continue to administer the Kansas CPF Broadband Infrastructure program awards from FY 23, identify any additional programs for FY 24 or beyond, as well as closeout past and administer future years of the Broadband Acceleration Grant program.

**OFFICE OF RURAL PROSPERITY**

The goals and objectives for the Office of Rural Prosperity (ORP) are to provide leadership and advocacy for rural Kansas, specifically around the areas identified in the 2019 Rural Prosperity Listening Tour and the 2021 Power Up and Go Report. Based on these reports, the following key priorities were identified to help rural Kansas communities prosper: Housing, Childcare/Early Education, Community and Economic Development, Healthcare/Wellness, Broadband/Infrastructure, Arts and Diversity, and Tourism. Since these priorities were set, the Office of Rural Prosperity has created new programs that help rural communities grow their economy, population, and improve and expand their quality of life. ORP also helps empower and train communities in how to utilize federal, state, and local resources to address these challenges, and is an advocate at the state level for all of rural Kansas on programs and policies that may impact rural Kansas prosperity. Most importantly though, ORP helps to build this capacity and empower communities to undertake attainable, tangible projects that will help their communities thrive and prosper.

**#RuralbyChoice Champions:** The #RuralbyChoice Champion Program provides a stipend, resources, and mentors that help a community finally resolve a long-standing issue that has hindered progress in the past. Projects such as mental health, childcare, housing, trails, and creating a sustainable plan for community and economic development have all been projects that the Champions work on. Champions document their process and create a guidebook so that other communities can follow along and duplicate their work. Each receives a grant at the end of their planning phase to implement their identified project to address this key challenge. In partnership with the Patterson Family Foundation, we have funded the work of 12 Rural Champions and awarded twelve \$25,000 grants to support their final Champion projects in September 2023.

**Historic Economic Asset Lifeline (HEAL):** An initiative that supports both housing and economic development is the Historic Economic Asset Lifeline (HEAL) program. HEAL is a joint program with the Community Development Division and Kansas Main Street, along with the Patterson Family Foundation. This program reinvigorates downtown buildings that are dilapidated and underutilized, brings new life to a community, and

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creates an opportunity for new businesses to go into rural downtowns. HEAL funded 64 building revitalization projects for \$3,530,276 since 2021. In 2023 we anticipate funding approximately \$2 million for HEAL and Emergency HEAL projects, which would revitalize approximately 35 buildings across rural Kansas.

**Rural Murals:** The Rural Mural program was established in 2021, and has been a tool to not only beautify communities, but it also brings a community together to celebrate their history and culture through art. Thus far, 81 murals have been created across Kansas since 2021 for \$243,288. In Spring 2024, we will open this grant again and fund \$75,000 towards at least 10 additional murals.

**Strategic Economic Expansion and Development (SEED) Grant:** The purpose of SEED grants is to support the economic revitalization of communities under 5,000 population through investments in quality-of-life initiatives. Childcare and senior citizen center facilities, rural grocery stores, community vibrancy projects, and library improvements are the targeted funding categories. In 2022, SEED funded 165 projects with almost \$2.7 million in funding.

**Capacity:** Over the next two years, ORP anticipates adding programs that will continue to expand the capacity of rural communities by implementing initiatives that provide training and support for towns that have not received funding in the past. We also anticipate expanding these existing programs by partnering with philanthropic organizations to broaden the reach of state resources.

**Rural Opportunity Zones**

The Rural Opportunity Zones (ROZ) Program (K.S.A. 74-50,222 - 74-50,223 and 79-32,267) was designed to stem outmigration and help to fill high demand jobs in rural Kansas communities in 95 counties designated as a ROZ through the use of tax relief and student loan repayment assistance. Commerce only manages the student loan repayment assistance portion of the ROZ program. The tax credit portion of the ROZ program is administered by the Department of Revenue. Qualified individuals establishing new residency in one of the participating ROZ counties after July 1, 2011, and after the date on which the county opts-in may receive student loan repayments over five years. The annual payments will be up to \$15,000 over five years. In 2013, the program began allowing employers to directly sponsor ROZ applicants. In FY 23, 341 qualified residents received student loan repayment benefits, with the state’s portion equaling \$470,190.

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Over the next two years, ORP plans to utilize a diverse marketing campaign to increase awareness of the program, grow sponsorships, and improve the program through leadership by the Kansas Legislature and ROZ County partners.

<b>ROZ</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Total dollar amount ROZ student loan payments—state portion (in millions)	\$0.603	\$0.456	\$0.470	\$0.550	\$0.650
Total number of new ROZ applications received	35 <sup>1</sup>	152	101 <sup>2</sup>	140	175
Total number of ROZ applications (cumulative over program)	3,950	4,097	4,205	4,345	4,520
Number of individuals pending funding	139	97	102	100	85

<sup>1</sup> The ROZ program was due to sunset in 2021. The number of new ROZ applications were significantly lower than past years due to the uncertainty of the program's extension.

<sup>2</sup> At the time of budget narrative submission, ROZ application window had not closed yet. Therefore FY 23 number represents applications received at time of this request.



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**OFFICE OF ECONOMIC RECOVERY (OER)**The Office of Economic Recovery oversees and administers over \$560 million in American Rescue Plan Act (ARPA) State & Local Fiscal Recovery Funds (SLFRF) that were designated to Commerce. These are a combination of programs established by the Strengthening People and Revitalizing Kansas (SPARK) Executive Committee and the Kansas Legislature.

<b>Program Name</b>	<b>Authorizing Entity</b>	<b>Funding Allocation</b>	<b># of Recipients</b>
Building a Stronger Economy (BASE) 1.0	SPARK	\$100,000,000	35
BASE 2.0	SPARK	\$50,000,000	38
Economic Development	Legislature	\$49,100,000	5
Community/Technical Colleges	Legislature	\$45,398,222	22
Regents Universities & Washburn University	Legislature & SPARK	\$123,000,000	8
Salina Housing	Legislature	\$25,000,000	1
Private & Independent Colleges	Legislature	\$10,000,000	20
University Challenge	Legislature & SPARK	\$90,000,000	4
State Park Revitalization & Investment in Notable Tourism (SPRINT)	SPARK	\$30,000,000	17
ARPA Building Opportunities for the Disabled & Elderly (ABODE)	SPARK	\$10,000,000	9
Delivering Residents and Workforce (DRAW)	SPARK	\$10,000,000	26

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Aviation Learning Opportunities & Funded Training (ALOFT)	SPARK	\$20,000,000	7
Kansas Public Broadcasters (KPB)	SPARK	\$6,000,000	Undetermined
Military Credentialing	SPARK	\$1,000,000	1
<b>TOTAL</b>		<b>\$569,498,222</b>	<b>193+</b>

To date, Commerce has disbursed \$142,339,652.33 to programs statewide. These programs are critical to infrastructure developments, training programs, university economic development, and improvements to programs long overdue and hindered by COVID-19. Based on current trends, the Office of Economic Recovery is forecasting for all programs to be fully expended by early 2026, well ahead of the required expenditure deadline of December 31, 2026.

**OFFICE OF INNOVATION**

The Office of Innovation provides critical programs and ecosystem building functions in support of innovation-based business creation, expansion and attraction. Innovation is the driver of an economy and helps to create enticing career opportunities for Kansas high school and college graduates. The Office of Innovation also provides subject matter expertise to assist business development as well as overseeing the research and data efforts for the department. The primary programs of the Office of Innovation are the Proof of Concept program, Small Business R&D Acceleration Grants and Angel Investor Tax Credit Program.

The Proof of Concept program fills a need for funding support where typical funding mechanisms are not available, acting as a bridge between funding for basic research and commercial seed funding by angel or venture investors. The POC program aims to assist in the establishment of promising new technology-based entrepreneurial ventures within the State and the commercialization of inventions resulting from research conducted at Kansas public universities.

Small Business Research & Development Acceleration Grants were approved by the 2022 Legislature and signed into law by Governor Kelly as a budget enhancement of \$1,000,000 to the Kansas Department of Commerce for FY 23. Small Business Research and Development Acceleration

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Grants are designed to help Kansas small businesses advance a product or service to commercialization or to modify a product or service to enter a new market or gain a new client by leveraging higher education facilities, equipment, and expertise. The maximum amount of award that will be awarded to one project is \$25,000. A Kansas small business may receive one award per state fiscal year.

**Angel Investor Tax Credit Program**

The purpose of the Kansas Angel Investor Tax Credit (KAITC) 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 by granting tax credits against Kansas income tax liability of investors investing in these businesses. The KAITC program is administered by the Department of Commerce with the primary goal of encouraging qualified investors to provide seed-capital financing for emerging Kansas businesses engaged in the development, implementation and commercialization of innovative technologies, products and services.

The KAITC program provides tax credits to qualified Kansas startups that may, in turn, offer to potential angel investors. Credits are valued at 50% of the eligible investment and each qualified investor may receive up to \$100,000 in tax credits for investment in a single Kansas business and up to \$350,000 in total angel tax credits per taxable year. These credits help reduce the inherent risk and encourage investment in potentially high-growth companies.

\$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 2022, \$7,244,202 tax credits were allocated to 27 companies with 206 registered qualified investors.

**ATHLETIC COMMISSION**

FY 23 marked the 19th full year of work for the Athletic Commission, which was created by the 2004 Legislature to promote and regulate the state’s combat sport industry. In recent years, the combat sport industry in Kansas has seen an increase in the interest and number of mixed martial arts and professional wrestling contests. As the administrator for the Athletic Commission, the Boxing Commissioner supervises 15 part-time boxing inspector positions. The Commission works to:

- Regulate and facilitate high quality competitive sporting events, while striving to protect the health and welfare of all participants and spectators
- Increase number of licenses issued to participants and officials by expanding the industry across Kansas

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- Ensure that Kansas judges and referees are certified by the Association of Boxing Commissions (ABC) to enhance the integrity and safety of all regulated sports in the state

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of events sanctioned	39	51	75	80	85
Number of fighters, promoters, referees, judges and doctors certified	324	530	466	570	580
Number of fines issued	0	0	0	0	0

**AMERICA’S JOB LINK ALLIANCE**

America’s Job Link Alliance (AJLA) is a consortium of publicly funded workforce agencies founded in 2001. AJLA members share the costs of designing and implementing workforce systems while accommodating each organization’s individual needs. In Training and Employment Notice 07-11, USDOL affirmed “the partnership and consortia approach offers a cost-effective and efficient way for states to work together to lower costs and free scarce dollars for other priorities,” naming AJLA as a prime example. America’s Job Link Alliance–Technical Support (AJLA–TS), a division of the Kansas Department of Commerce, is the systems development and support center. AJLA and AJLA–TS have partnered to continuously improve AJLA products in response to changes in technology and federal policy. AJLA–TS helps state and local workforce agencies meet the needs of today’s customers by providing intuitive, integrative information technology solutions and exceptional technical support.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of states using JobLink software	9	9	9	9	9
Number of states using CertLink software	4	4	4	5	6
Number of states using VOCAL software	2	2	2	1	0

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Number of states using Mobile App	2	2	2	1	0
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**PUBLIC BROADCASTING COUNCIL**

The Kansas Public Broadcasting Council (KPBC) was established in 1993 by the Kansas Legislature and charged with coordinating public broadcasting activities in the state. State dollars are allocated through a statutory formula to nine member stations. More broadly, stations are charged with achieving the goal of every Kansan having access to public media. To achieve this goal, member stations provide community service by delivering quality, informational, educational, and cultural content to all corners of Kansas. KPBC shares the Department of Commerce’s mission to improve and promote the quality of life for all Kansans.

Each year the council is charged by statute to bring recommendations to the legislature on the needs of the public broadcasting system in Kansas. The following objectives represent efforts to promote and support the work of the Department of Commerce and the state of Kansas. Revenue from the state is allocated for operations to support educational and informational programs as outlined in the statute.

Objective #1 Rural Public Media Services – The KPBC grant distribution formula is structured such that rural-serving stations receive larger funding allocations. KPBC recognizes the importance of making public broadcasting services and resources available in areas with few other localized services. This access can contribute to improving the economy, quality of life and entrepreneurial opportunities in local communities, while ensuring equal access to those resources, statewide. This is particularly important for children’s early learning. While schools were closed in the pandemic, public broadcasting was the only way that thousands of Kansas children received lessons from teachers produced by KPBC members. All contributing stations covered their own cost to produce these imperative educational programs.

Objective #2 Literacy Support and Achievement - KPBC continues to contribute to the improvement of literacy and reading rates by providing access to educational programming for children in their preschool and early learning years. The need for such programming has increased exponentially with so many children missing in-person opportunities during the pandemic. There is a national concern for the mental health of children for this reason and public broadcasting is working to reinforce appropriate behavior in school and eliminate negative behaviors in the youngest audiences who need these socialization skills to succeed in school. KPBC provided free-of-charge highly produced classroom programs for all grade levels when schools were forced to close due to the pandemic, at no cost to the state.

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Objective #3 Leverage Collaborative Partnerships – KPBC member stations work cooperatively to share stories from all corners of Kansas and contribute to the quality of life in Kansas. Member station content is being digitized for academic use online representing the past 50 years of Kansas history. This content will also be saved at the Library of Congress to ensure that Kansas history is preserved in perpetuity.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of individuals reached by PBC resources <sup>1</sup>	2,966,545	2,996,210	2,925,198	2,983,701	3,043,375
Amount of grant dollars received	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

<sup>1</sup>KPBC provides coverage to the entire state population, available to anyone with access to a radio, television, computer, tablet and/or "smart" phone/device

Breakdown of the current FY 23 grant to Kansas Public Broadcasting Council stations. The formula factors include a station’s population area, fundraising performance and the number of broadcast facilities included in its license.

<b>Broadcaster</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>	
KCPT-TV	\$40,944	\$43,147	\$45,117	\$45,117	\$45,117	Local content development and a percentage of educational programming.
KOOD-TV	\$184,404	\$182,857	\$181,797	\$181,797	\$181,797	Local content for a predominantly rural broadcasting area, programming and associated administrative costs.
KPTS –TV	\$56,871	\$56,796	\$57,991	\$57,991	\$57,991	Local content developmental and education programming.
KTWU-TV	\$40,411	\$40,885	\$39,889	\$39,889	\$39,889	Local content and a percentage of educational programming for

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						children and adults with accompanying administrative costs.
KANU-FM	\$24,994	\$24,848	\$23,278	\$23,278	\$23,278	Local content about Kansas for broadcast and digital platforms.
KANZ-FM	\$75,205	\$72,649	\$74,528	\$74,528	\$23,278	Local content about Kansas for broadcast and digital platforms.
KHCC-FM	\$25,476	\$25,304	\$23,558	\$23,558	\$23,558	Local content about Kansas for broadcast and digital platforms.
KMUW-FM	\$35,631	\$38,345	\$39,383	\$39,383	\$39,383	Local content about Kansas for broadcast and digital platforms.
KRPS-FM	\$16,064	\$15,168	\$14,455	\$14,455	\$14,455	Local content about Kansas for broadcast and digital platforms.

**Additional Performance Measures for the Administration Division**

<b>Human Resources:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of new employee orientation presentations completed	68	96	78	94	108
Number of applications processed	1,001	1,011	1,596	1,835	2,200

<b>Marketing and Communications:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Percent compliant on all KORA requests	100%	100%	100%	100%	100%
Increased social media reach via social media channels by 5% annually:					
Facebook	6,760	8,442	9,056	9,508	9,983

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LinkedIn	4,677	5,985	7,752	8,140	8,547
X (formerly Twitter)	3,168	3,596	3,774	3,962	4,160
Increased unique page views on website by 2% annually	332,183	456,442*	790,253	806,058	822,179

\*Number of views increased substantially due to the addition of the My Re-Employment feature for KansasWORKS.

<b>Information Technology:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of service desk tickets completed	2,702	2,886	3,053	2,850	2,850
Number of security updates completed	316	363	416	450	500

<b>Fiscal Services:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of vouchers, interfunds, deposits, and travel payments processed	11,108	7,592	8,037	8,439	8,861
Percent of transactions made using P-Card (target 40%)	16%	34%	39%	40%	40%
Percent Increase of electronic payments made vs. paper payments issued	-28%*	24%	1%	5%	5%

\*SPARK grant payments made by check.



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<b>Legal:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
KORA Requests – statutorily required letter will go out in a timely manor	-	100%	99%	100%	100%
Respond to all non-contract request emails within 3 business days	-	-	94%	95%	95%
Contract Requests – send contract request draft within 2 weeks after Legal receives all documents	-	-	94%	95%	95%
Complete RHID approval letters within 5 business days once Legal receives complete application	-	-	96%	95%	95%

<b>Regulatory Compliance:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of financial, administrative monitoring reviews in accordance with mandated federal requirements of local area sub recipients	5	5	5	5	5

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**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division include 102.0 positions

FY 2024: \$9,684,084

FY 2025: \$9,530,234

**Object Code 200: Contractual Services**

Expenditures in this category predominantly cover the overhead for the Administration Division as well as expenditures including governmental liaison services, marketing and graphic design services, travel and hospitality

FY 2024: \$10,770,362

FY 2025: \$9,484,313

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$91,299

FY 2025: \$72,638

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$625,700

FY 2025: \$200,042

**Object Code 550: Federal and State Grants**

Expenditures in this category include state and federal grants as well as covering some limited sponsorships and/or grants at the Secretary's discretion

FY 2024: \$29,168,447

FY 2025: \$7,568,310

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The Business Development Division grows the Kansas economy through the creation and retention of jobs and increased capital investment. This Division is charged with recruiting new businesses and assisting existing Kansas companies interested in opportunities to grow and expand in the state.

### Roles and Priorities:

- Lead the state's capital investment, job creation/retention activities within the state's economic development ecosystem
- Lead efforts for business recruitment, expansion and retention
- Direct and administer primary business incentives available to companies
- Provide economic development guidance and assistance to communities and businesses
- Implementation of the state's strategic plan, Framework for Growth

Financial incentives and programs the Division administers for businesses include:

- Attracting Powerful Economic Expansion (APEX)
- Promoting Employment Across Kansas (PEAK) Program
- High Performance Incentive Program (HPIP)
- Job Creation Fund (JCF)
- Kansas Industrial Training and Kansas Industrial Retraining (KIT/KIR)
- Private Activity Bonds
- Minority and Women Business Development

The Business Development Division plays a lead role in economic development efforts and is key to the majority of the jobs and investment attributed to economic development efforts statewide. The Division partners with local economic development professionals across all regions of the state to help grow Kansas businesses and respond to site selection consultants and business recruitment projects. Division staff are highly regarded by both Kansans and those outside the state.

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**BUSINESS RECRUITMENT**

In FY 23, the business recruitment team successfully recruited 50 projects to Kansas for a new or expanded business presence. The business development teams worked on successful business recruitment and expansion projects, resulting in 8,168 new jobs and over \$6.0 billion in capital investment. The industries of advanced manufacturing, food manufacturing, logistics/distribution and professional services generated the highest number of leads in FY 23 as well as the highest number of successes.

Some of the larger recruitment projects over \$100 million in capital investment included:

- Panasonic Corp. of North America: 4,000 jobs; \$4 billion capital investment; De Soto
- Building Materials Manufacturing Corp.: 137 jobs; \$350 million capital investment; Newton
- Heartland Coca-Cola Bottling Co.: \$326 million capital investment; Olathe
- Walmart Inc. and Subsidiaries: 667 jobs; \$257 million capital investment; Olathe
- Pratt Industries Corrugating Division: 78 jobs; \$128.514 million capital investment; Park City
- Great Plains Manufacturing: 200 jobs; \$124 million; Salina

**IN-STATE BUSINESS DEVELOPMENT**

The In-State Business Development unit is comprised of eight full-time Business Development Project Managers who provide face-to-face assistance to Kansas businesses and communities. A project manager’s primary role is to help new and existing businesses access state incentives which are designed to promote business growth. Additionally, they help Kansas communities in reaching their full potential by increasing awareness of, and access to, available resources.

In FY 23, the team facilitated 231 successful projects that will create or retain 6,802 jobs and invest more than \$1.7 billion in capital investment. 61% of the successful projects were in the manufacturing industry, the rest were a mix of aerospace, agriculture, energy, logistics/distribution, and professional services. Of the successful projects, 55% are in a non-metro county. Some of the largest expansion/retention projects with capital investment of \$50 million or more includes:

- High Plains Ponderosa Dairy, LLC: 95 jobs; \$168,000,000 capital investment; Plains
- Camso Manufacturing: 181 jobs; \$113,875,000 capital investment; Junction City
- McCarty Dairy: 44 jobs; \$98 million capital investment; Rexford

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- Koch Fertilizer Dodge City, LLC: \$93.8 million capital investment: Dodge City
- WellSky Corporation: \$54.58 million capital investment; Overland Park
- Simmons Pet Food, Inc.: 175 jobs; \$54 million capital investment; Edgerton

**BUSINESS DEVELOPMENT DIVISION**

<b>Key Measures:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of jobs created or retained through business development efforts	17,241	8,521	16,810	10,330	11,363
Private capital investment (in billions) in Kansas through Commerce programs	\$4.60	\$2.6	\$7.5	\$5.0	\$5.5
Number of projects opened by business development staff	519	403	364	444	488
Number of jobs created or retained through business recruitment efforts	7,397	3,336	10,008	4,100	4,510
Number of jobs created or retained through retention/expansion efforts	9,844	5,185	6,802	6,230	6,853
Number of face-to-face business contacts through business retention and expansion staff	908	672	930	850	935
Number of business recruitment projects opened	149	126	134	175	192
Percent of business recruitment projects won	15%	19%	17%	20%	20%

**TO THE STARS: CELEBRATING KANSAS BUSINESSES/GOVERNOR’S AWARD OF EXCELLENCE**

The Kansas Department of Commerce’s Business Appreciation Month program has been in place since 1995 and serves as a statewide tribute to Kansas businesses for their contributions to our state. Individuals and organizations are invited to nominate businesses that contribute jobs and

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support their local communities. In 2022, the program was re-imagined and re-branded to become known as “To the Stars: Celebrating Kansas Businesses.”

For the 2022 awards program, there were ten categories in which businesses could be nominated. The categories included: Agri-Business, Apprenticeship Champions and Partners, Business Innovation, Cool Things Made in Kansas, Healthcare/Non-Profit, Manufacturing/Distribution, Non-Traditional Talent Pool, Retail/Service, Under 30 Entrepreneurs and Welcome Back. One winner in each category was chosen from each of the seven designated regions of the state by a panel of judges from the business and economic development community. The program culminated in a statewide event where the Governor’s Award of Excellence, as well as other awards, were presented. For the 2022 awards program, a record was set with 236 businesses nominated statewide. The statewide banquet was held in Topeka with nearly 400 attendees.

For the 2023 awards program, we will be offering nine awards categories: Retail/Service, Manufacturing/Distribution, Healthcare/Non-Profit, Under 30 Entrepreneur, Welcome Back, Business Innovation, Apprenticeship Champions and Partners, Agri-Business and Non-Traditional Talent Pools. The program will culminate in a statewide awards banquet in October 2023.

**BUSINESS FINANCE & INCENTIVES**

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/or grants to assist rural communities in improving infrastructure, housing and urgent needs to maintain and grow their communities and businesses.

**Promoting Employment Across Kansas**

The Promoting Employment Across Kansas (PEAK) Act (K.S.A. 74-50,210 through 74-50,219) was created by the 2009 Kansas Legislature. The 2010, 2011 and 2014 Legislative Sessions passed subsequent changes to the Act effectively broadening the eligibility criteria resulting in increased program scope and participation. The Legislature enacted PEAK to encourage economic development and job creation in Kansas by incenting companies to locate, relocate, expand, or retain their business facilities/operations and related jobs (retention incentives are no longer available via PEAK). 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 ninety-five percent (95%) of the State withholding tax of PEAK-eligible employees that receive wages equal to or greater than the county median wage where the Kansas business facility is 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.

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In FY 23, 41 applications were received for review and approval. These applications generated \$33,250 in application fees. 27 agreements were signed with companies to participate in PEAK. The agreements project 2,224 new jobs and over \$132.6 million in additional annual payroll over a five to ten-year period. In FY 23, there were 200 active agreements to maintain, including the review of quarterly performance and annual compliance reports. This program is the State’s top economic development tool to create quality jobs and payroll in Kansas.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of PEAK applications received	59	45	41	45	47
Number of executed PEAK agreements	43	43	27	45	47
Total dollar amount of PEAK applications fees	\$44,250	\$40,250	\$33,250	\$33,750	\$35,250
Number of direct jobs created or retained	18,502	17,592	TBD*	20,000	21,000
Total state withholding taxes retained by all participant companies (in millions)	\$43.1	\$46.0	TBD*	\$47.0	\$49.3
Number of indirect jobs	17,724	19,804	TBD*	20,116	21,121
State and local tax revenue estimates (in millions)	\$189.6	\$202.4	TBD*	\$203	\$213
Total ROI estimates on the state withholding taxes retained by all PEAK participant companies (in billions)	\$2.4	\$2.6	TBD*	\$2.7	\$2.8
Kansas economic growth estimates (in billions)	\$41.3	\$44.1	TBD*	\$45	\$47

\*PEAK End of Year reports for FY23 are not submitted until end of Q1 in FY24.

**High Performance Incentive Program**

The Kansas High Performance Incentive Program (HPIP) is an incentive program provides tax benefits to businesses that 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.

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During FY 23, the HPIP program certified or re-certified 352 worksites, an increase of 2.62% compared to the prior year. Of these 352 certifications, 63, or 17.9%, were first time certifications indicating new worksites. During this fiscal year, the HPIP program acknowledged receipt of 239 project description forms that pre-identified anticipated future capital investment. The total anticipated capital investment pre-identified on these forms, going out three years, was approximately \$7.25 billion. The expected new jobs resulting from these new projects totaled 7,117 jobs with a projected additional new payroll of \$548 million or about \$76,934 average wage per new job. During FY 23, HPIP program application fees generated \$137,750 in program fee income.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY2024 Estimates</b>	<b>FY2025 Estimates</b>
Number of HPIP applications received	280	343	352	357	362
HPIP certifications issued	280	343	352	357	362
Total dollar amount of HPIP applications fees	\$94,250	\$134,000	\$137,750	\$140,000	\$142,250
Total amount of projects' estimated capital expenditures (in billions)	\$4.51	\$4.89	\$7.25	\$6.0	\$6.50

SB 65, enacted by the 2021 Kansas Legislature, allows eligible HPIP certified Kansas entities to transfer up to 50% of their HPIP tax credit earned on any assets placed into service on or after January 1, 2021. During FY 2323, there were 14 tax credit transfer requests totaling \$6.4 million dollars. HPIP tax credit transfer application fees totaled \$14,000.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY2024 Estimates</b>	<b>FY2025 Estimates</b>
Number of Tax Credit Transfers Completed	0	1	14	16	18
Tax Credit Transfer Fees	\$0	\$1,500	\$14,000	\$16,000	18,000



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**Job Creation Fund**

The Job Creation Fund (JCF) Program was created for the purposes of promoting job creation and economic development projects. Funding is awarded at the discretion of the Secretary of Commerce for projects engaged in one or more of the following activities:

- Major expansion of an existing Kansas commercial enterprise
- Potential location in Kansas of the operations of a major employer
- Award of a significant federal or private sector grant that has a financial matching requirement
- Potential departure from Kansas or the substantial reduction of the operations of a major Kansas employer
- Training or retraining activities for employees in Kansas companies
- Potential closure or substantial reduction of the operations of a major state or federal institution
- Projects in counties with at least a 10% population decline during the period from 2000 to 2010
- Other unique economic development opportunities.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of Job Creation Fund applications received	16	7	15	15	15
Percent of Job Creation Fund applications approved	100%	100%	100%	100%	100%
Total dollar amount of Job Creation Fund applications fees	\$11,250	\$6,750	\$6,000	\$11,250	\$11,250

**Private Activity Bonds**

Qualified Private Activity Bonds (PABs) are federally tax-exempt bonds. Under the federal volume cap, Kansas had a 2023 bond authority of \$358,845,000 to allocate for this purpose. The types of bonds qualifying for such tax-exempt status are: 1) Exempt facility bonds; 2) Qualified mortgage bonds; 3) Qualified veterans’ mortgage bonds; 4) Qualified small issue bonds; 5) Qualified student loan bonds; 6) Qualified redevelopment bonds; and 7) Qualified 501(c)(3) bonds. The role of the Department of Commerce is to ensure that these bonds are being used for a Qualified Purpose and that the State does not exceed the maximum capacity set forth by the Federal Government for Tax Exempt Bonds.

**Narrative Information-DA400**

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In Kansas, the primary demand for bond allocation has been for the issuance of exempt facility bonds, mortgage revenue bonds and qualified small issue bonds also known as Industrial Revenue Bonds (IRBs). IRBs are among the most popular and cost-effective methods of financing up to 100% of a new or growing business' land, buildings and equipment. In Kansas, IRBs are issued by cities, counties and the Kansas Developmental Finance Authority. Proceeds from the sale of the bonds to private investors are made available to credit-worthy companies to purchase land and pay the costs of constructing and equipping new facilities or the costs of acquiring, remodeling and expanding existing facilities. If IRBs are used to finance certain types of facilities, interest payable to the owners of the bonds is exempt from federal income tax. This type of IRB is generally called a "tax-exempt" bond. Interest payable on bonds issued to finance other types of commercial facilities, or to finance non-qualifying portions of an eligible facility, is subject to federal income taxation. This type of IRB is generally called a "taxable" bond. Interest payable on all IRBs is exempt from Kansas income taxation. Because interest received by owners of tax-exempt IRBs is not subject to federal income taxation, the rate of interest on such bonds may be as much as 2.0 percent (average annual interest cost) below interest rates charged for a comparable taxable bond or taxable conventional loan.

Exempt facility bonds are used to fund activities such as: 1) Mass commuting facilities; 2) Facilities for the furnishing of water; 3) Sewage facilities; 4) Solid waste disposal facilities; 5) Qualified residential rental projects; 6) Facilities for the local furnishing of electric energy or gas; 7) Local district heating or cooling facilities; and 8) Qualified hazardous waste facilities.

Mortgage revenue bonds (MRBs) are issued to provide first-time homebuyers an enhanced opportunity to finance the purchase of a new home. Persons meeting certain financial and demographic guidelines can achieve substantial savings over the life of a home mortgage using these available programs.

In calendar year 2023, \$11.450 million in federally tax-exempt allocations were issued for the Beginning Farmers Program and qualified small issue bonds, \$70 million in qualified residential rental project, and the remaining allocation carried forward for MRBs and MCCs. In 2023, the received applications are only for beginning farmers, small issues bonds, solid waste disposal facilities and residential rental projects. The agency anticipates receiving several additional applications yet this year due to higher interest rates.

**Office of Minority and Women Business Development**

The Office of Minority and Women Business Development exists to assist small minority and women owned businesses in their business development activities by providing resources to include technical, financial, business management, certification and procurement information.

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The 2022 Minority and Women Business Awards Luncheon was held in November. During this event Commerce recognized twelve women and minority owned business, two advocates, one entrepreneur and one major corporation of the year for their outstanding contributions to the state. The Office of Minority and Women Business Development continues to maintain an online directory of certified minority and women owned businesses, which can be accessed from the Kansas Department of Commerce website. There are currently 627 companies listed. This site is useful for those entities seeking to do business with certified minority and women owned businesses.

- Certification Activity in FY 23:
  - Conducted 16 certification workshops/presentations
  - Conducted 47 site visits (Virtual and/or in-person)
  - Certified 106 businesses (Disadvantaged Business Enterprise/Minority Business Enterprise/Woman Business Enterprise and/or Airport Concession Disadvantaged Business Enterprise)
    - 61 were new applications
    - 45 were renewals
    - 22 were suspended
  
- Other Business Development Activity:
  - Collaborating with local, state, federal and economic development organizations with strategy meetings to assist in the education, development, and creation of procurement opportunities for Minority and Women-Owned Businesses.
  - Increasing strategies with Diversity, Equity, and Inclusion efforts relating to procurement and contracting opportunities.
  - Supporting newly created funding programs to assist Minority and Women Businesses, i.e., Empower, which is being piloted in Wichita, Topeka, Dodge City, Liberal and Kansas City, KS through NetWork Kansas and the Kansas Health Foundation. Also, through the federal American Rescue Plan, the GROWKS Loan Fund and the GROWKS Equity programs will provide funding opportunities to support traditionally underserved small businesses, which will include minority and women-owned businesses.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of certified companies	116	180	106	120	180

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Program: Business Development Division

Number of workshops conducted	8	11	16	18	20
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**Center for Entrepreneurship**

The Business Development Division partners with the Kansas Center for Entrepreneurship (NetWork Kansas) by allocating pass-through budget dollars and collaboration to provide incentives and technical assistance to entrepreneurs in rural and distressed urban communities. 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 appointed 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 to provide a seamless resource center clearing house and referral source. Currently NetWork Kansas has more than 550 nonprofit partners and 66 Entrepreneurship Communities (E-Communities) across the state.

The Center also manages StartUp Kansas, the Kansas Capital Multiplier Loan and Venture Fund, and the Entrepreneurship Community Partnership that provides matching loans to small businesses in communities across Kansas. Matching loans and venture funds have provided more than \$55 million to more than 1,000 Kansas businesses with total private capital investments exceeding \$450 million. NetWork Kansas also served as the administrator for the \$5 million HIRE (Hospitality Industry Relief Emergency) Fund created by the Department of Commerce to provide emergency loans to businesses in the hospitality industry in response to the negative economic impacts of the COVID-19 pandemic.

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

The Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) programs assist eligible employers in training workers for new jobs and retraining 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.

A company representative must notify agency staff of its need for training assistance. This procedure provides an opportunity for the potential client to be screened against eligibility criteria to ensure it is qualified to receive assistance. After the project has been qualified, a training needs analysis is completed and a training agreement is developed. Once the proposed agreement is approved by the company and Commerce, the training plan is executed.

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Depending on the program, companies must be a Kansas Basic Enterprise or priority is given to Kansas Basic Industries. Non-basic industries are eligible under KIT and KIR only if compelling economic benefit to the state can be shown. A company must be adding at least one new position and pay an average wage that meets the median wage for the county in which the project is located. Companies with similar training needs may submit a joint proposal with other companies.

To qualify for job retention/retraining assistance, companies must meet the requirements stated above and they must:

- Retrain at least one existing position at an average wage that meets the median wage for the county in which the project is located.
- Show that they are restructuring their business operations through incorporation of existing technology, development and incorporation of new technology, diversification of production, or development and implementation of new production.
- Demonstrate that employees to be trained are likely to be displaced because of obsolete or inadequate job skills or knowledge.
- Program guidelines set forth limits on the number of times companies can access retraining/job retention assistance and matching requirements.

Final approval rests with the Secretary of Commerce for all customized training programs.

In FY 23, KIT and KIR combined to fund 30 projects involving 27 companies in 13 counties. Funding of these projects totaled \$2,518.852. These funds leveraged \$3,477,008 in private sector matching funds. Once training is complete, these projects will result in the training of 3,105 individuals. The KIT program will cover the training of 1,478 newly created jobs. Through the KIR program, 1,627 will be retrained and the positions retained.

*Success Stories:*

KIT

Orange EV introduced the electric terminal truck as a complete remanufacture of existing diesel-powered trucks, reusing and giving a second life to durable elements like the cab and frame. This initial offering was designed with configuration options to ensure the truck got the job done while helping fleets manage cost. In 2016, they began manufacturing all new trucks while continuing to innovate and improve product lines. In the process, Orange EV became the first U.S. company to build, commercially deploy, and service 100% electric Class 8 Heavy Duty trucks.

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The company will be moving to Kansas, and with this move will create 70 new positions to staff the new facility. The new positions will receive training on topics including safety, new employee orientation, and job specific training. In-house staff will provide training in both classroom and on-the-job training. Students will also be expected to participate in e-learning coursework independently. Total estimated cost of the project is \$118,975. The Kansas Department of Commerce will invest \$118,930 in KIT program funds with the company providing matching funds of \$45.

KIR

Ruskin Company (Ruskin) manufactures innovative air control solutions such as air and sound control, architectural products for heating ventilating and air conditioning (HVAC) and industrial markets. Ruskin also manufactures dampers for the tunnel ventilation, process applications, and waste-water treatment facilities and has customers from across the globe.

At their Parson’s facility, Ruskin will be bringing in new equipment and software to help with the increased volume they are experiencing. As a result, 220 existing employees will receive classroom and on-the-job training from inhouse staff on topics covering the new software to be implemented as well as learning the maintenance, operation and troubleshooting of the new manufacturing equipment. Total estimated cost of the project is \$51,750. The Kansas Department of Commerce will invest \$25,740 in KIR program funds with the company providing matching funds of \$26,010.

**Kansas Small Business Development Centers**

The Division partners closely with the statewide Kansas Small Business Development Center (Kansas SBDC) program, providing pass-through funding as a cash match. The Kansas SBDC partners with Kansas colleges and universities, economic development agencies and chambers of commerce across the state to provide no-cost, one-to-one small business advising and low-cost training.

The Kansas SBDC primary goals are to help entrepreneurs in all phases of business to start, grow and exit their businesses. Through starting, growing and helping with business transitions, the Kansas SBDC supports economic prosperity and the creation and retention of jobs.

Key services are provided by professional consultants and trainers in the following core and specialty service areas:

- Starting a new business or creation of a new product or service.
- Financing management, including capital access assistance, cash flow management and managing business by the numbers.
- Performance, including developing actionable marketing plans based on extensive use of secondary market research, detailed marketing plans, use of webs and social media resources and access, and exporting feasibility.

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- Management including comprehensive business plans, help buying or selling a business, and succession planning.
- Understanding business value.
- Technology commercialization focused on steps and strategies to commercialize and market the idea and product.

Services are available in 14 locations around the state including: Colby, Dodge City, Emporia, Hays, Independence, Lawrence, Liberal, Manhattan, Overland Park, Pittsburg, Salina, Topeka, Wetmore and Wichita.

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**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 24.0 positions

FY 2024: \$2,436,041

FY 2025: \$2,428,429

**Object Code 200: Contractual Services**

Expenditures in this category include overhead for the division, travel and professional fees

FY 2024: \$1,540,580

FY 2025: \$1,446,085

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$25,530

FY 2025: \$18,350

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$20,025

FY 2025: \$87,425

**Object Code 550: State Special Grants**

FY 2024: \$46,885,158

FY 2025: \$23,540,090



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Program: Workforce Services Division

The Workforce Services Division links businesses, job candidates and educational institutions to ensure that employers can find skilled workers and workers can find employment opportunities. The Division accomplishes this by partnering with Local Workforce Development Boards (LWDB) 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 26 workforce centers, online or virtual services and the mobile workforce centers. These employer-driven services include recruiting skilled workers, screening and assessing job candidates and identifying individuals needing skill enhancement.

		<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Workforce Development	Number of jobs created or retained through Workforce Services	10,941	17,535	13,876	14,154	14,437
Performance Training Services	Number of individuals trained through Workforce Services	3,765	1,668	1,078	1,100	1,122
Employment Services	Number of Kansans served with job search counseling, resume writing and other services	19,143	21,318	25,563	26,074	26,596

**Wagner-Peyser Act**

Wagner-Peyser, a federal law, seeks to improve the functioning of the nation's labor markets by bringing together individuals seeking employment with employers seeking workers. Wagner-Peyser focuses on providing a variety of services including job search assistance, help getting a job referral, and placement assistance for job seekers. Additionally, re-employment services are available for unemployment insurance claimants, as well as recruitment services to employers with job openings.

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Program: Workforce Services Division

The services offered to employers, in addition to referral of job seekers to available job openings, include assistance in development of job order requirements; matching job seeker experience with job requirements and skills; assisting employers with special recruitment needs; arranging job fairs; helping employers analyze hard-to-fill job orders; assisting with job restructuring; and helping employers deal with layoffs. Job seekers who are veterans receive priority referrals to jobs and training as well as special employment services and assistance. In addition, the system provides specialized attention and service to individuals with disabilities, migrant and seasonal farm workers, justice-involved individuals, youth, minorities, and older workers.

**Registered Apprenticeship Program**

On September 6, 2022, Governor Laura Kelly established the Kansas Office of Registered Apprenticeship (KOA) through Executive Order #22-07. The Office will dramatically scale up the state’s efforts to meet the talent needs of Kansas businesses, give workers the skills and experience they need to compete in the modern economy, and knock down barriers to employment. The KOA is supported by an appointed Council of twelve industry and educational experts with the goal to support union training programs, business training programs, non-government organizations, higher education, K12, and other entities in developing, operating, and maintaining robust Registered Apprenticeship training programs (RAP) recognized and approved by the State of Kansas.

The Registered Apprenticeship system works with employers to address workforce needs and develop highly trained employees. 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. All Registered Apprenticeship programs must have five hallmarks to be recognized for certification including: on the job training, related technical instruction, mentorship, wage progression and industry recognized credentials. 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 a wide variety of business and industry workforce.

The Office of Registered Apprenticeship office three focus areas to expand the use of Registered Apprenticeship in the State of Kansas:

1. Be a resource provider including training, technical assistance and providing information for stakeholders and apprentices.
2. Convene partners to create expansive opportunities for apprenticeship services in Kansas including union training programs, business training programs, community organizations, community colleges and universities, K12 schools, and other entities

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3. Staff and support the Kansas Apprenticeship Council, appointed by the Secretary of Commerce, which is responsible for regulating apprenticeship programs and advising expansion.

In addition to established regulatory responsibilities, the appointed Kansas Apprenticeship Council has been refocusing its efforts on expansion and awareness across the state. Part of this effort included adopting the Council’s first ever vision and mission statement as well as publishing a strategic plan and annual review. On June 4, 2022, the council unanimously voted to adopt the vision and mission statement:

**Vision:** Growing Kansas Apprenticeship to the Top 25 by 2025

**Mission Statement:** To meet the needs of the Kansas economy and its citizens, the Office of Apprenticeship will actively grow a robust system that supports our apprenticeship stakeholders, sponsors, intermediaries, and apprentices. We do this by strategically empowering partnerships that serve a diverse and inclusive workforce through occupational proficiency, for generations to come.

Effective July 1, 2023, Kansas established a \$13 million dollar tax credit and grant incentive programs for apprenticeships and creates a matching grant program. This act establishes an incentive fund for businesses and non-profits hiring registered apprentices. It is separated into 3 specific areas including \$7.5 million in tax credits to for-profit businesses, \$2.5 million grant for non-profits and healthcare, and \$3 million grant for K-12 education. The tax credit is up to \$2,500 until after December 31, 2025, then goes up to \$2,750 for each employed apprentice, not to exceed 20 such credits in any taxable year per eligible employer and up to 4 years per apprentice. The incentive fund is a use it or lose it fund as it does not allow for carry over funding nor building value.

Given the significant work to modernize the Registered Apprenticeship program and Kansas Apprenticeship Council, robust expansion efforts are expected. Studies have shown improvement in retention and recruitment of workforce for businesses and industries who utilized a modernized apprenticeship system. There is a great deal of opportunities across the entire state of Kansas as this program advances.

**Kansas Training and Retention Aligned with Industry Need (KTRAIN)**

Using short-term highly focused training programs resulting in college credit and industry-recognized credentials, KTRAIN finds, trains and delivers Kansas employers a skilled, certified workforce – *right training, right job, NOW.*

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The KTRAIN program is unique in that it is very industry focused. The KTRAIN team works with individual employers or industry consortiums to define needs and propose solutions. The team then collaborates with a host of Kansas entities to develop and deliver the final program. Typical stakeholders include community colleges, technical colleges, universities, workforce centers and local economic development organizations as well as private providers. Employers lead the selection process for candidates that meet company qualifications and enjoy a cost savings through training only those candidates with a contingent job offer.

Since its inception, the KTRAIN program has:

- Trained over 800 Kansans for high-demand, high-wage jobs. Positions range from entry-level to advanced professional, and from new hires to incumbent employees
- Supported over 90 Kansas employers with well-trained and talented workers
- Issued at least one (and frequently more) industry-recognized credentials to each newly trained worker
- Granted 1-10 college credits to each program participant

KTRAIN projects are operated as a public/private partnership, with employer confidence in the program so high they are committing 50% of the training costs. Training costs typically run \$2500 to \$3500 per participant. Employers are reporting: *“this program gives us the ability to tailor the training to the skill sets we need on the factory floor... from a cost perspective... employees are coming into the company... adding value at a faster pace, which ultimately helps our cost structure.”* and *“Everyone engaged in this process is a winner. That includes the businesses, the students, the community, and the state... I do not know any other targeted training program where you get more bang for your buck.”*

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of new projects with schools/companies	1	2	6	8	10
Number of new students enrolled	10	10	450	275	300
Percent of students enrolled in training programs receiving industry credential/credit hours	100%	100%	100%	100%	100%

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**Reemployment Services and Eligibility Assessment (RESEA)**

Studies have shown that by utilizing the RESEA program, a claimant’s efforts to find new employment and awareness of their reemployment service needs result in shorter Unemployment Insurance claim durations and fewer erroneous payments. The reemployment of UI claimants and the reduction of erroneous payments are high priorities for Kansas, and the RESEA initiative addresses both these priorities. RESEA allows flexibility for grant-funded staff to provide reemployment services to eligible claimants and includes Unemployment Compensation for Ex-service members (UCX) claimants in the queue for services.

Providing reemployment services to UI claimants has gained even greater momentum in Kansas with the passage of the Workforce Innovation and Opportunity Act (WIOA) and the continued receipt of the RESEA 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 7,500 eligible claimants. Each RESEA customer receives, at a minimum, the following services:

- UI eligibility review
- Overview of Workforce Center services
- Initial assessment
- Labor market information
- Resume requirement assistance
- Individualized reemployment plan
- Referral to reemployment services

**My (Re)Employment**

Beginning June 2021, the My (Re)Employment Plan (MRP) was revived and updated in HB2196. The program remains a collaboration between the Kansas Departments of Commerce, Kansas Department of Labor and **KANSASWORKS** Workforce System and provides enhanced reemployment services to Kansans who are unemployed and looking for work. The program connects unemployment recipients that have received three consecutive Unemployment Insurance payments with **KANSASWORKS.com**. Individuals scheduled for My (Re)Employment Plan are required to complete a Job Search Plan and to create/upload their resume in **KANSASWORKS.com**. Customers needing assistance are encouraged to visit their nearest Workforce Center.

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To emphasize the importance of a planned, dedicated job search to match unemployed workers with jobs, individuals who fail without good cause to participate in this free-of-charge service will lose unemployment benefits until they can demonstrate a reasonable job search. The program is designed to help people achieve their reemployment goals and to reduce time spent on unemployment.

Studies have shown that the longer a person is unemployed, the harder it is to get back to work. Instead of waiting until the end of their entitlement to benefits, recipients are guided to make a planned approach toward getting a new job that emphasizes personal responsibility.

**Jobs for Veterans Grant**

The Jobs for Veterans State Grants (JVSG) program provides federal funding, through a formula grant, to State Workforce Agencies (SWAs) to hire dedicated staff to provide individualized career and training-related services to veterans and eligible persons with significant barriers to employment and to assist employers in filling their workforce needs with job-seeking veterans. The JVSG program supports the Disabled Veterans’ Outreach Program (DVOP) specialist position, and Local Veterans’ Employment Representative (LVER) staff. DVOP specialists provide individualized career services to veterans with significant barriers to employment, with the maximum emphasis directed toward serving veterans who are economically or educationally disadvantaged. Veterans with barriers include homeless veterans, veterans with service-connected disabilities validated by the Department of Veterans Affairs (VA), currently incarcerated or soon to be released Veterans, Vietnam-Era Veterans and vocational rehabilitation clients enrolled in the Veterans Readiness and Employment (VR&E) program through the VA. Local Veterans' Employment Representatives conduct outreach to employers and business associations and engage in advocacy efforts with hiring executives to increase employment opportunities for veterans and encourage the hiring of disabled veterans.

**Migrant and Seasonal Farm Worker Services**

Federal regulation mandates Migrant and Seasonal Farm Workers (MSFWs) must receive Wagner-Peyser services on a basis which is qualitatively equivalent and quantitatively proportionate to services provided to non-MSFWs. MSFW customers are defined as follows:

***Migrant Farm Worker*** – A seasonal farm worker (as defined in this section below) who travels to the job site so that the farm worker is not reasonably able to return to his/her permanent residence within the same day. Full-time students traveling in organized groups rather than with their families are excluded.

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**Seasonal Farm Worker** - An individual who is employed, or was employed in the past 12 months, in farm work (as defined in this section) of a seasonal or other temporary nature and is not required to be absent overnight from his/her permanent place of residence. Non-migrant individuals who are full-time students are excluded. Labor is performed on a seasonal basis where, ordinarily, the employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and which, from its nature, may not be continuous or carried on throughout the year. A worker who moves from one seasonal activity to another, while employed in farm work, is employed on a seasonal basis even though he/she may continue to be employed during a major portion of the year. A worker is employed on other temporary basis where he/she is employed for a limited time only or his/her performance is contemplated for a particular piece of work, usually of short duration. Generally, employment that is expected to continue indefinitely is not temporary.

The MSFW Outreach Worker who is an employee of the Department of Commerce provides services to MSFWs who are not being reached by the normal intake activities conducted by the Employment Services (ES) offices. The State Monitor Advocate (SMA), who is an employee of the Department of Commerce conducts an ongoing review of the delivery of services and protections afforded by the ES regulations to MSFWs by the State Workforce Agency (SWA) and ES offices. The SMA advises the SWA and local offices of problems, deficiencies, or improper practices in the delivery of services and protections afforded by the ES regulations and addresses any deficiencies. Expenses incurred by the State Monitor Advocate to monitor compliance with federal regulations and the centralized procedure to process complaints filed by or on behalf of MSFWs are funded through the regular Wagner-Peyser grant.

K.S.A. 44 125-129 also addresses Migrant and Seasonal Farm Workers, particularly the mandatory registration of crew chiefs. A crew chief is any person, other than an employer, who brings a group of migrant workers into the state, or is responsible for finding employment for them, but shall not mean any custom combine operator. The crew chief must register with a local workforce center and furnish a list of names and social security numbers of all the migrant workers brought into Kansas and the names of the employers for whom recruitment is being done.

**Foreign Labor Certification**

Kansas receives funding from the US Department of Labor 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:

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- H2-A visas: H-2A visas are granted to foreign workers for temporary agricultural jobs. Commerce assists employers by posting their job orders on **KANSASWORKS.com** to assist them in recruiting U.S. workers. During the recruitment process, it is the responsibility of Wagner-Peyser staff to conduct pre-occupancy safety and suitability inspections whenever the employer furnishes housing. In FY 23, Commerce certified 425 workers through job opportunities and inspected 446 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.
- H-2B visas: 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**. If the recruitment process reveals no U.S. workers are available or willing to take the job, the Foreign Labor National Office provides the employer a certification permitting them to bring foreign workers into the state.

**Older Kansans Employment Program (OKEP)**

The federal Older Kansans Employment Program provides specialized training, career assessment, job-matching, and job search assistance to Kansans aged 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 community-based nonprofit organizations who deliver the program services.

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

The federal Senior Community Services Employment Program provides a four-year skills training program through subsidized part-time employment to older Kansans who live at or below 125 percent of the federal poverty level. SCSEP served 89 participants placing them in community organizations for work-based training. SCSEP is a federal formula grant that requires at least 75% of the funds go directly to pay wages and benefits to those placed in work-based training.

**Workforce Innovation and Opportunity Act (WIOA)**

Workforce services through the Workforce Innovation and Opportunity Act (WIOA) administered by Commerce are funded through four separate programs: Adult Program, Dislocated Worker Program, Youth Program and Wagner-Peyser Labor Exchange. Nearly all the Adult, Dislocated Worker and Youth funds are allocated by statutory formula to the Local Workforce Development Boards for direct service delivery to eligible



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individuals per the requirements of the Act. Kansas is divided into five Local Workforce Development Areas, each overseen by a separate Local Workforce Development Board and guided by the KANSASWORKS State Workforce Development Board comprised of individuals appointed by the Governor.

WIOA also requires state workforce agencies to partner with other state agencies that administer Vocational Rehabilitation and Adult Education services. WIOA requires all these partners to submit a collaborative strategic four-year plan, approved by the state Workforce Board, describing how WIOA will be implemented in Kansas within the provisions and limitations of the law. Commerce convened the core partners (Workforce Services, Adult Education, Vocational Rehabilitation) along with other partners and developed the WIOA State Plan that was approved by US Departments of Labor and Education on October 20, 2016.

- **WIOA Youth Program**
  - WIOA youth projects support a collaborative and integrated service delivery system to provide high quality services to in-school and out-of-school youth and young adults (ages 14-24). In each of the five local areas, WIOA-eligible youth are assisted through career exploration and guidance; continued support for educational attainment; and opportunities for skills training in in-demand industries and occupations. The goal is that this culminates with a good job in a career pathway or enrollment in post-secondary education.
- **WIOA Adult and Dislocated Worker Programs**
  - Adult and Dislocated Worker Programs provide training and other assistance to individuals age 18 and over who are experiencing job loss or lay off, disability, poverty, lack of in-demand job skills or other significant barriers to employment. Local Workforce Development Boards determine eligibility, develop a career plan and support these individuals as they obtain postsecondary or other training leading to employment.

**Rapid Response Program**

Rapid Response, a federally funded program, is a proactive business-focused and flexible strategy designed to respond to layoffs and plant closure 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

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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 reemployment services to U.S. workers who are threatened or have lost their job as a result of foreign trade. Worker groups are identified within a certified TAA Petition. In addition to reemployment services provided through the Workforce Centers, they receive individualized assistance from TAA case managers who provide in-depth benefit details, enroll them in services, provide counseling and assistance throughout their TAA enrollment. The TAA program provides trade-affected workers an opportunity to update their skills to increase their marketability for the ever-changing competitive workforce. Workers also may be eligible for income support in the form of Trade Readjustment Allowances (TRA) while attending TAA approved training, job search and relocation reimbursement, wage subsidy assistance (Reemployment Trade Adjustment Assistance or Alternate Trade Adjustment Assistance) and a Health Coverage Tax Credit. Workers must apply for TAA benefits for an eligibility determination and then apply for each benefit.

The Employment and Training Administration (ETA) of the United States Department of Labor expanded protection and support of US Adversely Affected Workers impacted by foreign trade by revising/updating its Trade Adjustment Assistance (TAA) regulations. The Trade Act of 1974, as amended, referred to as the Final Rule, is designed to make it easier for workers to qualify for job search and relocation allowances; increase those allowances in line with the statute; expand training to include more flexibility for apprenticeships; ensure workers have access to individualized assessments; and make it easier for groups of workers to apply for benefits.

Effective July 1, 2021, the TAA Program reverted to a modified version of the Trade Reform Act of 2022. Any workers covered under Petition for Trade Adjustment Assistance filed and certified on or after July 1, 2021, through June 30, 2022, would be covered by this version. Some of the changes under Reversion 2021 include: limited/conditional group eligibility, Alternative Trade Adjustment Assistance (ATAA), significant limitations on TRA, and shorter TAA training enrollment deadlines. Under Reversion 2021, the use of TAA Case Management funds is limited to initial assessments and co-enrollment with WIOA Dislocated Worker Program (trade participants are, by definition, dislocated workers under WIOA). Employment and case management services must be provided through partner programs such as Wagner-Peyser (Title III-WIOA), WIOA DW (Title I-WIOA), Dislocated Worker Grant (DWG-WIOA) and WIOA Rapid Response.

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Because no Congressional action was taken for reauthorization, the TAA Program entered termination provisions effective July 1, 2022. The TAA Program must continue to administer the 2002 Program, the 2011 Program, the 2015 Program and the Reversion 2021 Program, in accordance with existing regulations. Although the TAA Program expiration provision requires no TAA Petition be certified as of July 1, 2022, each state is still required to continue serving trade-affected workers from worker groups certified prior to that date. However, in order to be entitled to TAA Benefits and Services on and after July 1, 2022, a worker must meet the following; 1) Be covered by a petition filed and determined to be certified on or before June 30, 2022; 2) Be an “adversely affected worker”, who because of lack of work in adversely affected employment has been totally or partially separated from such employment on or before June 30, 2022 and 3) Meet or continue to meet the individual eligibility requirements for TAA Benefits and Services in accordance with relevant operating instructions and federal regulations.

**Federal Bonding**

The Federal Bonding program provides individual fidelity bonds to employers for job applicants who are or may be denied coverage by commercial carriers. The Federal Bonding program is a unique hiring incentive tool that targets individuals whose backgrounds can pose significant barriers to securing or retaining employment, including:

1. Record of arrest, conviction or imprisonment
2. Individuals in recovery from substance use disorders
3. Welfare recipients
4. Individuals with poor credit records
5. Lack of an employment history
6. Individuals dishonorably discharged from the military

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.

The Federal Bonding coverage is provided at no cost to the employer or job applicant.

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**Work Opportunity Tax Credit Program (WOTC)**

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. This allows the individual to move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers.

The WOTC target groups include:

1. Qualified Cash Assistance - Temporary Assistance for Needy Families (TANF) Recipient
2. Qualified Veteran Recipient
  - Veteran Receiving SNAP
  - Disabled Veteran
  - Unemployed Disabled Veteran (6 Months Unemployed)
  - Unemployed Veteran (4 Weeks Unemployed)
  - Unemployed Veteran (6 Months Unemployed)
3. Ex-felon Recipient
4. Designated Community Resident or Rural Renewal County (RRC) Recipient
5. Vocational Rehabilitation Referral
6. Supplemental Nutrition Assistance Program (SNAP) Recipient
7. Supplemental Security Income (SSI) Recipient
8. Ticket-To-Work Recipient
9. Long-Term Family Assistance Recipient
10. Qualified Long-Term Unemployment Recipient

An employer can receive a federal tax credit that varies between the amounts of \$2,400 to \$9,600 per applicant.

**Pathway Home 2/ReSpECTWORKS (Reentry Specialized Employment Training and Counseling)**

In June 2021, the Kansas Department of Commerce competed with other states and was awarded a \$3,997,764 federal grant for the Pathway Home 2 project. The period of performance is from July 1,2021 to December 31, 2024. Pathway Home 2 seeks to provide eligible, incarcerated individuals

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with workforce services within 20 and 180 days of release from a correctional facility. Participating individuals have access to services that aid them in preparation to enter sustainable, living wage employment in a high-demand industry in the local labor market of the community to which they plan to return. These services include, but are not limited to, job preparation; individualized plans that address barriers to employment; career exploration and planning; counseling; assistance obtaining state identification required for employment; and assistance linking residents to the social services required to help them transition back to their communities. A key feature of this program is the intensive case manager, with whom the participant has built a relationship and who will remain with the participant post-release to support skill-building, job attainment, and employment retention. Partnerships with internal and external service providers ensure that participants' barriers to employment are addressed, to aid in their success and reduce recidivism.

**RETAINWORKS – RETAIN (*Retaining Employment & Talent After Injury/Illness Network*)**

Phase 1: In September 2018, Commerce received a \$1,877,823 grant from the US Department of Labor, Office of Disability Employment Policy to establish relationships between the workforce system and medical service delivery system to develop processes to help individuals who have suffered a debilitating illness or injury stay at or return to work. The program period of performance and subsequent funding was extended an additional 21 months, from April 1, 2020, through December 31, 2021, with total funding increased to \$2,303,757. Kansas was one of only eight states awarded Phase 1 funding and worked with Ascension Via Christi Health System and the Workforce Alliance of South-Central Kansas to complete pilot activities of the project.

Phase 2: In February 2021 Kansas submitted a competitive application for a second round of funding. On May 17, 2021, Commerce received a \$21,600,000 grant from the US Department of Labor, Office of Disability Employment Policy, to expand the project statewide. The program period of performance is from May 17, 2021, to May 16, 2025. Of the original eight Phase 1 states, Kansas is one of only five states awarded Phase 2 funding. Commerce will continue to collaborate with Phase 1 organizations but will also include all five Local Workforce areas and three additional medical systems as well as three business groups.

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**WORKFORCE CENTER OPERATIONS**

**Background Information and Context**

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 and Vocational Rehab programs and the Kansas Department of Labor with Unemployment Insurance information. The one-stop centers and/or workforce centers are divided into five different regions. The West Region (Local Area I) has full-time or part-time staff located in Colby, Dodge City, Garden City, Great Bend, Goodland, Hays, Hutchinson, Liberal, Newton and Salina. The Northeast Region (Local Area II) has locations in Junction City, Lawrence, Manhattan and Topeka. The Greater Kansas City Region (Local Area III) Workforce Centers are in Kansas City, Leavenworth, and Overland Park. The South Central (Local Area IV) offices are located in Arkansas City, El Dorado, Wichita and a location at Cowley Community College. Finally, the Southeast Region (Local Area V) staff is in Chanute, Emporia, Fort Scott, Independence, Paola, and Pittsburg. There are a total of 27 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 job candidates to find quality employment opportunities. In addition, there are a number of federal programs that compliment this program. All of the programs and services delivered through workforce center operations are summarized near the beginning of this document.

**Program Access**

Universal access is granted to all employers and Kansans for labor exchange, labor recruitment, assessment, testing and screening services. Qualified access to intensive training and related services is provided to eligible Kansans under the guidance and direction of the local workforce investment board. Specialized placement and job location assistance is available to targeted populations such as veterans, those displaced from work because of foreign competition and migrant and seasonal farm workers.

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Eligibility requirements vary depending on the program. All programs provide labor exchange, labor recruitment, testing, screening, assessment or training services for employers and job seekers.

**Decision Making and Guidance**

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 Development Board establishes policy and eligibility guidelines and provides the designated administrative entity with any guidance needed to ensure successful Workforce Innovation and Opportunity Act (WIOA) training program administration within the region. Commerce, the local board and/or its designated agents, and other partners work collaboratively within a one-stop environment to deliver these services to employers and jobseekers.

**Additional Performance Measures for Workforce Services**

<b>Workforce Services:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Employment rate for adults served by Workforce Services	72.4%	67.4%	74.0%	66.5%	66.0%
Employment rate for dislocated workers served through Workforce Services	75.5%	80.2%	86.8%	77.0%	77.0%
Total number of people served	19,143	21,804	25,563	26,074	26,596
Percent of individuals receiving Workforce Services programs that obtain employment	65.40%	49.3%	74.9%	76.4%	77.9%
Number of job openings - KANSASWORKS.com	318,342	780,528	730,757	745,372	760,279
Number of job seeker resumes - KANSASWORKS.com	35,630	8,691	8,154	8,317	8,483

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Number of employer contacts on KANSASWORKS.com	10,656	11,897	10,054	10,255	10,460
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<b>Workforce Services WIOA Title I &amp; III Adult:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Percent employment rate 2nd quarter after exit	72.39%	75.20%	79.4%	76.0%	76.0%
Percent employment rate 4th quarter after exit	69.606	72.2%	75.8%	71.9%	71.9%
Amount of median earnings 2nd quarter after exit	\$6,870	\$7,118	\$8,420	\$6,784	\$6,784
Percent credential attainment within 4 quarters after exit	79.73%	80.8%	69.7%	76.5%	76.5%
Measurable Skills Gain <sup>1</sup>	65.55%	75.1%	52.5%	64.1%	64.1%

<b>Workforce Services WIOA Title I &amp; III Dislocated Worker:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Percent employment rate 2nd quarter after exit	75.09%	80.2%	86.8%	77.0%	77.0%
Percent employment rate 4th quarter after exit	78.05%	77.7%	87.3%	78.0%	78.0%
Amount of median earnings 2nd quarter after exit	\$9,528	\$9,965	\$11,109	\$9,653	\$9,653
Percent credential attainment within 4 quarters after exit	91.4%	75.1%	78.8%	86.9%	86.9%
Measurable Skills Gain <sup>1</sup>	78.43%	76.1%	58.1%	58.1%	58.1%



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<b>Workforce Services WIOA Title I &amp; III Youth:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Percent employment rate 2nd quarter after exit	73.91%	76.1%	76.8%	72.3%	72.3%
Percent employment rate 4th quarter after exit	67.32%	71.8%	81.2%	69.4%	69.4%
Amount of median earnings 2nd quarter after exit <sup>2</sup>	\$2,900	\$3,421	\$4,622	\$3,050	\$3,050
Percent credential attainment within 4 quarters after exit	66.52%	60.4%	59.2%	66.3%	66.3%
Measurable Skills Gain <sup>1</sup>	47.17%	64.0%	39.1%	49.2%	49.2%

<b>Workforce Services WIOA Title I &amp; III Wagner Peyser:</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Percent employment rate 2nd quarter after exit	65.46%	67.4%	74.0%	66.5%	66.5%
Percent employment rate 4th quarter after exit	64.60%	65.5%	67.9%	64.9%	64.9%
Amount of median earnings 2nd quarter after exit	\$5,539	\$5,957	\$8,474	\$5,653	\$5,653

<sup>1</sup>Measurable Skills Gains is included from FY2021 forward as performance indicator goals have been established from this point forward on this measure.

<sup>2</sup>Youth Median Earnings for 2nd Quarter After Exit will be included from FY2021 forward as performance indicator goals have been established from this point forward on this measure.

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**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 150.00 positions

FY 2024: \$9,922,160

FY 2025: \$9,818,995

**Object Codes 200: Contractual Services**

Expenditures in this category include overhead for the division, travel and professional fees

FY 2024: \$5,801,030

FY 2025: \$3,260,663

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$85,008

FY 2025: \$85,022

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$145,350

FY 2025: \$144,750

**Object Code 550: Other Assistance**

Expenditures in this category include grant payments for state and federal grants

FY 2024: \$30,966,631

FY 2025: \$26,793,076

**Object Code 500: Capital Improvements**

FY 2024: \$230,000

FY 2025: \$100,000

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The Community Development Division provides technical assistance, support 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 three specialists focused on housing, community assets and placemaking assist communities directly. 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. Kansas Department of Commerce is a founding member of Kansas Community Empowerment (formerly Kansas PRIDE, Inc.) organization and the Community Development Division Director serves on the Board of Directors. Community Development Specialist staff members work closely with the program to connect rural communities to the KCE program resources and encourage enrollment and engagement in the program. The Community Development Division is focused on the needs of Kansas communities to enhance their current assets to help build vibrant communities that are attractive places for residents and businesses to live, work and play.

**Kansas Main Street**

The Kansas Main Street program had a successful 27-year history beginning in 1985 and ending in 2012. During that time, dozens of communities in Kansas worked to revitalize their downtown districts and make the heart of their communities viable and strong. More than \$600 million in reinvestment took place and more than 3,800 small businesses were started or expanded, creating over 8,600 new jobs. In the last year of the program alone, 25 designated communities established 194 new and expended businesses, created 568 new jobs and generated \$18 million in reinvestment. With the rebirth of the program in late 2019, those 25 communities were grandfathered back into the program and once again have the resources and tools they need.

In 2021, three new Designated communities were added to the program - Atchison, Baldwin City and Junction City. In early 2022, seven Designated communities were added to the program—Eureka, Great Bend, Hays, Newton, Salina, Topeka and Valley Center. WaKeeney was added as a Designated community in 2023. These communities are now eligible to receive a high-level of technical assistance and services, including market analysis, assistance building organizational capacity, design assistance, and other resources and assistance offered by Kansas Main Street and Main Street America.

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The Affiliate program was created in 2021 and allows any community to pay an annual fee to participate in quarterly training typically offered to just Designated communities. To date, there are 44 communities involved in the Affiliate program and those communities have received training and technical assistance in the areas of fundraising, entrepreneurial development, and how to develop upper-floor housing in downtown districts.

**Individual Development Account Program**

The Individual Development Account (IDA) program (K.S.A. 74-50,201 - 74-50,208) aims to promote self-sufficiency for low-income residents of Kansas by fostering asset development through a matched savings initiative. The program is overseen by the Department of Commerce, which allocates up to \$500,000 in state income tax credits annually.

These tax credits, valued at 75% of the contribution amount, are used to encourage donations that act as matching funds for individual savings in the development account. The accumulated savings can be used by program participants for various purposes, such as buying their first home, making home repairs and improvements, capitalizing on small businesses, or funding post-secondary education and specialized skills training.

In 2009, Interfaith Housing and Community Services (IHCS), a community-based organization in Hutchinson, was designated as the sole provider of IDAs in Kansas due to its successful administration of the program and effective utilization of tax credits. Subsequently, in 2015, the Kansas Legislature re-authorized individual donors to receive tax credits, resulting in the full utilization of available tax credits from 2015 through 2021.

In 2022, the Department of Commerce authorized a second non-profit organization, Community Housing of Wyandotte County (CHWC), as an IDA program administrator. CHWC was granted \$100,000 in tax credits. IHCS received an allocation of \$400,000 in tax credits. It is anticipated that both organizations will fully utilize all available tax credits in the calendar years 2023 and 2024.

**Community Development Block Grant**

The Small Cities Community Development Block Grant (CDBG) program currently receives approximately \$15 million in federal funds annually for competitive applications for cities and counties in rural areas of Kansas. The state’s allocation has continually decreased or stayed the same from the high of \$20.1 million in 2004. CDBG grant awards provide vital infrastructure, building blocks that stimulate economic development and key improvements to the quality of life across Kansas. All cities and counties in the state of Kansas may qualify for CDBG funding, except for Johnson

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County, all towns within Johnson County, Kansas City, Manhattan, Lawrence, Topeka, Wichita and Leavenworth. Those communities receive funding directly from HUD to make improvements. Unlike other states, Kansas does not provide state funds for the administration of this program.

U.S. Department of Housing and Urban Development (HUD) provides federal funds to states who fund local units of government. One of three objectives must be met: 1) benefit to low- and moderate-income individuals; 2) removal or prevention of slum or blighted conditions; or 3) 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 seven categories: 1) economic development; 2) water/sewer and regional planning; 3) community facilities and services; 4) urgent need; 5) housing; 6) commercial rehabilitation; and 7) job training. Cities and counties may apply for these funds at announced application rounds. Urgent Need allows a community to replace local capacity destroyed by an unforeseen disaster. In the housing, commercial rehabilitation, and urgent need categories, funds can be accessed anytime during the year depending on need and availability of funds.

A total of 37 project applications were funded in FY 23. Contract administration has increased with 120 currently open projects statewide requiring technical training and assistance, on-site compliance monitoring, and progress reporting and tracking in a federal database to meet established federal guidelines. The number of housing units for rehabilitation decreased in 2023 because the program changed from a competitive application to a rolling application. Next year’s numbers will account for the change as the program expects to receive more applications.

CDBG staff also administer 27 state and local revolving loan funds across Kansas used by rural cities and counties to help fund start-ups and business expansions in their respective service area. These local revolving funds require CDBG staff to review semi-annual activity reports and perform periodic on-site monitoring and tracking to ensure federal guidelines are being followed.

<b>Community Development Block Grant</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number applications received	43	43	48	48	48
Percent applications approved	86%	93%	80%	83%	83%
Total requested dollar amount	\$16,309,446	\$17,756,356	\$14,721,811	\$15,000,000	\$15,000,000

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Total dollar amount	\$14,453,830	\$17,640,93230	\$11,948,412	\$15,000,000	\$15,000,000
Total number of persons benefitting	107,205	81,143	91,317	80,000	80,000
Total number of housing units rehabbed	27	80	8*	50	50

\* This number decreased in 2023 because the program changed from a competitive application to a rolling application. Next year’s numbers will account for the change as the program expects to receive more applications.

**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 achieved. The State of Kansas received \$21.0 million in NSP 1 funding from HUD. Contracts were signed with nine counties and ten cities to invest these dollars to stabilize their neighborhoods. As of August 2016, the State of Kansas NSP 1 program has generated \$7.7 million in program income making the total investment of \$28.7 million into the State. The NSP 1 program has not received any new allocations after October 31, 2018; however, Commerce is responsible for the ongoing management of the program income.

The Neighborhood Stabilization Program 3 (NSP3) was established in FY 11 to stabilize and revitalize communities that have been most severely impacted by foreclosure and abandoned properties. The most severe communities impacted are identified by a Census Tract Score. Kansas was allocated \$5 million in NSP 3 funding from 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 has not received any new allocations after October 31, 2018; however, Commerce is still responsible for the ongoing management of the program income. Commerce is working with HUD to close out the NSP 3 program.

**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 fundraising tool to encourage individuals, businesses, financial institutions and insurance companies to donate. Nonprofit recipients must address one of the following areas in order to qualify: community service, including childcare, non-governmental crime prevention, youth apprenticeship and technical training, or healthcare services.

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A tax credit of 70% is allowed in communities of fewer than 15,000 residents and 50% 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.

The application requests for Community Service tax credits are always greater than the annual allocation. FY 23 resulted in a total of 55 applications, the project awards for this round were announced in July 2022. Of the 55 applications, 29 were awarded of which 19 organizations were in communities with populations of less than 15,000 and 10 were in communities with populations of more than 15,000.

<b>Community Service Tax Credit Program</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number applications received	56	55	55	59	60
Percent of applications approved	45%	47%	53%	61%	55%
Total dollar amount of application fees	\$14,000	\$13,750	\$13,750	\$14,750	\$15,000
Total dollar amount	\$4,078,210	\$4,093,371	4,084,456	\$4,099,858	\$4,100,000

**Kansas Creative Arts Industries Commission**

The Kansas Creative Arts Industries Commission (KCAIC) is focused on the creative industries sector of the Kansas economy. The commission is dedicated to measuring, promoting, supporting, and expanding the creative industries to grow the state's economy and create creative industry-related jobs.

KCAIC 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. KCAIC 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. Benefits of filming in Kansas include diverse natural scenery and architecture, a cooperative KCAIC staff and a knowledgeable crew of industry professionals. KCAIC also supports and encourages the local film industry through participation in film industry events. In FY 23, KCAIC aided several productions, including independent features, cable television shows, commercials, documentaries, and shorts/music videos.

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In FY 23, KCAIC administered several programs through its partnership with the National Endowment for the Arts, including nine existing grant categories and one federal relief program. KCAIC also assisted with the Tallgrass Artist Residency, the Indigenous Arts Initiative at KU, the New Dance Lab at Johnson County Community College, the New Play Lab at the William Inge Festival at Independence Community College, the Arts in Medicine program with Emporia State University, Arts Integration Education Symposiums in Johnson County and the Critical Writing and Ethnic Markets initiatives. In addition, KCAIC launched the Engaging Placemaking for Innovative Communities (EPIC) pilot facilitated the application process to determine a new Poet Laureate of Kansas, and assisted as a partner in planning and hosting the 2nd annual Arts Councils Symposium. KCAIC sponsored Artist INC Live events in Topeka and Wichita in addition to hosting numerous virtual sessions. The annual Poetry Out Loud competition, administered by the KCAIC, engaged 15 schools, 42 teachers and guest artists, and 406 students.

In FY 24, KCAIC will continue to fulfill NEA federal grant requirements through the continued development of partnership programs, including new labs and residencies, administration of professional development programs for communities of practice, and additional topic specific roundtables.

<b>Kansas Creative Arts Industries Commission</b>	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of applications	92	240	123	130	135
Percent of applications approved	83.7%	69%	76%	79%	79%
Total dollar amount requested	\$625,153	\$1,657,684	\$855,998	\$897,000	\$931,500
Total dollar amount awarded	\$530,793	\$608,654	\$732,528	\$708,630	\$735,885

**Kansas Community Empowerment (formerly PRIDE)**

Kansas Community Empowerment (KCE) is a community-initiated effort to help local leaders prepare for and manage change through technical assistance with a focus on community self-improvement. This is a cooperative program with Kansas State University Extension and the Department



**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Community Development Division

of Commerce. KCE’s mission is to promote an enhanced quality of life for the citizens of Kansas communities through education, leadership development and recognition.

There currently are 82 KCE communities in Kansas, and the program has served over 400 communities since 1970. The program addresses areas such as planning, housing, community services and community enrichment. Communities develop and implement a citizen-initiated plan of action to create or build upon community assets. The KCE planning approach assists smaller communities without resources to expand their community economic capacities. The Community Development Specialists provide additional resources to better assist the KCE communities.

In FY 22, 82 KCE communities engaged in 1,009 projects, 350 of which included youth assistance. Volunteers donated over 69,000 hours of labor, which amounts to over \$2.156 million in value (as calculated by the Independent Sector of Volunteer Time) and raised over \$614,712 in public and private dollars to reinvest back into their communities. These communities also engaged in 647 partnerships at the local level.

Commerce serves as a go-to for economic development and community development efforts in KCE Communities and has access to the KCE Database regularly to review community needs. The Community Development Division Director presents program awards for Communities of Growth, Communities of Action and Communities of Excellence and is a member of the Kansas Community Empowerment Board of Directors, which serves as a fundraising partner, and steering committee for the KCE Program.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Community Development Division

**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 18.00 positions

FY 2024: \$1,660,280

FY 2025: \$1,654,897

**Object Code 200: Contractual Services**

Expenditures in this category include overhead for the division, travel and professional fees

FY 2024: \$1,075,935

FY 2025: \$1,056,524

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$32,117

FY 2025: \$32,150

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$69,500

FY 2025: \$46,900

**Object Code 500: Aid to Local Units and Other Assistance**

Expenditures are reflective of grant payments from the CDBG, NSP grants

FY 2024: \$23,051,235

FY 2025: \$17,500,000

**Object Code 550: State Special Grants**

FY 2024: \$1,853,500

FY 2025: \$1,368,681

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

The International 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 comprise the agency’s overall mission – to help Kansas capitalize on opportunities in the global economy.

Over the course of FY 23, many of the ongoing implications of the COVID-19 pandemic on international travel and business engagement began to recede and international travel began to return to pre-pandemic levels. This allowed international businesses to begin engaging in the global market again and the division was also able to resume international travel via trade missions and trade shows. As a result, our export promotion program participation that provides support for these forms of international engagement increased.

In order to continue to provide support to the state’s international trade community and introduce more Kansas companies to the benefits of exporting, the Division has continued to provide virtual outreach activities such as webinars and video conference sessions. Additionally, we continued to provide support for companies traveling through our STEP, KITSAP and KITMAP programming.

**Kansas Exports**

Kansas exports reached an all-time high of \$13.97 billion in 2022. Compared with last year’s data, exports surged by \$1.42 billion, representing an 11.36 percent growth. The previous highs for state exports occurred in 2021 and 2008, and both topped out at \$12.5 billion. The pent-up demand due to the ongoing global pandemic, the higher prices for products, and trading partners’ fiscal and monetary policy actions are likely to be the significant contributing factors behind the growth.

The combined value of the top ten exported commodities was \$10.72 billion, which increased by 11.63 percent since 2021. The most significant gains were seen in the aircraft and parts category, vehicle and parts category, electric machinery category, and industrial machinery category, which increased by \$311 million, \$248 million, \$200 million, and \$199 million respectively. By contrast, the cereals category decreased by \$133 million, the beverages category shrunk by \$39 million, and the special classification category dropped by \$30 million. The beverages category includes ethyl alcohol, a major ingredient for hand sanitizer and other cleaning products now experiencing post pandemic demand reductions and the special classification category includes products such as repaired goods. In the five-state region, including Kansas, Colorado, Missouri, Nebraska, and Oklahoma, the average export value was \$11.2 billion, which is \$2.76 billion less than the Sunflower State.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

The international team provides market resources to Kansas companies to help them navigate the licensure, certifications and risk involved in entering the export market. Staff directly helps Kansas businesses by:

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
- Assisting with required international documentation

**State Trade Expansion Program**

In FY 2023, Kansas continued to administer the federal State Trade Expansion Program (STEP) to provide assistance to Kansas companies to market and sell their products and services internationally. The purpose of the STEP Grant is to assist eligible small businesses in starting exporting or expanding into additional foreign markets. Every year, U.S. states and territories submit proposals to compete for limited federal funds. The matching-fund grant program is administered by the U.S. Small Business Administration’s Office of International Trade. It requires a 25% match from the state. Funds were used to assist eligible small businesses with their export training, trade missions and trade shows, and market entry support needs. During the current STEP 10 award cycle which is still ongoing, the Kansas team provided STEP assistance to 30 Eligible Small Business Concerns. Award recipients reported \$4,352,450 in actual export sales.

**Export Promotion/Outreach**

Because in person gatherings and staff travel have only recently begun to largely revert back to pre-pandemic patterns, the International Division has continued to conduct most promotion and outreach activities virtually. This has included hosting webinars as well as participating in several export training events hosted by partner organizations including the Commercial Service, the Small Business Development Centers, Kansas Global Trade Services, and the World Trade Center Kansas City. Our expectation is that we will continue to engage virtually for many events. Not only does this allow many attendees in locations across the state to participate in our outreach sessions, but our recordings of the sessions are also available online, thereby making them accessible even to those who may have missed the session the first time it was conducted.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division**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 international trade shows. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 23, the International Division received 17 applications overall and approved 12 applications for funding, resulting in \$27,371,350 used to support Kansas companies to attend international trade shows. To date, those companies have reported estimated sales of \$7,254,387. Importantly, as a result of their international trade show participation, several funded companies have also now found new foreign agents or distributors.

	<b>FY 2021 Actuals</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of Kansas International Trade Show Assistance Program (KITSAP) applications received	8	16	17	22	25
Percent of KITSAP applications approved	38%	68%	70%	86%	80%
Total dollar amount of approved KITSAP agreements	\$7,006	\$27,577	\$27,371	\$50,000	\$60,000

\*No data available prior to FY 22

**Kansas International Trade Marketing Assistance Program**

The Kansas International Trade Marketing Assistance Program (KITMAP) helps introduce Kansas companies to foreign markets by funding their export marketing efforts including international airfare, overseas lodging on foreign sales trips, market research, new foreign language company brochures, etc. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 23, the International Division received 46 applications overall, funding 31 applications for a total investment of \$53,655 to support Kansas companies engaged in international marketing efforts. To date, the companies that received funding have reported estimated sales of \$78,325,093.

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Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

	<b>FY 2021 Actuals*</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Estimates</b>	<b>FY 2025 Estimates</b>
Number of Kansas International Trade Show Assistance Program (KITMAP) applications received	0	22	46	22	40
Percent of KITMAP applications approved	0	55%	67%	86%	75%
Total dollar amount of reimbursed KITMAP agreements	0	\$35,650	\$53,655	\$50,000	\$60,000

\*No data available prior to FY 22

**Kansas Mexico Representation**

The Kansas Mexico Representation provides many valuable services to Kansas companies that are interested in exporting to Mexico. These services include business partner searches, market studies, customized in-country visits, trade lead sharing, and individual trade counseling. In FY23, The Kansas Mexico Representatives successfully executed five business partner searches that identified more than 20 sales agents and distributors and provided consulting services to several Kansas manufacturers.

**Governor's Exporter of the Year**

Each year, the Governor's Exporter of the Year Award is presented to a single Kansas company for exceptional international marketing success. This award encourages the growth of the state's international commerce by showcasing successful exporters as role models to the Kansas business community. The recipients are prime examples of how exporting is a significant catalyst for company growth and diversification. A rigorous selection process is used for this award involving site visits to finalist companies as well as in-person presentations. The award was presented as part of the statewide To the Stars banquet held in Topeka.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division**International Business Recruitment**

In FY 23, the international investment team worked on successful business recruitment and expansion projects that resulted in \$4.25 billion in foreign direct investment and 4,278 new jobs. The international team took a lead role in the recruitment of the \$4 billion, 4,000-employee Panasonic Energy electric vehicle battery manufacturing plant to De Soto that was officially announced in July 2022.

With pandemic-related travel restrictions lifted, the international investment team was able to undertake a number of international marketing initiatives to network with business contacts. International Division staff arranged several leadership missions, including a Lt. Governor's mission to Europe for the Farnborough Air Show 2022 in England, along with company visits in Germany and Switzerland. The Lt. Governor also traveled to Japan and Korea in 2023 to support business recruitment efforts there. The Governor led the largest Kansas delegation ever to participate in the Paris Air Show in 2023 and also attended the SelectUSA Investment Summit held in Washington DC to meet with executives of international investors. In addition, International Division staff participated in the Midwest US-Japan Association conference in Chicago, exhibited at the CleanPower 2023 renewable energy event, and traveled to Taiwan for a Single Location Promotion event promoting Kansas to advanced manufacturing companies.

**Renewable Energy**

The state has seen significant growth in renewable energy, especially in wind energy, as nearly 4,000 wind turbines now dot the landscape of the Kansas prairie, producing enough energy to power over 2.6 million homes and representing total investment of over \$15 billion. Wind energy has been the largest energy source for generating electricity in Kansas since 2019, when it surpassed coal for the first time. In 2022, wind energy provided nearly 47% of electricity generation in Kansas, the third-largest share for any state. With 8,245 megawatts of wind energy in operation, Kansas currently ranks among the top five states for installed wind capacity and overall clean power generation. As a leader in wind energy, Kansas also offers an ideal location for companies committed to meeting corporate sustainability goals by powering their facilities with renewable energy. The state provides competitively priced wind energy, helping corporate purchasers such as Google, T-Mobile, Target, Kohler, Textron Aviation, Spirit AeroSystems and others to meet their sustainability goals.

Kansas also has a strong solar rating, ranking among the top 10 states for sunny days. There are several utility-scale solar energy projects currently under development, with significant investment anticipated in the coming years. Some of these projects also involve energy storage

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

systems. In addition to these commercial solar farms, a number of smaller 1 MW projects have come online across the state. The largest solar installation in the state currently is the 20MW Johnson Corner solar project in southwest Kansas.

Commerce staff have been involved with the Hydrogen Hub task force pursuing federal funding and exploring investment attraction and development potential in the growing hydrogen sector. The availability of renewable energy and other resources in Kansas could make the state an attractive location for green hydrogen production.

Biofuels are also making an important contribution to the state’s economy, bringing millions of dollars of revenue and economic development to Kansas and the rural communities where production plants are located and feedstock is sourced. Kansas is the 8th-largest ethanol-producing state, with 12 operating biofuel facilities (ethanol and biodiesel) and production capacity of over 600 million gallons per year. Additional biofuel facilities are being developed, as well as other biomass-to-energy operations. Among the newest such facilities is a biodiesel plant that was officially opened in FY 23 in western Kansas, with capacity to produce 85 million gallons of renewable diesel annually from local animal fats and vegetable oils.



**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 9.0 positions

FY 2024: \$835,570

FY 2025: \$937,534

**Object Code 200: Contractual Services**

Expenditures in this category include overhead for the division, travel and professional fees

FY 2024: \$659,348

FY 2025: \$549,463

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$26,500

FY 2025: \$26,500

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$7,900

FY 2025: \$15,500

**Object Code 550: Federal and State Special Grants**

Expenditures are reflective of grant payments

FY 2024: \$143,000

FY 2025: \$143,000

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division

The Kansas Tourism Division mission is to inspire travel to and throughout Kansas to maximize the positive impacts that tourism has on the state and local communities. A strong travel and tourism industry helps provide a better quality of life and economic prosperity 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 awe-inspiring experiences in Kansas.

The Tourism Division’s primary function is to market the state’s travel and tourism opportunities to the general public. Tourism’s efforts also include promotion to general travelers, travel media, and specific niche markets such as group tour leaders, sports event coordinators, and meeting planners. 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 by showcasing Kansas experiences & opportunities. Kansas Tourism produces a lifestyle magazine, KANSAS! magazine, that is geared toward creating state pride among Kansans. The Tourism Division is also responsible for the Kansas Byways program and the Kansas Agritourism program.

Another vital function of the Tourism Division is to provide support to Kansas tourism industry partners, by providing information and education, grants, financial support, engagement, and promotion. Tourism Industry Partners are a diverse mix of tourism businesses, representing all 105 counties in Kansas, including Destination Marketing Organizations such as CVB's, Chambers of Commerce, cities or counties, lodging facilities, attractions, museums and historical sites, event organizers, and other tourism related organizations. A close relationship and effective communication with each of these entities helps to improve the overall Kansas tourism product and experience for visitors. The Division provides specific grants to enhance the tourism product, such as Attraction Development Grants and Marketing Grants.

To stay abreast of the ever-changing tourism landscape, the Tourism Division invests in research and evaluates tactics on a continual basis. Tourism industry constituents benefit from the research that is conducted and shared, and Tourism is better equipped to align resources to achieve the highest return on investment for Kansas.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division

The Tourism Division is funded through EDIF and fee funds. Fee funds revenue is generated from KANSAS! magazine subscriptions and sales, advertising sales, partner cooperative marketing programs and the logo sign program revenue from KDOT.

**Travel Marketing and Advertising Programs**

Kansas Tourism's main goal is to increase visitation to and throughout Kansas. Tourism evaluates, implements and refines an annual marketing plan to increase brand awareness, optimize advertising strategies to generate the highest return on investment, and develop advertising that differentiates Kansas and promotes the unique and authentic experiences in the state. Our approach is the following:

- Expand the Kansas tourism marketing efforts, using innovative messages and diverse platforms to change perceptions and to inspire travel
- Utilize social media and other digital tactics to create and communicate with Kansas enthusiasts and drive traffic to landing pages within TravelKS.com as defined by targeted marketing initiatives
- Provide fresh, relevant & engaging content on TravelKS.com and multiple other websites supported by the Division
- Produce and distribute high quality publications that highlight the Kansas travel and tourism experiences, such as an annual state travel guide, a Kansas byways guide, and the subscription KANSAS! Magazine
- Promote Kansas travel & tourism opportunities and services to visitors at two state managed Travel Information Centers
- Expand consumer database to reach more prospective travelers with Kansas messaging.

**Support Programs for local Kansas Tourism Industry Partners**

Through these programs the Tourism Division supports communities, organizations, businesses, and travel and tourism development initiatives in local destination marketing and development programs. In addition, Tourism provides educational and financial assistance programs that benefit local cities, counties and tourism related businesses that contribute to the overall wellbeing of the travel and tourism industry in Kansas with educational and informational opportunities. This is accomplished through a number of avenues:

- Provide educational and informational opportunities for travel and tourism industry stakeholders through monthly virtual Huddles
- Arrange cooperative marketing opportunities for local communities and tourism related partners.
- Partner with Travel Industry Association of Kansas (TIAK) to host the Kansas Tourism Conference
- Develop and distribute information on the Division activities, industry trends/data and marketing partnership opportunities.
- Maintain current and relevant resources on TravelKS.com/industry website for travel and tourism industry partners and public access.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division

- Manage grant programs to assist in local tourism development and marketing initiatives.
- Administer Agritourism registrations per K.S.A. 32-1430-1438a, Agritourism Promotion Act and promote Agritourism businesses to visitors.

**Tourism Signage and Kansas Byways Programs**

Tourism Signage Program goals are to advance Kansas as a travel and tourism destination by approving well placed and adequate signage for tourism related businesses though soliciting and evaluating tourism sign applications and making signage recommendations to KDOT. The Kansas Byways Program works to increase travel on the 12 Kansas byways to stimulate the economies of local communities along the byways through marketing of the byways and by providing support and education for local byway committees.

**Research and Education Programs**

The Research and Education Programs provide staff and industry members with travel insights, education, data and research to sustain the Kansas tourism industry. Through the Research Program we collect research that measures visitor volume and spending, visitor spending in individual cities/counties, and the collection of monthly hotel data reports (occupancy, daily rates, revenues, supply). Our Education Programs provide opportunities and platforms for stakeholders and staff to attend industry specific conferences and educational seminars.

**Narrative Information-DA400**

Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division

**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 15.00 positions

FY 2024: \$1,338,335

FY 2025: \$1,266,886

**Object Code 200: Contractual Services**

Expenditures in this category include overhead for the division, travel and professional fees

FY 2024: \$6,912,750

FY 2025: \$6,811,190

**Object Codes 300: Commodities**

Expenditures in this category are primarily for consumables such as stationery, fuel and supplies

FY 2024: \$27,878

FY 2025: \$27,877

**Object Code 400: Capital Outlay**

The expenditures in this category include technology upgrades, primarily computer replacement and software

FY 2024: \$12,711

FY 2025: \$12,100

**Object Code 550: Federal and State Special Grants**

Expenditures are reflective of grant payments

FY 2024: \$1,212,000

FY 2025: \$1,100,000