

**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
- Quality Places 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.

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 2024:**

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 255 project successes this past year were in one of those segments. The purposeful efforts generated more than \$3 billion private sector investment and created or retained almost 12,000 jobs for Kansans. The capital expenditure marked yet another successful year of investment and resulted in our fourth consecutive Gold Shovel Award. 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 yet another all-time high of more \$14 billion in the past calendar year. 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 out-of-state companies choose to 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. Launched in July, the *Love, Kansas* campaign is a national marketing initiative that highlights Kansas as an exceptional place to live, work and raise a family. It will have a special emphasis on “boomerangs” – individuals with previous ties to the state.

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 \$13.2 billion annually and shows no signs of slowing down. In the past year, Kansas had 37.9 million visitors.
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 unique programming has allowed more and more communities to interact with this office.

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4. The Office of Broadband Development is working to connect all Kansans with 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. Broadband will soon be moving to utilize state, federal and private-sector investments to connect every address to high-speed internet. By 2025, nearly \$800 million in grants will be awarded, connecting more than 80,000 locations through 10 different programs.

5. In FY 24, Commerce realigned divisions within the agency to create the Quality Places Division to better serve all Kansas communities. This division is focused on creating vibrant communities, with a strong quality of life, and includes the Office of Broadband Development, Kansas Main Street, Community Development Block Grants, Office of Rural Prosperity, Housing and Community Specialists.

6. The Business Development Division works to support existing businesses in the state and attract new investment to Kansas. In FY 24, Commerce created the Office of Small Business Development and Entrepreneurship, within the Business Development Division, to empowering and supporting small businesses and entrepreneurs throughout Kansas.

7. The International Division helps Kansas businesses diversify markets and expand sales by increasing their exports. The International Division also works with international companies looking to invest in Kansas by taking advantage of our central location, plentiful transportation options and diversified economy.

8. 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 2025 and 2026:**

The unprecedented surge of economic activity in Kansas might be slowing slightly, but still growing. Since 2019, approximately \$20 billion in private sector capital expenditure has been recorded and almost 70,000 jobs have been created or retained. The entire economic landscape of

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Kansas is changing for the better, and positions us well for the future. The Kansas Department of Commerce will continue delivering economic prosperity to people, businesses and communities across the Sunflower State, making Kansas the best state in the nation to live, work and raise a family. The Department will also continue to use its available fiscal resources wisely in executing a sustainable and successful business development strategy on all fronts. The agency also looks forward to the move to the new Docking State Office Building in early FY 26 and does anticipate some increased rent and moving costs. To that end, Commerce has developed a budget proposal that exercises restraint but still manages to plan for strategic investments 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.

**Actual Position Data:**

The Department of Commerce’s FTE limitation for FY 2024 is 97.00. Actual FTE is as follows:

	FTE Positions	Non-FTE Unclassified Permanent Positions
Administration	11.00	74.00
Business Development	1.00	24.00
Quality Places	1.00	33.00
International Development	1.00	8.00
Workforce Development	77.00	76.00
Tourism	3.00	15.50
Agency Total	94.00	230.50

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**ENHANCEMENT PACKAGE – FY 2026:**

The Department is requesting nine enhancement packages for consideration by the Governor and the Legislature for FY 26. They are listed below in order of importance:

**1. Mobile Visitors Center Enhancement: \$500,000** - Recently, Tourism launched a new initiative – the Mobile Visitors Center – which is an upfitted and wrapped van that travels across the country sharing visitor information about Kansas. It is similar to our two physical Travel Information Centers, which provide maps, directions and brochures about attractions, events and accommodations and advice about the best places to visit in the state. However, instead of being stationary, the Mobile Visitors Center will travel throughout the country to large attendance events and market Kansas as a premiere travel destination. It is messaging Kansas in an innovative, fun, festive and immersive way throughout the country. We will also use the Mobile Visitors Center at events such as job fairs to help in the Love, Kansas Talent Recruitment Initiative. Kansas is the only state to have a Mobile Visitor Center, although several larger cities (Dallas, Oklahoma, Little Rock, etc.) have similar vans that they use locally. This enhancement request will allow for the Mobile Visitor Center to be on the road for 40+ weeks out of the year. The funding will support expenses such as a full-time manager, part time staff, travel costs, vehicle costs and marketing materials.

**2. Kansas Arts Commission Enhancement: \$500,000** - Kansas has traditionally ranked among the lowest in the nation for State Arts Agency funding. In 2024-2025, Kansas improved its position, rising from 48th to 40th in per capita funding, now at 52 cents per person. Although this is an increase from 34 cents in 2023-2024, it remains well below the national average of \$2.09 per capita. Kansas ranks 39th in the nation for total funding. The arts have a profound impact on every aspect of life in Kansas. According to the U.S. Department of Commerce, arts and cultural production contributes \$4.6 billion to the state economy and employs over 41,000 workers, generating more than \$2.8 billion in wages and benefits. Beyond their economic influence, the arts enhance the quality of life, foster vibrant communities, preserve and promote our cultural heritage, improve public health, contribute tax revenues, and create dynamic environments for Kansans to live, work, play, and raise families. A modest budget enhancement of \$500,000 will empower the Kansas Arts Commission (KAC) to expand its activities in areas critical to business, workforce development, and entrepreneurship within the creative sector. These expanded efforts include:

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- **Expanding grant programs:** Targeted assistance will be provided to nonprofit arts organizations in underserved communities. Research shows that growth in arts employment positively influences overall employment, accelerating economic recovery.
- **Increasing general operating support:** More Kansas nonprofit arts organizations will receive essential working capital to sustain their day-to-day operations. This support will enable them to build strong, sustainable infrastructures, allowing them to deliver impactful programs and services.
- **Enhancing arts education:** Increased efforts and partnerships will focus on supporting arts education programs, particularly in underserved communities. Participation in the arts is linked to higher academic performance, increased standardized test scores, more community service, and lower dropout rates. Arts students also tend to secure better jobs with higher pay, more responsibility, greater promotion opportunities, and increased job satisfaction.
- **Supporting cultural facility improvements:** Kansas Arts Commission will assist in the renovation and enhancement of cultural institutions throughout the state. This includes the acquisition, design, repair, rehabilitation, renovation, expansion, or construction of nonprofit cultural facilities statewide.

**3. KANSAS! Kids Issue: \$125,000** - Tourism is introducing a special edition of the KANSAS! Magazine, designed just for kids. As the official award-winning publication of the state, KANSAS! Magazine celebrates state pride by showcasing the people and places of Kansas through authentic stories and captivating images. This special kid’s issue will inspire young students to explore and fall in love with Kansas, fostering a deep connection that encourages them to remain lifelong residents in Kansas. The first edition will be distributed in January, just in time for Kansas Day, to all 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> grade students across the state, as well as to current KANSAS! magazine subscribers. This enhancement will support the ability to produce a KANSAS! Kids magazine beyond the current year.

**4. Global Growth Strategy Program: \$200,000** - This enhancement request includes three components –

Canada In-Country Representative: As Kansas expands its efforts to recruit international business investment to Kansas, we are proposing engaging a Canada in-country representative to identify economic development opportunities in the Canadian market. Canada stands as a pivotal export destination for Kansas and was the second-largest export market for Kansas in 2023. Trade with Canada amounted to \$2.63 billion, representing nearly 18.6% of Kansas total export volume. Canadian investment in Kansas is responsible for significant employment through Bombardier, as



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well as Engineered Air - Lenexa, Matcor - Independence, Unilock - Tonganoxie, and Jacam - Sterling. However, Kansas has been reactionary rather than proactive in our economic development pursuit with Canada. Having an in-country representative will allow Kansas to be proactive in cultivating our export and foreign direct investment (FDI) relationship with Canada. We can create an advantage to become a state of choice for Canadian investment and trade relationships. (\$100,000)

Export Kansas: Export Kansas is a new export accelerator program through which Commerce will assist new or early-to-export Kansas companies in learning the steps of entering an international market. The goals of the program are: 1) to grow the number of Kansas exporters and 2) to increase our export revenue. This year, we utilized rollover funds from FY 24 to launch the new pilot program in FY 25. However, to continue the program, we will need a budget increase for future years. (\$50,000)

Global Resources Programs: The Global Resources sub-division within the International Division of Commerce is poised to make Kansas' international programs the most robust and innovative in the nation. Through the enhancement, two new programs will be created in FY 26: 1) a global supply chain resiliency program designed to assist Kansas companies to create a stronger global supply chain strategy (\$15,000) and 2) a competitive grant program for our higher education institutions that will help them expand their outreach for international student attraction and global workforce development partnerships. This also echoes the national export strategy by the U.S. Department of Commerce to expand global education opportunities (\$35,000). Through these programs, the International Division will evaluate and work to increase our trade infrastructure capabilities across the state.

**5. Data Migration and Continuous Improvement for the Transparency Database: \$350,000** - Commerce is requesting \$350,000 to continue the agency's migration to Salesforce and improve the transparency database. Salesforce is the Customer Relationship Management platform utilized by Commerce. Currently, Commerce utilizes multiple different platforms for grant applications. As an agency, we are working to migrate all data, grant applications and contacts to the Salesforce platform. This will make it easier for communities and other external stakeholders by only requiring them to become familiar with one platform. However, migrating all our agency's data has required custom applications to be built and maintained in Salesforce. These customizations take specific skill sets and an intensive amount of time to complete. With the funding, Commerce will work with a consultant to quickly build these applications and transfer the data over in a short period of time. This work is critical to be completed quickly as we prepare to launch and manage two new federal broadband grant programs, which will result in a huge amount of new data that will need to be housed in Salesforce. Lastly, the migration will further support our transparency database, by allowing Salesforce to sync with

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the transparency database and provide real-time, searchable data. Hiring a consultant to complete these few projects will be the most efficient and effective manner to accomplish our migration and continue to improve the transparency database. This is a one-time budget enhancement request.

**6. Broadband Grant Analyst: \$100,000** - Commerce is requesting \$100,000 to support a grant analyst for the Kansas Office of Broadband Development (KOBD). This position will work with the compliance and reporting manager and the consultant to monitor and track sub-recipients' progress and disbursements. As Broadband Equity Access and Deployment (BEAD) and Digital Equity Act (DEA) grants are awarded, KOBD anticipates approximately 400 projects will receive funding from the office. This will be a substantial increase in the workload for KOBD and an additional staff member is needed.

**7. Health Care Upskilling and Training Grant Program: \$1M** - Commerce is requesting \$1,000,000 to create a Health Care Upskilling and Training (HCUT) Grant program that will provide Kansas hospitals, health systems, long-term care facilities, and workforce intermediaries with funding to support existing training programs, establish new upskilling and training programs, or partner with educational sources to establish education and training programs for health professionals. The goal of the grant is to increase the capacity of the health care workforce by supporting upskilling opportunities and the availability of quality education and training opportunities for critical health care positions. Out of the estimated 50,000 jobs on KANSASWORKS website, 10,000 are healthcare jobs. This funding will help create a pipeline of workforce that is critically needed across our state.

**8. Kansas Marketing – World Cup: \$1M** - To fully capitalize on the once in a lifetime experience of the World Cup, Kansas must market our state to the worldwide visitors coming to the region. Commerce is seeking a budget enhancement to tell the Kansas stories to the thousands of visitors who attend one of the six matches in Kansas City or stay near one of the host camps during the 2026 World Cup. According to FIFA, more than six million fans are expected to attend the World Cup, which has 16 host cities spread amongst the United States, Canada and Mexico. This one-time funding request will allow Tourism to create, publish and place a variety of advertising and marketing through a mix of medias (billboards, broadcast and streaming, digital, KCI signage, etc.) highlighting everything Kansas has to offer and encourage travel across our state.

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**9. Sunflower Summer Program Supplemental: \$3M for FY25**

**Sunflower Summer Program Enhancement: \$3M for FY26**

The 2024 Sunflower Summer program had a record-breaking summer. The program was a huge success according to the participating attractions and the users. This summer, 497,573 tickets were claimed at 223 participating attractions. This was a 55% increase in the number of tickets claimed compared to last year. Additionally, the number of participating attractions increased by 97%. The Sunflower Summer program also resulted in increased use of other Tourism resources, including over 1 million views on TravelKS.com came from the Sunflower Summer app and 2,569 travel guide requests. The summer program runs Memorial Day weekend through mid-August, which means it falls over two fiscal years. With the growing success of the program and high utilization rate, the program cost \$6,000,000 to administer this year. To operate successfully, the program used the allocation for FY 24 (\$3M) and FY 25 (\$3M) to support the 2024 summer. After one year of administration by Commerce, we now have the data and know the exact cost of the program. To support the program at the current usage rate and venue reimbursement rates, Commerce needs an additional \$3,000,000 supplemental for FY 25 in order to support the program through June 2025. We also are requesting an enhancement of \$3,000,000 moving forward to completely fund the program. The FY 26 total would be \$6,000,000 and it would support the program in July/August 2025 and through June 2026.

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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, Office of Innovation, America’s Job Link Alliance and the Creative Arts & Industries Commission.

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 arts initiatives, 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 promote 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 arts initiatives; and developing strategies to capitalize on emerging industries and technologies. This division is also responsible for the building 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 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.

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The Proof of Concept (POC) 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 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 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. \$6.5 million in tax credits were offered in 2023. In calendar year 2023, \$3,765,226.28 tax credits were allocated to 143 investors in Kansas companies.

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**Kansas Arts Commission**

The Kansas Arts Commission (KAC) 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.

In FY 24, KAC overhauled its existing grant programs through its partnership with the National Endowment for the Arts, simplifying the nine previous grant categories into three and adding General Operating Support as an option for eligible entities. The grant categories now include the Arts Everywhere Program, Visiting Artists, Public Art and Murals, and General Operating Support. The Arts Everywhere Program provides funding for cultural projects, programs, exhibitions, series, arts education projects, and other arts programming. This program provides funding to increase student success, foster creative thinking, develop critical job skills, enhance community development, and increase participation in the arts across Kansas. The Visiting Artist Program provides funding for eligible organizations to engage and deepen the impact of arts programming on local and underserved audiences through exposure to and interaction with professional visiting artists. The Public Art & Murals Grant is designed to utilized artists and arts organizations to increase community vibrancy and provide space for artistic expression and public engagement. The General Operating Support grant program provides funding for Kansas public and private non-profit arts and cultural organizations, including museums, local arts councils and commissions, statewide arts and cultural service organizations, and organizations that have cultural program activities in any of the art and cultural disciplines.

KAC also assisted in the production of the Tallgrass Artist Residency, the Indigenous Arts Initiative in partnership with 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 expanded the Independent Markets Initiative to Garden City. In addition, KAC facilitated the Engaging Placemaking for Innovative Communities (EPIC) pilot, served as a partner in planning and hosting the 3rd annual Arts Councils Symposium, sponsored Artist INC Express and Live professional development sessions, and produced the annual Poetry Out Loud competition.

KAC 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. Benefits of filming in Kansas include diverse natural scenery and architecture, a cooperative KAC staff and a knowledgeable crew of industry professionals.

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In FY 25, KAC will continue to fulfill NEA federal grant requirements through the continued development of partnership programs, administration of professional development programs for communities of practice, and additional topic specific roundtables.

<b>Kansas Creative Arts Industries Commission</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of applications	240	123	191	195	200
Percent of applications approved	69%	76%	73%	72%	71%
Total dollar amount requested	\$1,657,684	\$855,998	\$2,518,371	\$2,300,000	\$2,350,000
Total dollar amount awarded	\$1,348,080	\$732,528	\$1,618,427	\$1,400,000	\$1,420,000

**ATHLETIC COMMISSION**

FY 24 marked the 20th 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
- 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

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	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of events sanctioned	51	75	59	65	70
Number of fighters, promoters, referees, judges and doctors certified	530	466	362	390	420
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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of states using JobLink software	9	9	9	9	9
Number of states using CertLink software	4	4	5	5	6



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Number of states using VOCAL software *	2	2	2	0	0
Number of states using Mobile App**	2	2	0	1	1

\*VOCAL will sunset in 2024 and its functionality will be incorporated into other services

\*\*In FY25 it is planned to refactor the Mobile app so while it is under construction it will be unavailable to users.

**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.

Program Name	Authorizing Entity	Funding Allocation	# of Recipients
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

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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
Aviation Learning Opportunities & Funded Training (ALOFT)	SPARK	\$20,000,000	7
Kansas Public Broadcasters (KPB)	SPARK	\$6,000,000	10
Military Credentialing	SPARK	\$1,000,000	1
<b>TOTAL</b>		<b>\$569,498,222</b>	<b>203</b>

To date, Commerce has disbursed \$354,058,293.85 to programs statewide. These programs are critical to infrastructure developments, training programs, university economic development, and improvements to programs and projects 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 mid 2026, well ahead of the required expenditure deadline of December 31, 2026.

**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

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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.

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.

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	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of individuals reached by PBC resources <sup>1</sup>	2,996,210	2,996,210	2,944,376	2,950,000	3,000,000
Amount of grant dollars received	\$500,000	\$500,000	\$700,000	\$700,000	\$700,000

<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 24 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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>	
KCPT-TV	\$43,147	\$45,117	\$44,821.49	\$70,804.97	\$71,311.96	Local content development and a percentage of educational programming.
KOOD-TV	\$182,857	\$181,797	\$180,242.39	\$215,165.51	\$208,715.48	Local content for a predominantly rural broadcasting area, programming and associated administrative costs.
KPTS –TV	\$56,796	\$57,991	\$59,809.21	\$94,481.22	\$99,034.45	Local content developmental and education programming.
KTWU-TV	\$40,885	\$39,889	\$39,418.43	\$62,269.70	\$62,404.99	Local content and a percentage of educational programming for children and adults with accompanying administrative costs.
KANU-FM	\$24,848	\$23,278	\$22,411.09	\$35,403.02	\$35,399.45	Local content about Kansas for broadcast and digital platforms.

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KANZ-FM	\$72,649	\$74,528	\$73,153.26	\$95,271.10	\$93,010.29	Local content about Kansas for broadcast and digital platforms.
KHCC-FM	\$25,304	\$23,558	\$23,985.40	\$37,889.98	\$38,021.18	Local content about Kansas for broadcast and digital platforms.
KMUW-FM	\$38,345	\$39,383	\$41,661.32	\$65,812.81	\$69,387.68	Local content about Kansas for broadcast and digital platforms.
KRPS-FM	\$15,168	\$14,455	\$14,497.40	\$22,901.69	\$22,714.52	Local content about Kansas for broadcast and digital platforms.

**Additional Performance Measures for the Administration Division**

<b>Human Resources:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of new employee orientation presentations completed	96	78	79	87	96
Number of applications processed	1,011	1,596	1,517	1,669	1,836

<b>Marketing and Communications:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 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	8,442	9,056	10,570	11,099	11,653
LinkedIn	5,985	7,752	9,868	10,361	10,879

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X (formerly Twitter)	3,596	3,774	3,947	4,144	4,352
Increased unique page views on website by 2% annually**	456,442*	790,253			
Number of overall page views on website by 2% annually**			1,927,616	1,966,168	2,064,477

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

\*\*Starting in FY24, Google Analytics no longer will calculate unique page views. Instead, the data now reflects overall page views.

<b>Information Technology:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of service desk tickets completed	2,886	3,053	2,946	3,200	3,250
Number of security updates completed	363	416	554	600	650

<b>Fiscal Services:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of vouchers, interfunds, deposits, and travel payments processed	7,592	8,037	7,870	8,027	8,188
Percent of transactions made using P-Card (target 40%)	34%	39%	38%	40%	40%

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Percent Increase of electronic payments made vs. paper payments issued	24%	1%	-2%	2%	4%
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<b>Legal:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
KORA Requests - statutorily required letter will go out in a timely manor	-	99%	99%	99%	99%
Respond to all non-contract request emails within 2 business days	-	94%	90%	94%	94%
Contract Requests - respond to emails within 2 weeks after Legal receives all documents	-	94%	90%	94%	94%
Complete RHID approval letters within 5 business days once Legal receives complete application	-	96%	92%	96%	96%

<b>Regulatory Compliance:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 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 85.0 positions

FY 2025: \$8,371,614

FY 2026: \$8,451,891

**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 2025: \$6,877,960

FY 2026: \$6,533,311

**Object Codes 300: Commodities**

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

FY 2025: \$63,578

FY 2026: \$54,820

**Object Code 400: Capital Outlay**

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

FY 2025: \$234,350

FY 2026: \$166,551

**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 2025: \$36,863,155

FY 2026: \$7,582,900



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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, the Kansas 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 24, the business recruitment team successfully recruited 35 projects to Kansas for a new or expanded business presence. The business development teams worked on successful business recruitment and expansion projects, resulting in 2,108 new jobs and over \$878 million in capital investment. The industries of advanced manufacturing, food manufacturing, logistics/distribution and professional services generated the highest number of leads in FY 24 as well as the highest number of successes.

Some of the larger recruitment projects in capital investment included:

- Elanco: 72 jobs; \$130 million; Elwood
- H&T Kansas, LLC: 180 jobs; \$110 million capital investment; DeSoto
- Honeywell International Inc.: 156 jobs; \$84 million capital investment; Olathe
- General Mills: 85 jobs; \$71 million capital investment; Olathe
- DSM Nutritional Products, LLC: 28 jobs; \$52 Million capital investment; Tonganoxie

**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 24, the team facilitated 225 successful projects that will create or retain 5,527 jobs and invest more than \$1.85 billion in capital investment. 53% 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, 57% are in a non-metro county. Some of the largest expansion/retention projects with capital investment of \$50 million or more includes:

- Creekstone Farms Premium Beef, LLC: \$103 million capital investment; Arkansas City

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- Blue Sky Farms: 120 jobs; \$100 million capital investment; Lewis
- Associated Wholesale Grocers, Inc.: \$79.9 million capital investment; Kansas City
- Central Valley Ag.: \$76 million capital investment; Courtland
- PureField Ingredients, LLC: 3 new jobs; \$57 million capital investment; Russell
- Biomune Company: 40 new jobs, \$54.8 million capital investment; Lenexa

**BUSINESS DEVELOPMENT DIVISION**

<b>Key Measures:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of jobs created or retained through business development efforts	8,521	16,810	7,635	8,900	9,800
Private capital investment (in billions) in Kansas through Commerce programs	\$2.6	\$7.5	\$2.73	\$4.6	\$4.8
Number of projects opened by business development staff	403	364	172	350	380
Number of jobs created or retained through business recruitment efforts	3,336	10,008	2,108	4,200	4,600
Number of jobs created or retained through retention/expansion efforts	5,185	6,802	5,527	4,700	5,200
Number of face-to-face business contacts through business retention and expansion staff	672	930	727	680	730
Number of business recruitment projects opened	126	134	84	130	140
Percent of business recruitment projects won	19%	17%	16%	18%	19%

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**TO THE STARS: KANSAS BUSINESS AWARDS/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 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 2023 awards program, there were nine categories in which businesses could be nominated. The categories included: Agri-Business, Apprenticeship Champions and Partners, Business Innovation, Healthcare/Non-Profit, Manufacturing/Distribution, Non-Traditional Talent Pool, Retail/Service, Under 30 Entrepreneur/Businessperson 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 2023 awards program, a record was set with 290 businesses nominated statewide. The statewide banquet was held in Wichita with over 400 attendees.

For the 2024 awards program, we will be offering nine awards categories: Agri-Business, Apprenticeship Champions and Partners, Business Innovation, Healthcare/Non-Profit, Manufacturing/Distribution, Non-Traditional Talent Pool, Retail/Service, Under 30 Entrepreneur/Businessperson and Welcome Back. The program will culminate in a statewide awards banquet in October 2024.

**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

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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.

In FY 24, 32 applications were received for review and approval. These applications generated \$24,000 in application fees. 34 agreements were signed with companies to participate in PEAK. The agreements project 3,424 new jobs and over \$270.1 million in additional annual payroll over a five to ten-year period. In FY 24, there were 187 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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of PEAK applications received	45	41	32	34	36
Number of executed PEAK agreements	43	27	34	36	38
Total dollar amount of PEAK applications fees	\$40,250	\$33,250	\$32,250	\$36,500	\$40,500
Number of direct jobs created or retained	17,592	15,906	TBD*	16,224	17,035
Total state withholding taxes retained by all participant companies (in millions)	\$46.0	\$36.4	TBD*	\$37.13	\$38.98
Number of indirect jobs	19,804	18,178	TBD*	18,542	19,469
State and local tax revenue estimates (in millions)	\$202.4	\$160.40	TBD*	\$163.61	\$171.79

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Total ROI estimates on the state withholding taxes retained by all PEAK participant companies (in billions)	\$2.6	\$2.10	TBD*	\$2.14	\$2.25
Kansas economic growth estimates (in billions)	\$44.1	\$35.0	TBD*	\$35.70	\$37.49

\*PEAK End of Year reports for FY24 are not submitted until end of Q1 in FY25.

**High Performance Incentive Program**

The Kansas High Performance Incentive Program (HPIP) 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.

During FY 24, the HPIP program certified or re-certified 362 worksites, an increase of 1.0% compared to the prior year. Of these 362 certifications, 64, or 17.4%, were first time certifications indicating new worksites. During this fiscal year, the HPIP program acknowledged receipt of 283 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 \$7.35 billion. The expected new jobs resulting from these new projects totaled 7,660 jobs with a projected additional new payroll of \$545 million or about \$71,142 average wage per new job. During FY 24, HPIP program application fees generated \$130,250 in program fee income.

	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY2025 Estimates</b>	<b>FY2026 Estimates</b>
Number of HPIP applications received	343	352	362	372	382
HPIP certifications issued	343	352	362	372	382
Total dollar amount of HPIP applications fees	\$134,000	\$137,750	\$130,250	\$134,000	\$137,500
Total amount of projects' estimated capital expenditures (in billions)	\$4.89	\$7.25	\$7.35	\$7.45	\$7.55

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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 24, there were 66 tax credit transfer requests totaling \$38.1 million dollars. HPIP tax credit transfer application fees totaled \$53,400.

	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY2025 Estimates</b>	<b>FY2026 Estimates</b>
Number of Tax Credit Transfers Completed	1	14	66	76	86
Tax Credit Transfer Fees	\$1,500	\$14,000	\$53,500	\$61,500	\$69,500

**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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of Job Creation Fund applications received	7	15	9	10	10

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Percent of Job Creation Fund applications approved	100%	100%	100%	100%	100%
Total dollar amount of Job Creation Fund applications fees	\$6,750	\$6,000	\$6,000	\$6,250	\$6,250

**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.

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% 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.



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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, \$11.45 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 Small Business Development and Entrepreneurship**

The newly created Office of Small Business Development and Entrepreneurship at the Kansas Department of Commerce, established in February 2024, is dedicated to empowering and supporting small businesses and entrepreneurs throughout Kansas. Its mission is to provide comprehensive assistance through effective policies, robust programs, and strategic collaborations, ensuring access to the resources, information, and networks needed for business success. By serving as a vital link between businesses and state government, the office aims to foster a dynamic entrepreneurial ecosystem that drives economic growth and innovation across the state.

The Office of Minority and Women Business Development, housed within the Office of Small Business and Entrepreneurship, is dedicated to supporting the growth and success of small, minority, and women-owned businesses across Kansas. The Office provides a comprehensive range of resources, including technical assistance, financial guidance, business management support, certification services, and procurement information.

A cornerstone of our services is the online directory of certified businesses, available on the Kansas Department of Commerce website. This directory features enterprises certified through the Statewide Certification Program, including Disadvantaged Business Enterprises (DBE), Minority Business Enterprises (MBE), Woman Business Enterprises (WBE), and Airport Concession Disadvantaged Business Enterprises (ACDBE). With 704 certified businesses listed, this directory serves as a vital resource for organizations seeking to connect with these enterprises.

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In November 2023, we hosted the Minority and Women Business Awards Luncheon, an event celebrating the accomplishments of thirteen exceptional minority- and woman-owned businesses, as well as the communities and corporations that support them. This year marked the introduction of the Governor’s Distinguished Business Award, adding a new level of recognition to the event.

Our certification activities in FY 24 were notable:

- Conducted 32 certification workshops/presentations
- Conducted 48 site visits (Virtual and/or in-person)
- Certified 306 businesses (Disadvantaged Business Enterprise; Minority Business Enterprise; Woman Business Enterprise and/or Airport Concession Disadvantaged Business Enterprise)
  - 89 were new applications
  - 217 were renewals
  - 0 were suspended

Our collaborative efforts involve partnerships with local, state, and federal organizations, as well as economic development entities. These collaborations focus on enhancing education, development, and procurement opportunities for minority and women-owned businesses.

	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of certified companies	180	106	306	350	400
Number of workshops conducted	11	16	32	35	38

**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

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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.

**State Small Business Credit Initiative (SSBCI) Collaboration**

The Department of Commerce has established a strategic partnership with the Kansas Center for Entrepreneurship (NetWork Kansas) to advance the State Small Business Credit Initiative (SSBCI). As a subrecipient of SSBCI funding, NetWork Kansas operates key programs including the GROWKS Loan Fund and the GROWKS Angel Capital Support Program. These initiatives work to enhance capital access for underserved communities by offering companion loans and equity investments supported by SSBCI resources.

This collaboration is integral to expanding our reach to entrepreneurs. NetWork Kansas, with its 17-year track record of fostering entrepreneurship in both rural and urban-distressed areas, plays a critical role in enhancing capital access.

In addition to SSBCI, Kansas was awarded \$1.3 million in technical assistance grant funding for small businesses. Kansas will leverage the expertise of the Kansas Department of Commerce and NetWork Kansas to provide essential legal, accounting, and financial advisory services. This support will assist very small businesses in applying for state and federal small business programs and connect them with SSBCI-backed loan and equity capital programs. NetWork Kansas will use its statewide Partner and ECommunity Partnership networks to identify and support underserved and very small businesses, matching them with technical assistance resources both before and after funding. Over the 5-year grant period, NetWork Kansas aims to provide technical assistance to 300 small businesses, with an anticipated 150 of these businesses securing capital.

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**Kansas Industrial Training (KIT) and Kansas Industrial Retraining (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.

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 a 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.

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In FY 24, KIT and KIR combined to fund 22 projects involving 21 companies in 12 counties. Funding of these projects totaled \$2,287,016. These funds leveraged \$2,377,313 in private sector matching funds. When complete, these projects will result in the training of 3,428 individuals. The KIT program will train 1,169 newly created jobs, and 2,259 existing jobs will be retrained and retained through the KIR program.

*Success Stories:*

KIT

Hilmar Cheese Company (Hilmar) produces function cheese and whey ingredients at scale to sell to packaging companies to be sold all over the United States and abroad. Hilmar has built a new plant in Dodge City and will create 214 positions to staff the new facility. The new positions will participate in classroom and on-the-job training from in-house staff on topics related to new employee orientation, milk operations, cheese operations, protein operations and equipment maintenance. Total estimated cost of the project is \$301,878. The Kansas Department of Commerce will invest \$153,763 in KIT program funds with the company providing matching funds of \$148,115.

KIR

AGCO designs, manufactures, and distributes agricultural solutions to customers across the globe. The company is investing in their Heston facility to keep up with the farming industry and will need to retrain 1,492 existing employees on topics covering manufacturing simulation, welding, laser operations, assembly operations, safety, and accounting functions. Training will be provided by in-house staff and outside consultants through classroom and on the job training. Total estimated cost of the project is \$291,615. The Kansas Department of Commerce will invest \$141,740 in KIR program funds with the company providing matching funds of \$149,875.

**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.

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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.
- 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 25.0 positions

FY 2025: \$2,583,332

FY 2026: \$2,507,620

**Object Code 200: Contractual Services**

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

FY 2025: \$1,877,810

FY 2026: \$1,459,240

**Object Codes 300: Commodities**

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

FY 2025: \$25,753

FY 2026: \$25,063

**Object Code 400: Capital Outlay**

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

FY 2025: \$19,600

FY 2026: \$8,200

**Object Code 550: State Special Grants**

FY 2025: \$64,189,940

FY 2026: \$41,590,572

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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 **KANSASWORKS** 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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Workforce Development	Number of net new jobs posted on KANSASWORKS.com	17,535	13,876	16,977	17,317	17,663
Performance Training Services	Number of individuals trained through Workforce Services	1,668	1,078	1,201	1,225	1,250
Employment Services	Number of Kansans served with job search counseling, resume writing and other services	21,318	25,563	27,005	27,545	28,096

**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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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 is dramatically scaling 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 has three focus areas to expand the use of Registered Apprenticeship in the State of Kansas:

1. Be a resource provider by 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; a \$2.5 million grant for non-profits and healthcare; and a \$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.

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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. 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.

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

The RESEA program is a collaboration between the Kansas Department of Commerce and the Kansas Department of Labor to provide early-intervention job search assistance and career counseling to unemployment claimants deemed likely to exhaust their benefits. 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 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

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- 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 the 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.

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; veterans who self-attest to having disabilities; 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

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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.

**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:

- 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 24, Commerce certified 977 workers through job opportunities and inspected 533 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

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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 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 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

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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 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, and 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.

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Effective July 1, 2021, the TAA Program reverted to a modified version of the Trade Reform Act of 2022 (Reversion 2021). 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.

The TAA Program entered termination provisions effective July 1, 2022, due to no Congressional action to reauthorize the program. Although the termination provision of the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA 2015) prohibits USDOL from certifying petitions for TAA group eligibility as of July 1, 2022, workers certified as eligible to apply for assistance under a petition approved prior to July 1, 2022, and who were separated on or before June 30, 2022, continue to be entitled to TAA Program Benefits and Services. States are required to continue to operate their TAA Program in accordance with the termination provisions and must continue to administer the 2002 Program, the 2011 Program, the 2015 Program and the Reversion 2021 Program in accordance with existing regulations. In addition, under phase-out termination, states must continue to provide outreach to identify affected workers and must serve any workers covered by a certified petition who were separated from trade-affected employment on or before June 30, 2022.

**Federal Bonding**

The Federal Bonding program provides fidelity bonds that protect employers against employee fraud and dishonestly for “at-risk” job seekers. 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. Justice-involved men, women, and youth
2. Individuals in recovery from substance use disorders
3. TANF recipients
4. Individuals with poor credit records
5. Economically disadvantaged youth and adults who lack work histories
6. Individuals dishonorably discharged from the military

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



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The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers who invest in American job seekers who have consistently faced barriers to employment. Employers may meet their business needs and claim a tax credit if they hire an individual who is in a WOTC targeted group.

The WOTC target groups include:

1. Qualified IV-A Recipient
2. Qualified Veteran
  - Veteran Receiving SNAP
  - Disabled Veteran
  - Unemployed Disabled Veteran (6 Months Unemployed)
  - Unemployed Veteran (4 Weeks Unemployed)
  - Unemployed Veteran (6 Months Unemployed)
3. Qualified Ex-felon
4. Designated Community Resident
3. Vocational Rehabilitation Referral
6. SNAP Benefits
4. Supplemental Security Income (SSI)
5. Ticket-To-Work
6. Long-Term Family Assistance Recipient
7. 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, 2025. 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.

**Kansas PROWD (*Partners for Reentry Opportunities in Workforce Development*)**

In September 2023, Commerce received \$3,834,170 from the US Department of Labor and the US Bureau of Prisons to establish partnerships between the federal prison system and the public workforce system to ensure individuals re-entering their communities would have the training and competencies to compete for good jobs with livable wages. The Kansas PROWD grant period is September 2023 through September 2027 and will provide services to eligible participants while still in the custody of the Bureau of Prisons and after release to the community. Commerce and its partners will provide employment preparation services, competency development, postsecondary education and training, case management, supportive services and employment placement services to 345 individuals.

**Women’s Second Chance Employment Counseling and Training Program**

In December 2023, Commerce was awarded \$900,000 of Second Chance Act funds from the Department of Justice, Bureau of Justice Assistance, to provide inside-outside employment services to women who reside at Topeka Correctional Facility. The first year of the program is dedicated to planning and start-up, with service delivery scheduled to begin in January 2025 and continue until December 2027. Women will receive intensive case management, individualized career planning services and technical education while still in custody. These services will then continue after release into the community to help ensure participants successfully obtain and maintain employment in demand occupations. At least 130 individuals releasing to northeast Kansas will be served.

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State of Kansas

Program: Workforce Services Division

**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 to 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, 2026. 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, three additional medical systems and three business groups.

**Equitable Transition Model Initiative**

On April 4, 2024, Kansas was one of only four states to receive a five-year grant to demonstrate an enhanced model for supporting youth and young adults with disabilities who are transitioning from PreK-12 education to employment and/or postsecondary education. The funding award for year one is \$2,585,150. Commerce is slated to receive over \$17,000,000 in total to establish partnerships, develop systems for support, establish curriculum for multiple professionals who serve youth and young adults with disabilities, and create professional certification for individuals who provide job coaching for those who need specific support to be successful at work. The project will be piloted in Garden City in Year One and will move across the state in Years 2-5. Commerce and its partners plan to serve at least 1440 youth and young adults with disabilities, and their families, during the five-year grant period.

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Program: Workforce Services Division

**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 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Employment rate for adults served by Workforce Services	67.4%	74.0%	74.4%	79.0%	79.0%
Employment rate for dislocated workers served through Workforce Services	80.2%	86.8%	86.9%	86.0%	86.0%
Total number of people served	21,804	25,563	28,206	28,770	29,346
Percent of individuals receiving Workforce Services programs that obtain employment	49.3%	74.9%	75.0%	76.5%	78.0%
Number of job openings - KANSASWORKS.com	780,528	730,757	408,933	417,112	425,454
Number of job seeker resumes - KANSASWORKS.com	8,691	8,154	9,895	10,093	10,925

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Number of employer contacts on KANSASWORKS.com	11,045	10,054	9,894	10,092	10,294
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<b>Workforce Services WIOA Title I &amp; III Adult:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Percent employment rate 2nd quarter after exit	75.20%	79.4%	74.4%	79.0%	79.0%
Percent employment rate 4th quarter after exit	72.2%	75.8%	76.9%	78.5%	78.5%
Amount of median earnings 2nd quarter after exit	\$7,118	\$8,420	\$8,410	\$8,600	\$8,600
Percent credential attainment within 4 quarters after exit	80.8%	69.7%	78.7%	76.5%	76.5%
Measurable Skills Gain	75.1%	52.5%	69.6%	68.0%	68.0%

<b>Workforce Services WIOA Title I &amp; III Dislocated Worker:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Percent employment rate 2nd quarter after exit	80.2%	86.8%	86.9%	86.0%	86.0%
Percent employment rate 4th quarter after exit	77.7%	87.3%	87.2%	87.0%	87.0%
Amount of median earnings 2nd quarter after exit	\$9,965	\$11,109	\$13,052	\$12,000	\$12,000

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Percent credential attainment within 4 quarters after exit	75.1%	78.8%	84.6%	86.9%	86.9%
Measurable Skills Gain	76.1%	58.1%	88.0%	80.0%	80.0%

<b>Workforce Services WIOA Title I &amp; III Youth:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Percent employment rate 2nd quarter after exit	76.1%	76.8%	78.1%	78.0%	78.0%
Percent employment rate 4th quarter after exit	71.8%	81.2%	74.4%	78.0%	78.0%
Amount of median earnings 2nd quarter after exit	\$3,421	\$4,622	\$5,095	\$4,500	\$4,500
Percent credential attainment within 4 quarters after exit	60.4%	59.2%	60.2%	66.3%	66.3%
Measurable Skills Gain	64.0%	39.1%	59.6%	51.2%	51.2%

<b>Workforce Services WIOA Title I &amp; III Wagner Peysler:</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Percent employment rate 2nd quarter after exit	67.4%	74.0%	74.8%	72.1%	72.1%
Percent employment rate 4th quarter after exit	65.5%	67.9%	75.7%	69.0%	69.0%
Amount of median earnings 2nd quarter after exit	\$5,957	\$8,474	\$8,722	\$8,896	\$9,074

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**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 153.00 positions

FY 2025: \$10,724,467

FY 2026: \$10,851,486

**Object Codes 200: Contractual Services**

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

FY 2025: \$3,370,312

FY 2026: \$3,256,218

**Object Codes 300: Commodities**

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

FY 2025: \$78,888

FY 2026: \$79,962

**Object Code 400: Capital Outlay**

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

FY 2025: \$209,000

FY 2026: \$207,800

**Object Code 550: Other Assistance**

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

FY 2025: \$28,015,682

FY 2026: \$24,560,603

**Object Code 500: Capital Improvements**

FY 2025: \$200,000

FY 2026: \$130,000



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Program: Quality Places Division

The Quality Places Division works to enhance the overall quality of life and economic vitality of communities throughout Kansas. It focuses on creating attractive, sustainable, and vibrant environments that appeal to residents, businesses, and tourists. This division oversees programs that promote the development of public spaces, infrastructure, and cultural amenities, aiming to improve community well-being and foster economic growth. By supporting projects that enhance aesthetics, connectivity, and livability, the Quality Places Division helps Kansas communities attract new investments and retain residents.

These departments within the Division include the Office of Broadband Development, the Office of Rural Prosperity, Community Development Block Grants, Kansas Main Street, and Quality Place Specialists.

Through its programs, the division helps Kansas communities find solutions for infrastructure and quality-of-place investments. The division's mission is to strengthen communities by enhancing their existing assets and creating vibrant and attractive environments where residents and businesses can thrive. Communities that invest in quality-of-place initiatives see long-term economic benefits as well as improvements at both the individual and community levels. Quality of Place is essential for attracting and retaining talent, which drives community economic growth, through business recruitment and business expansion.

**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 \$800 million in reinvestment took place and more than 4,000 small businesses were started or expanded, creating over 10,000 new jobs. In 2023, 30 designated communities established 212 new and expended businesses, and generated \$39 million in reinvestment.

Girard and Kansas City were the newest Designated communities to join the program in 2024. They join, Atchison, Baldwin City and Junction City (added in 2021), Eureka, Great Bend, Hays, Newton, Salina, Topeka and Valley Center (added in 2022) and WaKeeney (added in 2023). All of these communities are making a significant commitment to improve their downtowns and are eligible to receive a high-level of technical assistance and services, including market analysis, assistance building organizational capacity, design assistance, and other resources offered by Kansas Main Street and Main Street America.

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The Main Street 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 56 communities involved in the Affiliate program and those communities have received training and technical assistance in the areas of fund raising, entrepreneurial development, code issues in downtown buildings, 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) promotes self-sufficiency for low-income Kansas residents by fostering asset development through a matched savings initiative. The program, overseen by the Department of Commerce, allocates up to \$500,000 in state income tax credits annually.

These tax credits, valued at 75% of the contribution amount, incentivize donations that serve as matching funds for participants' savings. Program participants can use their accumulated savings for various purposes, such as purchasing a first home, making home repairs, starting or expanding a small business, or pursuing post-secondary education and specialized skills training.

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

In 2022, the Department of Commerce authorized a second nonprofit, Community Housing of Wyandotte County (CHWC), to administer IDAs. Since then, CHWC has been granted \$100,000 in tax credits, while IHCS continues to receive \$400,000 in allocations. Both organizations have shown success in utilizing the credits and are expected to fully utilize all available tax credits during the 2024 and 2025 calendar years.

**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

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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 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 14 project applications were funded in FY 24. The CDBG Annual Competition round, where we award 75% of our projects, was pushed from May to November 1, 2024. Therefore, so that data will be captured in next year's budget submission. Contract administration has increased with 104 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 increased in 2024. Overall, CDBG is on track to disburse funds in accordance with federal guidelines.

<b>Community Development Block Grant</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number applications received	43	50	43*	55	50
Percent applications approved	93%	80%	58%	85%	85%
Total requested dollar amount	\$17,756,356	\$14,721,811	\$8,187.894**	\$34,000,000	\$20,000,000
Total dollar amount of approved CDBG agreements	\$17,640,932	\$11,948,412	\$5,271,540	\$28,000,000	\$15,000,000
Total number of persons benefitting	81,143	91,317	121,289	120,000	90,000
Total number of housing units rehabbed	80	8	44	30	30

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\*Applications include final round of CDBG Covid funding

\*\* This number decreased in 2024 because the program changed the annual competition date from May 2024 to November 2024 so that data will be captured in next year’s budget submission

**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**

The Community Service Tax Credit Program incentivizes cash and non-cash contributions to nonprofit organizations engaged in specific community service activities. Kansas income tax credits are awarded annually on a competitive basis to help nonprofits attract donations from individuals, businesses, financial institutions, and insurance companies.

To qualify, nonprofit recipients must focus on one or more of the following areas: community service (including childcare, non-governmental crime prevention, youth apprenticeship and technical training) or healthcare services. The program offers a tax credit of 70% for donations made to nonprofits in communities with fewer than 15,000 residents, and 50% for donations in communities with populations greater than 15,000. The minimum donation required is \$250.

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The program enhances nonprofit capacity to address the needs of targeted Kansas communities. Applications for Community Service Tax Credits consistently exceed the annual allocation. In FY 24, there were 59 applications, and project awards were announced in July 2023. Of the 59 applications, 36 were awarded - 23 to organizations in communities with populations under 15,000, and 13 to those in communities with populations over 15,000.

<b>Community Service Tax Credit Program</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number applications received	55	55	59	54	55
Percent of applications approved	47%	53%	61%	48%	50%
Total dollar amount of application fees	\$13,750	\$15,500	\$14,750	13,500	\$13,750
Total dollar amount of approved CSP agreements	\$4,093,371	\$4,084,456	\$4,011,758	\$4,099,600	\$4,100,000

**OFFICE OF RURAL PROSPERITY**

The Office of Rural Prosperity (ORP) advocates for and promotes rural Kansas and focuses on efforts designed to aid rural improvements and growth. ORP has identified key priorities to help rural Kansas communities prosper: housing, childcare/early education, community and economic development, healthcare/wellness, broadband/infrastructure, arts, and workforce. 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 to support rural communities as an advocate at the state level for all rural Kansas on programs and policies that may impact rural Kansas prosperity. Most importantly though, ORP helps to build capacity and empower communities to undertake attainable, tangible projects that will help their communities thrive and prosper.

**Rural Champions:** The Rural Champions Program provides a stipend, resources, and mentors that help a community resolve a long-standing issue that has hindered prosperity. Projects such as mental health, childcare, housing, trails, and community and economic development have all been projects completed in FY 24. Throughout the process, Champions document their process and create a guidebook at the end of the program, so that other communities can implement similar initiatives. Each Champion receives a \$25,000 grant to implement their identified project to address a key

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challenge. In partnership with the Patterson Family Foundation, we have funded the work of 12 Rural Champions and will award another round of Champions in 12 communities in FY 25.

**Historic Economic Asset Lifeline (HEAL) and Emergency HEAL:** An initiative that supports housing, small business development, and economic development is the Historic Economic Asset Lifeline (HEAL) program. This program reinvigorates downtown buildings that are dilapidated and underutilized, brings new life to a community, and creates an opportunity for new businesses to go into rural downtowns. HEAL funded 84 building revitalization projects for \$5,425,118 since 2021. In 2024, we anticipate funding approximately \$2 million for HEAL and Emergency HEAL projects, which would revitalize approximately 20 buildings across rural Kansas.

**Rural Murals:** The Rural Mural program was established in 2021, and is a tool that not only beautifies communities, but also brings a community together to celebrate its history and culture through art. Thus far, 97 murals have been created across Kansas since 2021, funding \$322,088 in 45 communities. In Spring 2025, 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. In 2023, SEED funded an additional 13 projects totaling nearly \$275,000 in funding, and we anticipate funding another \$250,000 in FY 25.

**TOWNS Capacity Building Grants:** This year, ORP in partnership with the Federal Economic Development Administration, will continue to expand the capacity of rural communities by implementing initiatives that provide training and support for towns that have not received Commerce grant funding in the past. Each of these communities will be assisted throughout the process of applying for and administering a small community beautification grant less than \$10,000.

**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 recruit new workforce to fill high demand jobs in rural Kansas communities in 95 counties designated as a Rural Opportunity Zone

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through the use of tax relief and student loan repayment assistance. Qualified individuals establishing new residency in one of the participating ROZ counties can receive student loan repayment assistance for up to \$15,000 over five years. Employers, counties, cities, foundations, and economic development organizations can sponsor these individuals by contributing a 100% match for ROZ. In FY 24, 295 residents received student loan repayment benefits, with the state’s portion equaling \$474,053.

In FY 24, we updated the administrative rules and regulations to clarify the eligibility of ROZ. With these changes, we have seen a sudden increase in applications, and we expect these numbers to increase significantly over the next two years. This fall, a diverse marketing campaign to increase awareness of the program, grow sponsorships, and recruit new residents to Kansas will be released in conjunction with the Love, Kansas campaign.

<b>ROZ</b>	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Total dollar amount ROZ student loan payments—state portion (in millions)	\$0.456	\$0.470	\$0.474	\$0.600	\$0.750
Total number of new ROZ applications received	152	117	127*	250	350
Total number of ROZ applications (cumulative over program)	4,097	4,205	4382	4557	4807
Total number of ROZ participants funded	372	345	295	350	400
Number of individuals pending funding	97	102	135	115	100

\* At the time of budget narrative submission, ROZ application window had not closed yet. Therefore FY 24 number represents applications received at time of this submission.

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

OBD continues to support investments in broadband infrastructure and address urgent digital needs for remote education, telehealth, business and overall quality of place. The Kansas Office of Broadband Development continues toward deploying more than \$720 million in investment from federal grants and matching dollars for infrastructure and digital needs. In FY 24, OBD continued to expand capacity to support program management, outreach, and technical assistance across the state. In FY 24, OBD created a Broadband Ready Community designation with best practices for communities to signal readiness for broadband buildout.

In 2020, the state authorized \$85 million in broadband funding through the 10-year Eisenhower Legacy Transportation Plan. Through this competitive infrastructure program, OBD has invested \$5 million per year for the first three years and will invest \$10 million per year for the final seven years. Program inception to date will deploy \$25 million to connect 9,107 locations with a matching investment of \$54.7 million, impacting 34 Kansas counties. These projects constructed more than 3,000 route miles of fiber infrastructure to enable high-speed broadband access. OBD will open the Broadband Acceleration Grant Year 5 with \$10 million available in 2025.

Federal funding opportunities through the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA) continues to be the primary responsibility for OBD during FY 24 and FY 25. 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 27**

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 26
Digital Connectivity Technology (ADOPT)	\$15 million	FY 24 – FY 27
Lasting Infrastructure Network Connectivity (LINC)	\$30 million	FY 23 – FY 27
Digital Opportunities to Connect Kansans (DOCK)	\$5 million	FY 24 – FY 27

In partnership with the Kansas Recovery Office, OBD successfully developed programs to distribute the ARPA Capital Project Fund (CPF) and the Digital Connectivity Technology (ADOPT) for equipment distribution and public wi-fi enablement. This effort resulted in Kansas being one of the first 8 states to receive a 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 sought 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. By FY 24, OBD closed out 2 of the 24 awarded projects, with a total investment of \$125.3 million impacting 24,567 premises. The program will run through FY 26, with projects expected to complete within two years of award.

The Digital Connectivity Technology (DCT) award was announced during the spring of FY 24. Kansas was the first state in the nation to receive approval for our program, known as Advancing Digital Opportunities to Promote Technology (ADOPT). This program will provide \$15 million to support access to equipment distribution and public wi-fi enablement to underserved Kansans. Applications opened in winter 2024, with \$4 million awarded to 9 projects from 21 applications. The second round of \$10.4 million in funding will launch in Q3 2024.

OBD is investing \$35 million from state and local recovery efforts as designated by the Strengthening People and Revitalizing Kansas (SPARK) committee to deploy last-mile and middle-mile broadband infrastructure, provide devices to underserved Kansans, and expand digital skills training. Allocations include the \$30 million investment in the Lasting Infrastructure and Network Connectivity (LINC) program and \$5 million for the Digital Opportunities to Connect Kansans (DOCK). Infrastructure priority areas include those lacking access to high-speed internet service at speeds of

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100/20 megabits (Mbps) with a sliding scale private match based on rurality. The LINC program received 67 applications requesting \$184 million, and 12 awards were announced in November 2023, with a total investment expected to exceed \$33.9 million. In FY 24, the DOCK program was launched. DOCK enables Kansans to obtain the digital literacy and associated skills necessary to live, learn, work, play and compete in a technology-driven society. The first round of DOCK awarded \$2.8 million to 16 projects, with a second round of \$1.95 million opening in FY 25.

**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 state 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 Digital Equity Planning Grant Program - Kansas	\$692,664	FY 23 – FY 24
State Digital Equity Capacity Grant Program - Kansas	\$8.2 million	FY 25 – FY 28
<b>IIJA COMPETITIVE OPPORTUNITIES</b>		
State Middle Mile Infrastructure Program \$1 Billion	\$42.5 million	FY 23 – FY 28
Tribal Broadband Connectivity Program \$980 Million	TBD	FY 23 – FY 28

Within IIJA, the Broadband Equity Access and Deployment (BEAD) allocated \$42.45 billion nationally to expand high-speed internet through planning, infrastructure and adoption programs and the Digital Equity Act (DEA) allocated \$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 the digital economy.

Both BEAD and DEA required comprehensive 5-Year Strategic Plans for the State of Kansas. 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. During FY 24 OBD created, submitted, and received federal approval for the Kansas strategic plans. In May 2024, OBD submitted the formal application for the State Digital Equity Capacity Grant Program to use the \$8.2 million allocation to implement the strategic plan.

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In FY 24, OBD hosted the Kansas Broadband Permitting Workshop with more than 100 registrants, engaging industry, utilities, and agencies to discuss regulatory processes. Kansas also received approval for the IJA BEAD Volume 2 document. OBD held 13 Regional Planning Sessions in high-need counties, emphasizing community impact on BEAD applications and continues transparency efforts through bi-weekly industry roundtables.

In FY 23, OBD was awarded \$42.5 million for the Enabling Middle Mile Broadband Infrastructure (EMMBI) program, known as the Freestate Middle Mile Network. The 600-plus-mile open-access middle-mile project seeks to lower the cost of broadband buildout in rural areas and connect to higher education and healthcare facilities. In FY 24, OBD worked through the Environmental and Historic Preservation processes and updated internet service providers on extending networks at market rates.

**USDA Broadband Technical Assistance FY24 - FY26**

In November 2023, OBD was awarded nearly \$1 million from the USDA Rural Utility Service (RUS) to conduct pre-engineering design and cost studies for some of the most rural and distressed energy counties in Kansas. OBD will collaborate with local governments and RUS staff to analyze the studies, develop mitigation strategies, and identify funding sources, including BEAD. In FY 25, OBD will competitively select an engineering partner to begin the studies.

Robust stakeholder engagement efforts continued across the state in FY 24, 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.

**Kansas Community Empowerment (formerly PRIDE)**

Kansas Community Empowerment (KCE) is a community-led initiative designed to help local leaders prepare for and manage change through technical assistance, with an emphasis on community self-improvement. KCE is a cooperative program between Kansas State University Research and Extension and the Department of Commerce. Its mission is to enhance the quality of life in Kansas communities through education, leadership development, and recognition.

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Currently, 73 communities in Kansas participate in KCE, and since its inception in 1970, the program has supported over 400 communities. KCE focuses on areas such as planning, housing, community services, beautification, and enrichment. Through citizen-led action plans, communities work to create or enhance their local assets. KCE’s planning approach is particularly valuable for smaller communities that may lack resources to expand their economic capacities. Additionally, Community Development Specialists provide targeted resources to better support KCE communities.

In FY 23, 86 KCE communities carried out 1,162 projects, with 290 involving youth assistance. Volunteers contributed nearly 52,000 hours of labor, valued at over \$1.54 million (based on the Independent Sector’s valuation of volunteer time). These communities also raised more than \$417,162 in public and private funds through local fundraising efforts, reinvesting this money into their communities. Furthermore, they engaged in 519 local partnerships and secured 712 external grants, amounting to \$1,339,332 in reported grant funding.

The Kansas Department of Commerce serves as a key partner in economic and community development for KCE communities, maintaining regular access to the KCE Database to assess community needs. The Director of Community Engagement participates in the program by presenting awards for Communities of Growth, Communities of Action, and Communities of Excellence. They also serve on the Kansas Community Empowerment Board of Directors, which acts as a fundraising partner and steering committee for the KCE Program.

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Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Quality Places Division

**EXPENDITURE JUSTIFICATION BY OBJECT CODES**

**Object Code 100: Salaries and Wages**

Staffing for the division includes 34.00 positions

FY 2025: \$3,243,274

FY 2026: \$3,270,869

**Object Code 200: Contractual Services**

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

FY 2025: \$6,241,801

FY 2026: \$5,244,525

**Object Codes 300: Commodities**

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

FY 2025: \$33,421

FY 2026: \$31,165

**Object Code 400: Capital Outlay**

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

FY 2025: \$31,852

FY 2026: \$21,002

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

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

FY 2025: \$31,859,600

FY 2026: \$15,500,000

**Object Code 550: State Special Grants**

FY 2025: \$38,221,317

FY 2026: \$17,522,725

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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 division’s overall mission – to help Kansas capitalize on opportunities in the global economy.

During FY 24, the International Division focused on reorganizing the division to best fit the needs of businesses. The structure of the International Division was solidified into three sub-divisions: Export Promotion, Foreign Direct Investment, and Global Resources. The third sub-division is designed to look at economic issues such as supply chain, workforce and education, infrastructure, tourism, arts & culture, and sports from an international perspective and how they create a stronger economic ecosystem to support export growth and foreign direct investment recruitment.

The Export Promotion team designed three new programs which are all being implemented in the first quarter of FY 25: 1) The consolidation of KITMAP/KITSAP into one export grant program called K-GLOBE, 2) a new export accelerator program called Export Kansas to assist new and early exporters entering a new international market, and 3) a series of roundtables across the state to reach Kansas companies regarding the available state and federal export programs they could utilize to expand their sales overseas. In addition, we continued to provide financial support to exporters through the existing KITMAP, KITSAP, and STEP grants. As a result, our export promotion program, international engagement increased.

**Kansas Exports**

In 2023, Kansas achieved a record-high export value of \$14.08 billion, marking an increase of nearly \$66.89 million, or 0.48 percent, compared to the previous year. This surpasses the previous peaks of \$14.02 billion in 2022 and \$12.5 billion in 2021. The growth can be attributed to pent-up demand following the global pandemic, higher product prices, and fiscal and monetary policies of key trading partners, showcasing a balanced mix of growth and resilience. Despite declines in certain agricultural sectors, Kansas maintained its competitive edge in the global market, driven by strong performances in aerospace, electrical machinery, and pharmaceutical products.

Kansas exports in 2023 exhibited robust performance with significant growth in key commodity categories and steadfast trade relationships with major international markets. The combined value of the top ten exported commodities reached \$10.88 billion. Notably, the aircraft and

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Agency: Kansas Department of Commerce

State of Kansas

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parts category saw an increase of \$340 million, electric machinery rose by \$258 million, and pharmaceutical products grew by \$130 million. In contrast, the cereals category declined by \$362 million, oil seeds decreased by \$292 million, and meat exports dropped by \$88 million. Four of the top five export destinations—Mexico, Canada, Japan, and China—remained unchanged from 2022. Germany surpassed the Republic of Korea to become Kansas’ fifth-largest export market in 2023.

In the broader five-state region encompassing Kansas, Colorado, Missouri, Nebraska, and Oklahoma, the average export value was \$11.37 billion, which is \$2.71 billion less than the Sunflower State.

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 help 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 24, 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 11 award cycle which is still ongoing, the Kansas team provided STEP assistance to 24 eligible small businesses. Award recipients reported \$12,211,364 in actual export sales.

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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) helped 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 24, the International Division received 28 applications overall and approved 13 applications for funding, resulting in \$50,172 used to support Kansas companies to attend international trade shows. Importantly, as a result of their international trade show participation, several funded companies have also now found new foreign entities or distributors.

	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of Kansas International Trade Show Assistance Program (KITSAP) applications received	16	17	28	30	30
Percent of KITSAP applications approved	68%	70%	71%	57%	57%
Total dollar amount of approved KITSAP agreements	\$27,577	\$27,371	\$50,172	\$50,000	\$50,000

**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 market research, new foreign language company brochures, international airfare, overseas lodging on foreign sales trips, etc. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 24, the International Division received 26 applications overall, funding 12 applications for a total investment of \$25,629 to support Kansas companies engaged in international marketing efforts.



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	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of Kansas International Trade Show Assistance Program (KITMAP) applications received	22	46	26	14	16
Percent of KITMAP applications approved	55%	67%	46%	50%	50%
Total dollar amount of reimbursed KITMAP agreements	\$35,650	\$53,655	\$25,629	\$50,000	\$50,000

**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 FY 24, the Kansas Mexico Representatives successfully executed four business partner searches that identified more than 21 sales agents and distributors and provided consulting services to several Kansas manufacturers. The Mexico representative also assisted with SelectUSA Mexico Roadshow in Mexico City this past year.

**Kansas Europe (German-speaking Region) Representation**

The team based in Germany is focused on identifying foreign direct investment opportunities. This involves contacting companies in key sectors with potential interest in Kansas as a location for expanding their US footprint. Since the launch of this contract in November 2023, the team has contacted over 2000 companies through a direct marketing campaign and arranged meetings for Commerce staff in Germany (18 meetings at ANUGA Food-Tech exhibition and 5 company visits) and at the SelectUSA Investment Summit (16 meetings).

**Kansas Japan Representation**

The Japan team began representing Kansas in June 2023 with a focus on identifying foreign direct investment opportunities and providing information to companies considering establishment of US operations. During FY 24, they had 65 virtual or face-to-face meetings with potential investors and multiplier organizations and attended 28 exhibitions and conferences to generate new leads in key industry sectors.

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State of Kansas

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They arranged for a Governor-led mission to Japan in September 2023, including 8 meetings with corporate executives in addition to organizing a networking reception with 40 business participants and a Kansas promotional seminar in partnership with JETRO Osaka attended by 60 company representatives.

**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 Wichita.

**International Business Recruitment**

In FY 24, the international investment team worked on successful business recruitment and expansion projects that resulted in \$195 million in foreign direct investment and 260 new jobs.

With representatives now established in two of the state’s key markets, Japan and Germany, 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 Governor’s mission to Japan and Korea in 2023 to support business recruitment efforts. This included connecting with key investors like Panasonic Energy, developing new relationships by participating in the Midwest US-Japan Association conference in Tokyo, and hosting an “Invest in Kansas” program in Osaka. The Governor also traveled to Germany in 2023 as part of a Kansas City trade delegation to promote the region, make business calls and launch the new Kansas representative team in Germany. She also led a mission to Canada in 2024, where she spoke at an aerospace event to promote the state’s leadership in this sector. In addition, Commerce staff participated in the SelectUSA Investment Summit held in Washington DC to meet with executives of international investors, exhibited at the CleanPower 2024 renewable energy event, attended the RSA Cybersecurity Conference, and traveled to Germany on a staff mission to promote Kansas to advanced manufacturing companies involved in the food and agricultural equipment sectors.

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Agency: Kansas Department of Commerce

State of Kansas

Program: International Division

**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 2.7 million homes and representing total investment of over \$17 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 2023, wind energy provided nearly 47% of electricity generation in Kansas, the third-largest share for any state. With 9,141 megawatts of wind energy in operation, Kansas currently ranks among the top five states for installed wind capacity and is 7<sup>th</sup> for overall clean power generation. The state’s largest wind facility, the 604-megawatt High Banks wind farm, came online in December 2023. 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. A number of projects involving energy storage systems have also been proposed. In addition to 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, but construction of the new 150-megawatt Boot Hill Solar Farm in Ford County is expected to start in late 2024.

Commerce staff have been 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 630 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 in western Kansas with capacity to produce 85 million gallons of renewable diesel annually from local animal fats and vegetable oils.

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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 2025: \$932,287

FY 2026: \$938,355

**Object Code 200: Contractual Services**

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

FY 2025: \$593,293

FY 2026: \$549,892

**Object Codes 300: Commodities**

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

FY 2025: \$17,792

FY 2026: \$7,223

**Object Code 400: Capital Outlay**

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

FY 2025: \$500

FY 2026: \$500

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

Expenditures are reflective of grant payments

FY 2025: \$201,757

FY 2026: \$176,757

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Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division

The Kansas Tourism Division’s 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 include promotion to domestic and international 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, the Sunflower Summer program, 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 and the newly launched Mobile Visitor Center. These Visitor Centers serve an important role in welcoming and orienting visitors to Kansas by showcasing Kansas experiences and 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 Love, Kansas initiative, 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 Convention and Visitor Bureaus, 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 Kansas Tourism is better equipped to align resources to achieve the highest return on investment for Kansas.

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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 and 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 and tourism opportunities and services to visitors at two state managed Travel Information Centers and the traveling Mobile Visitor Center
- 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.

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State of Kansas

Program: Tourism Division

- 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.
- Manage grant programs to assist in local tourism development and marketing initiatives including the Attraction Development Grant and a local Tourism Marketing grant.
- 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 through 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.

**Love, Kansas Program**

The Love, Kansas program is a talent attraction initiative with the goal of bringing potential boomerangs and new residents to the state to fill the many quality jobs we have available. By partnering with local communities, this initiative markets the available jobs and Kansas’ quality of life to identified markets. The campaign’s strategies include LoveKansas.com, digital marketing, social media, paid advertising, journalist and influencer engagement, and targeted in-person events.

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Division of the Budget

Agency: Kansas Department of Commerce

State of Kansas

Program: Tourism Division**Performance Measures for Tourism**

	<b>FY 2022 Actuals</b>	<b>FY 2023 Actuals</b>	<b>FY 2024 Actuals</b>	<b>FY 2025 Estimates</b>	<b>FY 2026 Estimates</b>
Number of visitors to Kansas	33,700,000	36,400,000	37,900,000	38,000,000	38,500,000
Amount of statewide Transient Guest Tax collections	\$51,430,093	\$59,781,952	\$62,872,264	\$63,000,000	\$64,000,000
Visitor spending in the state	\$7,000,000,000	\$7,700,000,000	\$8,000,000,000	\$8,200,000,000	\$8,400,000,000
Number of registered Agritourism businesses in Kansas	428	431	427	429	431



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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 18.50 positions

FY 2025: \$1,786,601

FY 2026: \$1,804,136

**Object Code 200: Contractual Services**

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

FY 2025: \$7,399,585

FY 2026: \$5,922,200

**Object Codes 300: Commodities**

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

FY 2025: \$27,315

FY 2026: \$25,924

**Object Code 400: Capital Outlay**

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

FY 2025: \$18,775

FY 2026: \$12,750

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

Expenditures are reflective of grant payments

FY 2025: \$11,036,197

FY 2026: \$4,922,544