



June 9, 2020

STRENGTHENING PEOPLE AND REVITALIZING KANSAS (SPARK) TASK FORCE

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020, provided \$150.0 billion in direct relief from the U.S. Treasury to states, tribal governments, and U.S. territories through the Coronavirus Relief Fund (CRF). CRF moneys were allocated to States based on populations, with smaller populated states receiving a minimum of \$1.25 billion. Direct relief from the CRF was made available to local units of governments that serve a population in excess of 500,000. U.S. Treasury guidance stipulated that CRF moneys may only be used for expenditures related to COVID-19, cannot be used to fill revenue shortfalls, and must be expended by December 30, 2020.

Kansas was allocated \$1.25 billion in CRF moneys from the U.S. Treasury, with \$1.03 billion allocated to state government and \$215.9 million allocated for direct relief to local units of government in Johnson County and Sedgwick County.

This memorandum outlines the process by which the Governor is utilizing an appointed task force to derive recommendations regarding the distribution of the CRF moneys in Kansas and the work that has occurred thus far.

SPARK Task Force

The Governor established the Strengthening People and Revitalizing Kansas (SPARK) Task Force on May 19, 2020, which is charged with recommending the distribution of \$1.03 billion in CRF moneys allocated to state government. The task force is part of the newly formed Office of Recovery within the Office of the Governor and is composed of gubernatorial-appointed members representing the business community, economic development, and the Legislature. A five-member executive committee will make recommendations based on the work of a 15-member steering committee organized into three subcommittees focusing on communication and engagement, finance and policy development, and implementation and accountability. Recommendations of the SPARK Task Force are subject to approval of the State Finance Council pursuant to provisions in 2020 Special Session HB 2016.

On June 2, 2020, the SPARK Task Force Executive Committee met to establish a framework for distributing funds. The Office of Recovery proposed a three-phased approach.

- Round 1 will provide \$400.0 million to county governments for public health expenditures in responding to the COVID-19 pandemic. This phase includes distribution of \$350.0 million to county governments, except those counties receiving direct relief from the federal government. Counties would receive at least \$194 per person, which is equivalent to the rate used by the federal

government when determining the direct relief for Johnson and Sedgwick Counties. The Executive Committee further recommended that county governments receiving moneys from the state be responsible for allocating and sharing awarded funds with local units of government within their respective counties. Payment of these funds will be issued in June 2020. Round 1 details are as follows:

- In terms of the fund allocated in Round 1, 50.0 percent of those funds would be distributed immediately and 50.0 percent as reimbursement for eligible expenditures. Counties will be required to reconcile their expenditures to demonstrate a purpose that is in compliance with the Federal CARES Act by September 1 and return any unspent funding to the State by November 1; and
- Round 1 also will include establishment of an Impact Fund totaling \$50.0 million to provide additional funds to county governments, including those receiving direct federal relief, most impacted based on COVID-19 case rates and unemployment rates;
- Round 2 will provide approximately \$525.0 million for short-term and long-term opportunities to generate economic growth. This phase will require the greatest input from the SPARK Task Force. Proposals will be solicited from public and private entities, with payment of these funds occurring in August 2020; and
- Round 3 will provide approximately \$109.0 million for a possible reemergence of COVID-19 and further economic recovery. Round 3 will also include the reallocation of any unspent funds returned from county governments after Round 1. Both public and private entities would be eligible for funding, with payment of these funds occurring in October 2020.

June 8, 2020, Meeting

On June 8, 2020, the SPARK Steering and Executive committees met to review CARES Act requirements, discuss recommended phases of funding, and determine funding priorities for the distribution of the State's allocation of CRF moneys during Round 2. After reviewing the recommendations of the Executive Committee regarding Round 1 distribution, the committees broke out into three groups to determine funding priorities that would shape language used in a request for proposals made available to public and private entities seeking support in Round 2. Discussion included an overview of data associated with four critical areas of investment: education, infrastructure, health, and economic development.

Discussion questions that guided each group:

- What would the task force like to see accomplished in Kansas within the next five years;
- How could the task force invest these funds to make this possible; and
- What organizations might be good for working in these spaces;

Facilitators from each group reported out and the following trends and priority items emerged.

Economic Development

- Strengthen workers' compensation programs and stabilize unemployment insurance;
- Provide support to small businesses for the purchase of personal protective equipment (PPE) and costs associated with mitigating the impact of COVID-19;
- Provide seed money that would allow businesses to restart in a safe manner;
- Provide support to businesses for internships, apprenticeships, and workforce training to create a workforce that is adaptable to resurgence of COVID-19 and future public health events. Develop workforce retraining programs to address those unemployed as a result of COVID-19;
- Ensure state funding support does not duplicate support provided through other federal relief programs; and
- Assist Kansas businesses focused on producing material critical for COVID-19 response, such as PPE and ventilators.

Education

- Find ways to bring K-12 and Higher Education students back in a safe manner that includes support of PPE, testing, treatment, and vaccination;
- Ensure all students have internet access, whether through digital hot spots or broadband expansion. Place emphasis on connecting underserved populations in rural areas and low-income urban areas;
- Place more emphasis on STEM (science, technology, engineering, and mathematics) education in order to better prepare a future workforce;
- Address mental health needs resulting from COVID-19 among students;
- Enhance access to digital devices among students and implement rigorous cybersecurity to control content and protect personal information;
- Develop a high-quality digital curriculum, which better positions schools for another wave of COVID-19 and provides more learning options in the future; and
- Invest in virtual learning among technical schools and align curriculum with the needs of businesses to generate a more skilled future workforce.

Health

- Address community health services needs, such as PPE, testing, tracing, and vaccination, and enable hospitals to continue routine procedures during a public health crisis;
- Support rural nursing homes, which may lack resources to respond to potential outbreaks;
- Further develop telehealth capabilities to aid in COVID-19 response, but also to address chronic individual health issues and future public health events, particularly among unserved populations; and
- Consider a reinsurance program for the individual marketplace to lower premiums.

Infrastructure

- Broaden 5G network and expand broadband capabilities to ensure the flow of critical information, such as public health notices and commerce related to food and supplies; and
- Enhance support infrastructure for vulnerable populations through housing, food banks, and support systems for homeless populations.

Upcoming Meetings

The SPARK Task Force Executive Committee will meet on June 15, 2020, to review the priorities identified by the Steering Committee. The Steering Committee will reconvene on the week of June 22, 2020, to make a determination on funding allocations for Round 2.