State Finance Council
Office of Recovery Recommendations
10/29/20
Total CRF Allocations to Date

$1.034 B
Total Available

- Round 1: $400 M Counties
- Round 2: $314 M Public health, Education, Eco-Devo, Connectivity
- Round 3: $215 M COVID-19 testing, child supervision, housing stability

Reserve Fund $75 M

- More than 20 meetings have been held since June to develop these recommendations
- Thank you!

Presented at 9/17 SFC Meeting
What have we learned in the last 150 days?
1. Be flexible/responsive: Needs can shift quickly

COVID-19 Case Rates at 1st SPARK Meeting
June 2, 2020

Ex: Allowing counties to tailor investments to their needs & adjust along the way

Current COVID-19 Case Rates
October 27, 2020
Benefit, risk & guidance

- Project Benefit
- Control

Illustrative Only

State Admin
County Admin
Kansas has a strong oversight process

<table>
<thead>
<tr>
<th>Approved Allocation</th>
<th>Projects &amp; Programs Shaped by</th>
<th>Monitors for Compliance</th>
<th>Risk Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Round 1:</strong> Counties</td>
<td>SFC &amp; SPARK</td>
<td>Counties &amp; Local taskforces</td>
<td>Office of Recovery</td>
</tr>
<tr>
<td><strong>Rounds 2 &amp; 3 State Agencies</strong></td>
<td>SFC &amp; SPARK</td>
<td>SFC &amp; SPARK</td>
<td>Office of Recovery</td>
</tr>
</tbody>
</table>

- Keep in mind that compliance is a moving target.
  - U.S. Treasury has sent updated guidance frequently
We work with counties to **ensure** investments are **compliant** & to **strengthen** these **investments**
Be open to new strategies and partnerships

Don’t spend just “to spend”

Ex: Statewide Courier
Program **specificity can limit** our ability to serve **Kansans**

**External issues can create delays**

Ex: Support for Essential Workers
Delivery **time** matters!

Only **39 working days** remain before Dec. 30 deadline

Impacts all investments
Round 1:
105 Counties

Round 2:
23 Statewide Programs

Round 3:
3 Statewide Programs

Recovery Office
compliance, coordination

Counties Administer

Agencies Administer

Agencies Administer

Complete
Underway
Not needed
## Overview of Each Funding Round Priorities

<table>
<thead>
<tr>
<th></th>
<th>1st ROUND</th>
<th>2nd ROUND</th>
<th>3rd ROUND</th>
<th>Reserve Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECIPIENTS</td>
<td>Local Govts.</td>
<td>Public/Private entities</td>
<td>Public/Private entities</td>
<td>Public/Private entities</td>
</tr>
<tr>
<td>AMOUNT</td>
<td>$400 M</td>
<td>$314 M</td>
<td>$215M</td>
<td>$75M</td>
</tr>
<tr>
<td>Basis of Award and Benefit:</td>
<td>88% Population + 12% Impact</td>
<td>SPARK &amp; SFC allocation to priorities</td>
<td>SPARK &amp; SFC allocation to priorities</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Localized solutions to serve each county’s unique needs</td>
<td>Statewide investments: education, connectivity, economic development &amp; public health goals</td>
<td>Statewide investments: public health, essential needs, business resiliency &amp; workforce support</td>
<td>Round 2 or 3 priorities depending on demand</td>
</tr>
</tbody>
</table>

Presented at 9/17 SFC Meeting
Consistent approach, changes reflective of lessons learned

<table>
<thead>
<tr>
<th></th>
<th>9/17 SFC Meeting Approved</th>
<th>Proposed Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Recovery must request SFC approval to distribute Reserve Funds for previously approved programs</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Reserve Fund prioritization process</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Recommendations to release Reserve Funds</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Modifications to existing Round 2 programs, ability to transfer funds among programs to expedite delivering services for Kansans</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
## Round 3: Maximums & Reserve Fund for Each Program

### 3 Big Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Public Health</th>
<th>Essential Needs &amp; Services</th>
<th>Biz Resiliency &amp; Workforce Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum investments for top priorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COVID-19 Testing</td>
<td>$53 M*</td>
<td>$35 M</td>
<td>$40 M</td>
</tr>
<tr>
<td>Additional priorities</td>
<td>$10 M KDEM/FEMA</td>
<td>$30M COOP</td>
<td>$5M HIRE Fund</td>
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<tr>
<td>$10 M PPE Adult Homes</td>
<td></td>
<td>$30M KDOL</td>
<td></td>
</tr>
<tr>
<td>$2M for VA &amp; Corrections testing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$30 M</td>
<td>$25 M</td>
<td>$20 M</td>
</tr>
<tr>
<td>Maximum</td>
<td>$105 M</td>
<td>$120 M</td>
<td>$65 M</td>
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</tbody>
</table>

*SFC amended to include $2.77M for private colleges

Presented at 9/17 SFC Meeting
Reserve Funds Prioritization

Funds can only go to programs previously approved by SPARK & State Finance Council

Public Health
$30 M* Reserve

COVID-19 Testing (emphasis)

R-2 Public Health Programs
Examples:
• Mental Health grants
• Supplemental funding for local health departments

Essential Needs
$25 M Reserve

Housing Stability (emphasis)

R-2 Essential Needs Programs
Example:
• State agency operations for essential services

Biz Resiliency
$20 M Reserve

Child Supervision (emphasis)

R-2 Biz Resiliency Programs
Example:
• Small Business grants

Public Health or Biz Resiliency

Essential Needs or Biz Resiliency

*Reserve adjusted based on SFC amendment for $2.77 M to private colleges

Presented at 9/17 SFC Meeting
Reserve Funds Prioritization for Public Health

$30 M Reserve

1st Priority
COVID-19 Testing

2nd Priorities
R-2 Public Health Programs
Examples:
- Mental Health grants
- Supplemental funding for local health departments

3rd Priority
Essential Needs or Biz Resiliency
Did the proposals for COVID-19 testing exceed the $50M minimum?

YES. KDHE could potentially utilize up to $95M for testing.

Is expanding COVID-19 testing a top need for Kansas?

YES. Kansas is experiencing its highest case rates now. Mitigating spread has been a top priority for SPARK & SFC.

Can these funds be delivered on-time?

YES.

REC: Invest $30M of Public Health Reserve in COVID-19 Testing
Kansas Unified Testing Strategy | Steps Involved in COVID-19 Testing

1. Sourcing
   - Source testing supplies
     - Procure supplies
       - Testing hardware
       - Reagents
       - PPE for those sampling
   - Source lab capacity
     - Expand State lab capacity
     - Contract private labs
   - Identify populations to test
     - Set testing strategy by population group including
       - Who to test
       - How often to test
   - Sample those populations
     - Source and train samplers for collection
   - Transport tests to lab
     - Arrange safe, reliable logistics between sampling sites and labs

2. Testing
   - Process the results
     - Ensure reliable lab capacity through ongoing monitoring

3. Intervention
   - Share the results
     - Establish rapid reporting mechanism
   - Quarantine & contact trace
     - Set up effective contact tracing infrastructure
     - Communicate protocols to public to drive compliance
   - Communicate actions for those testing positive
Estimated cost of testing strategy up to $95M by end of year

*Composed of testing costs, sample collection costs, and ancillary costs*

Total estimated cost to State up to $95M for testing volumes of 0.6M - 1.0M tests by end of 2020

**Explanation of Ancillary Costs**

- **Marketing / Communications** – Generate awareness of and demand for testing across Kansas
- **Contact Tracing Expansion** – Increase utilization of current third-party vendor contract for contact tracing as increased testing will lead to greater need for contact tracing
- **IT** – Improve Kansans' ability to locate, schedule, and access testing using digital solutions
- **Quarantine & Isolation** – Provide support for Kansans under quarantine & isolation (food, water, essentials, etc.) as increased testing will lead to more quarantine & isolation
- **Administration Costs** – Administrative costs needed to project manage the testing ramp up
KDHE has workplan through end of year to ramp testing program

Key testing program workstreams

Phase I. Finalize strategy & Launch project
Oct 2020

Phase II. Initial testing operations ramp up
Nov 2020

Phase III. Capacity building & 2021 planning
Dec 2020
Reserve Funds Prioritization for Business Resiliency

1st Priority
Child Supervision

2nd Priorities
R-2 Biz Resiliency Programs
Example:
- Small Business grants

3rd Priority
Public Health or Essential Needs
Investment rec driven by demand, need & delivery time

1. Did the Child Supervision proposals exceed the $40M minimum?
   
   NO. More time needed to receive applications, but do not anticipate exceeding $40M

2. Is there need or demand for more Small Business grants?
   
   YES. More than $133M requested, about $35M awarded. Small businesses are among the economic sectors hit hardest. Will save jobs

3. Can these funds be delivered on-time?
   
   YES

REC: Invest $20M of Biz Resiliency Reserve in Small Business Grants
Department of Commerce will award funds to existing applicants

• Over 4,500 applicants (out of 5,700+ total) applied within the first 48 hours and were declined because funds ran out.

• Commerce will make more selections in the order the applications were received.

• Remainder of applicants will be shared with counties in case they would like to award funds to businesses in their communities who were not funded previously.
Reserve Funds Prioritization for Essential Needs

1st Priority
Essential Needs $25 M Reserve
Housing Stability

2nd Priority
R-2 Essential Needs Programs

3rd Priority
Public Health or Biz Resiliency

Example:
- State agency reimbursements for COVID-19 expenses for essential services
Did the demand for Housing Stability exceed the $35M allotted?

TBD. Applications still being received. Statewide announcement made on Oct. 21. More time needed.

2nd Priority for Essential Needs is state agency operations which requires less time to administer that application programs.

REC: Keep $25M in Essential Needs Reserve for Now.
Rec: Give RO ability to make minor modifications to programs & transfer funds among Round 2 programs

Applies to:
- Includes 23 programs approved under Round 2.
- $314 M total
- We anticipate less than $30M total will need to be redistributed or transferred among programs

Modifications:
- Program modifications will not change who receives funds.
- Gives more flexibility for how funds can be used
- All expenses will be compliant

Redistributions/Transfers:
- Directed to in-demand programs that can deliver on-time.
Need to shift funds quickly to better serve Kansas

$314 M Total in Round 2 for 23 programs

Dec. 30 Deadline

Example:
$500,000 Statewide Courier
Need to shift funds **quickly** to better serve Kansas

**$314 M Total** in Round 2 for 23 programs

Dec. 30 Deadline

Example In-demand programs

Local Health Depts.

Funds Invested
Need to shift funds **quickly** to better serve Kansas

$314 \text{ M Total} \text{ in Round 2 for 23 programs}

Dec. 30 Deadline

Example In-demand programs

- Mental Health Grants
- Local Health Depts.

Funds Invested
Need to shift funds quickly to better serve Kansas

$314 M Total in Round 2 for 23 programs

Dec. 30 Deadline

Example In-demand programs

- Food Supply Grants
- Mental Health Grants
- Local Health Depts.

Funds Invested
Need to shift funds **quickly** to better serve Kansas

**$314 M Total** in Round 2 for 23 programs

Dec. 30 Deadline

- PPE Manufacturing
- Food Supply Grants
- Mental Health Grants
- Local Health Depts.

Example In-demand programs

Funds Invested
Summary of Today’s Recommendations

Round 2:
• Modifications to existing programs
• Ability to redistribute or transfer funds among programs

Round 3:
• Invest $30M Public Health Reserve in COVID-19 Testing
• Invest $20M in Business Resiliency Reserve in Small Business Grants
Next Steps

• RO will present recommendations to SFC for how to invest all remaining funds after the November 10 spending reports have been received/analyzed.
Questions?