



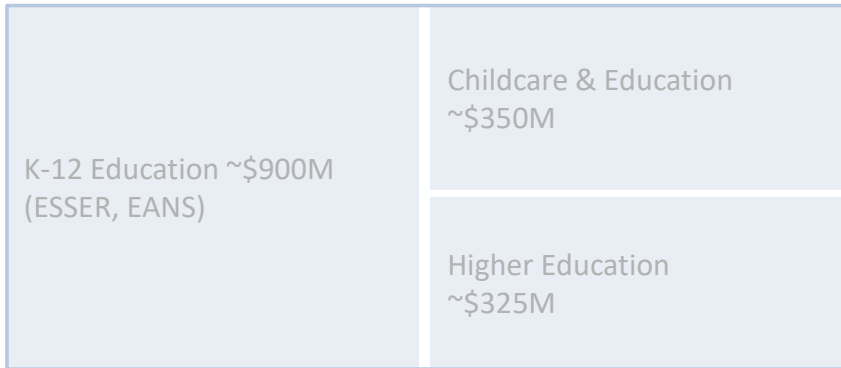
SPARK Meeting #2

15 July 2021

Recall: \$1.1B remains for SPARK consideration in ARPA state funds

Direct Payments¹ (e.g., economic impact payments) ~\$3B+

Education and Childcare ~\$1.6B

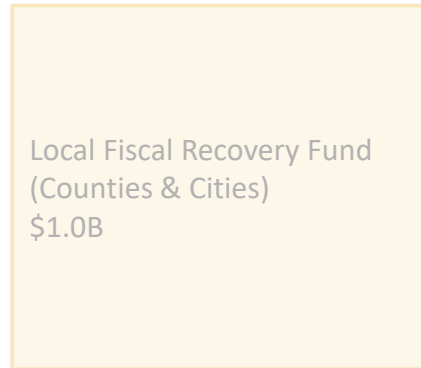


Mental health
~\$40M

Testing, Vaccines & COVID-19 mitigation
~\$480M

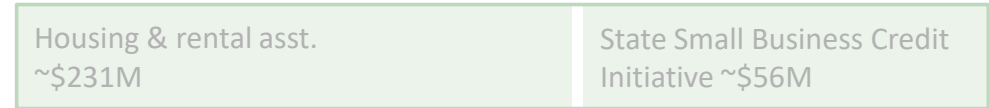
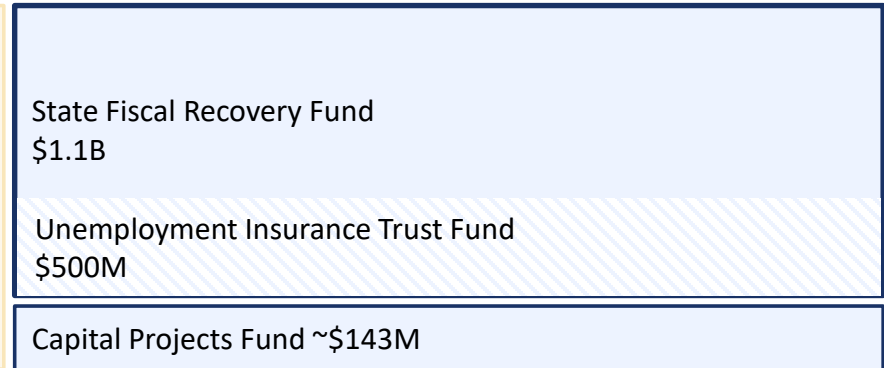
Health ~\$520M

Local ~\$1.0B



State ~\$1.6B

Focus of 2021 SPARK



Housing and Economic Revitalization ~\$287M

1. Direct Payments estimate includes only Economic Impact Payments (~\$3.3B est. to KS); additional aid expected through Child Tax Credit (~\$1-2B est. to KS; 652,000 children will receive credit), UI Benefits (\$ TBD); Food Insecurity (~\$23M est. to KS) includes increased SNAP benefits to Sep. 30 and WIC vouchers for 4 months; Small Business Relief (~\$450-850M+ est. to KS pro rata) through competitive grant programs (e.g., PPP, Restaurant Revitalization Fund, Shuttered Venue Operator Grants) Source: American Rescue Plan Act (H.R. 1319), Government Financial Officers Association

Decisions to make today

- 1 Guiding principles for SPARK Committee
- 2 Prioritized funding areas for SPARK discussion
- 3 SPARK structure & process
- 4 Outstanding SFC topic from previous SPARK meeting: UI Surge Support



What we heard: Goals & principles

"First, it's vital to address **pandemic related shortfalls and needs**"

"I don't want us to create a fiscal cliff"

"I want to be able to look back 5-10 years from now and say we changed the state, had a **transformative effect**"

"I want to make sure we **maximize use of funds** local governments & state agencies have before we go to SPARK dollars"

"We have an obligation to Kansans to prove how we're using the dollars – we need to **make sure our results are measurable**"

"I'd like to see us focus on making **one-time expenditures**, not expansion of services we'd have to bear the weight of later"



Updated guiding principles for investment of ARPA funds

To inform evaluation criteria of policies, investments, and initiatives

★ *New or updated*

- ★ **Prioritize sustainable programs & investments** through one-time use of funds vs substantial expansion of existing services
- ★ **Combine with / leverage local and agency funds** to maximize use of discretionary funds
 - **Foster long-term systemic impact** for Kansans
 - **Consider equitable opportunities** and outcomes
 - **Enable flexibility within investment strategies** (e.g., in case of emerging needs, changing federal landscape)
- ★ **Ensure results are measurable** to enable tracking & transparency

For discussion: do we agree these are the right principles?



What we heard:
Priority areas of
funding

Economic Growth and
Innovation

Affordable Housing

Technical / Vocational
Workforce Development

Key Government Facilities

Behavioral Health
(including K-12)

Cyber Security and State
IT Infrastructure

Water and Wastewater

Early Child Development
and Child Care Access

Connectivity (Broadband
Infrastructure and Services)

SPARK Executive Committee interests align to key topic areas



Essential Needs

- ★ Housing & utilities
 - Food & nutrition
 - Transportation



Economic Revitalization

- ★ Workforce development (career, technical ed.)
- ★ Talent retention & recruitment
 - Business development (incl. small businesses)
 - Business innovation
- ★ Supporting infrastructure (esp. water, sewer)



Behavioral Health

- ★ Development of infrastructure (e.g., increasing treatment capacity)
 - Community-based treatment
 - Workforce development
 - Healthcare integration and system navigation



Early Child Development

- ★ Development of infrastructure (e.g., family resource centers)
 - Workforce development
 - Supportive family services
 - Early childhood health, education, school readiness



Connectivity

- ★ Broadband infrastructure
 - Devices & equipment
 - Digital literacy
 - Supporting tools



Government Operations

- Modernization of key facilities
- Equipment upgrades
- ★ Investments in cybersecurity & IT network modernization

For discussion: Any other areas to highlight?



What we heard: Process & structure

"I'd like to **have the opportunity to sit on one of the Working Groups**"

"I don't really understand the point of the Advisory Committee – **I'd remove it**"

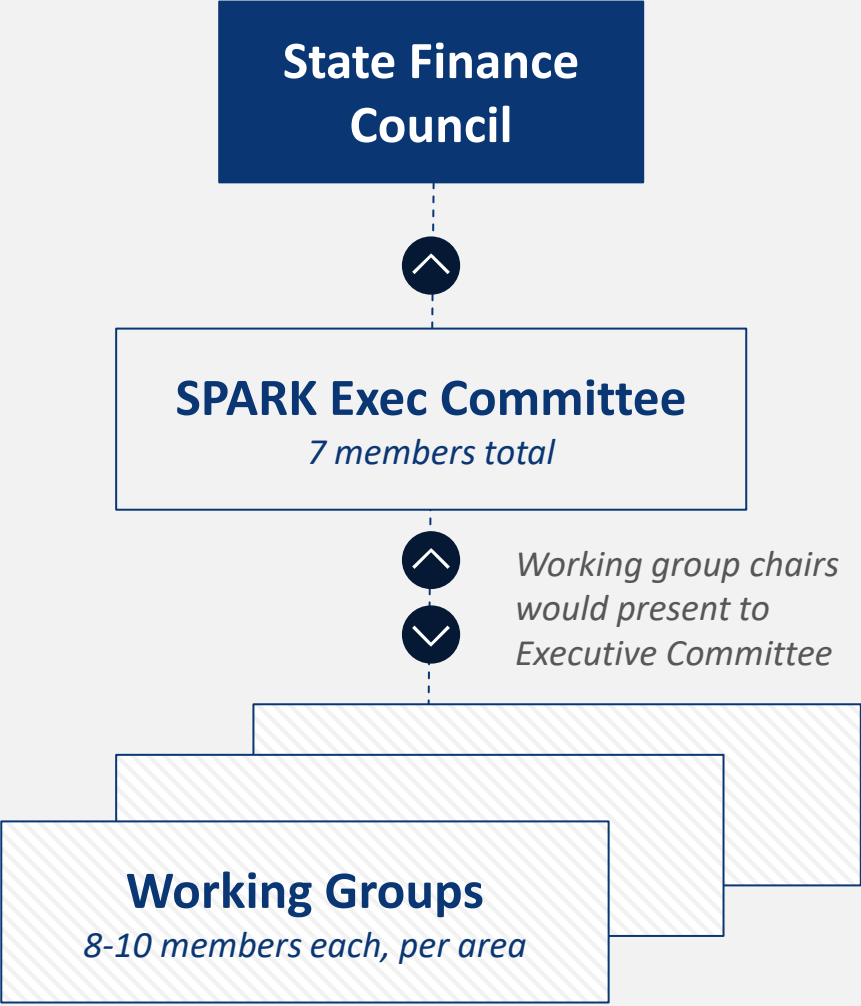
"I agree we need subject matter experts, but we **need to form Working Groups in a collaborative way**"

"We should really **embrace intellectual conflict** through this process"

"Is there a way to make Executive Committee meetings **feel more interactive and working-style**, vs so formal?"

"I'd like some clarity around **how the decisions will be made**"

New proposed SPARK structure



For discussion:

Are there changes you would propose to enable further collaboration?

Outstanding Topics

Proposal for SPARK: [KDOL UI Surge Support]

New or existing program?

Existing program (expansion)

Description

- Continued surge support and system stabilization support throughout the duration of extended federal unemployment insurance program
- Programs currently expire on September 4, 2021

Budget requested

- Total: \$22M, for:
- UI Call Center Surge (\$20M)
 - Supplemental IT Support (\$2M)

Coronavirus Relief Fund (CRF) – CARES Act

Proposed funding source

FEMA guidance changed February 2nd, 2021, reducing the State's contribution for FEMA-eligible services from 25% to 0%. These dollars were originally allocated under the 2020 SPARK process, and now have been recouped and are available for reallocation

Rationale

- Since March 2020, KDOL has paid out over 4.6 million weekly claims totaling over \$3 billion
- Call volumes have gone from 1.7 million in one day early last year to 28,000 calls per day today, and the agency has worked through backlogs in regular UI, PUA, and adjudications
- Increased staffing and surge support has allowed the agency to process over \$300 million in back payments for federal programs. Additional funding will allow KDOL to continue this level of support while the federal programs remain in place
- The complexity of pandemic-related programs and the age of the legacy mainframe benefits system both contribute to ongoing need to serve Kansans

Allowability

- Expansion of existing CRF-funded program

Next steps

- Provide additional information and analyses on key topic areas
- Implement agreed-upon SPARK structure
- Confirm proposed dates for upcoming SPARK Executive Council meetings

