



2021 State Finance Council



LAURA KELLY, Governor

AGENDA

STATE FINANCE COUNCIL

September 3, 2021

3:00 p.m.

by Webex

Approval of State Finance Council minutes of August 5, 2021

Item to be considered:

1. Consider SPARK proposal to support frontline nurses

STATE FINANCE COUNCIL

MINUTES

August 5, 2021
11:30 a.m.

The Kansas State Finance Council was called to order by Governor Laura Kelly at 11:33 a.m. The following members were present via WebEx:

Present via WebEx

Senator Larry Alley, Senate Majority Leader
Senator Dinah Sykes, Senate Minority Leader
Senator Rick Billinger, Senate Ways & Means Chair
Representative Ron Ryckman, Jr., Speaker of the House
Representative Dan Hawkins, House Majority Leader
Representative Tom Sawyer, House Minority Leader
Representative Troy Waymaster, House Appropriations Chair
Governor Laura Kelly

Senator Alley could be seen as present on the WebEx platform when roll was called but was not heard to respond when his name was called, thus his name was not called when votes were taken.

APPROVAL OF MINUTES

Representative Sawyer moved that the Minutes of the June 24, 2021, meeting be approved. Representative Hawkins seconded the motion. Motion was adopted unanimously. Motion was adopted by a vote of six in favor plus the Governor. Votes were as follows:

Senator Dinah Sykes	Yes
Senator Rick Billinger	Yes
Speaker Ron Ryckman, Jr.	Yes
Representative Dan Hawkins	Yes
Representative Tom Sawyer	Yes
Representative Troy Waymaster	Yes
Governor Laura Kelly	Yes

AGENDA ITEM 1

1. Approval of the Request of the Recovery Office to Approve SPARK Executive Committee Recommendation

Lieutenant Governor David Toland provided an overview of the request. He stated that at the July 15, 2021, SPARK Executive Committee meeting, the committee recommended the unemployment surge funds at the Kansas Department of Labor (DOL) be funded in the amount of \$11 million from the Coronavirus Relief Funds (CRF) CARES Act. The additional funding

includes support for increased staffing to answer the approximately 28,000 calls per day and decreasing the time required for adjudication of unemployment benefit claims. The additional funding will also allow the agency to operate a variety of pandemic-related federal unemployment programs with its legacy mainframe system. Since March 2020, the DOL has paid out over \$4.5 million weekly claims totaling over \$3 billion. This \$11 million funding request will allow the DOL to continue this level of surge support through the end of August 2021.

Senator Billinger asked whether this increased amount will be spent to process claims of those whose unemployment claims are in adjudication. DOL Deputy Secretary Brady responded that the surge resources will provide resources to resolve adjudication issues more quickly. In August 2020, the cases requiring adjudication were in excess of 25,000 and at this time the DOL is able to stay abreast of the claims. Senator Billinger stated he is receiving emails from constituents who still have not received payment since December. He stated the focus should be on resolving these claims. Governor Kelly concurred with Senator Billinger's remarks and believes that the surge funding will assist in resolving those issues.

Speaker Ron Ryckman asked Deputy Secretary Brady whether the funding needs were greater because the \$300 a week in federal assistance program which is ongoing when the Legislature voted to end that program and whether those costs are not added to the funding under consideration.

Deputy Secretary Brady stated while there is a cost to service the federal programs, the current request is for funding for continued improvement to customer service, as well as the ability to assist employers with their tax statements and the appeals process for any denial of claims. Additionally, the agency has been working with the Unemployment Compensation Modernization and Improvement Council (UCMIC) to modernize its IT infrastructure. In order to do that, the data set needs to be as clean as possible so the DOL can move forward expeditiously in modernization of IT systems.

Representative Waymaster asked Lt. Governor Toland whether \$11 million is coming from CARES Act funds and not the ARPA funds, which were provided by the federal government earlier in the year and, secondly, how much of the CARES Act funds are available. Lt. Governor stated that the money is coming from the CARES Act and asked Director of Budget Adam Proffitt to respond regarding the amount of funding available from the CARES Act.

Director Proffitt stated that the CARES Act funds that were largely obligated have either been spent or recouped after the obligation deadline passed for use of the funds. He stated he would send the exact figures of what funds are currently available in the CARES Act to the Council by the end of the week.

Speaker Ryckman clarified that of the \$22 million left in available funding, the Council voted that any remaining funds would be placed in the unemployment insurance trust fund, with the allocation of \$11 million in funding for continued DOL funding needs. He stated with the paring down the initial \$22 million expenditure request, around \$11 million will be available for transfer to the unemployment trust fund.

Senator Billinger asked about the 28,000 calls per day received by DOL. Deputy Secretary Brady responded that number is accurate and that call numbers vary day to day substantially with the higher volume in the beginning of the week. The USDOL requires two methods of reporting so Kansas utilizes both online and telephone reporting. As a result, at the beginning of the week, the call volume is higher for claimants reporting the previously week's activity. A number of the calls

are from claimants requesting information about the status of their claims and who may call repeatedly regarding the status. The call center also provides support to employers with questions regarding the tax statements and any appeals or disputes about those tax statements. In response to Senator Billinger’s question regarding how many calls are tracked for new claims versus ongoing claim issues, Deputy Secretary Brady stated a weekly unemployment review is available on their website and, additionally, in conjunction with IT systems modernization, the DOL will be able to provide more detailed reports than the legacy system is capable of generating. Generally, there are about 1,500 new claims filed on average each week which is similar to the volume of pre-pandemic claims. However, a portion of the new claims filed will be ineligible for benefits.

Governor Kelly called for a motion to approve the request of the Recovery Office to approve the SPARK Executive Committee recommendation of surge budget funding through August 31, 2021, in the amount of \$11 million. Representative Sawyer so moved and Senator Sykes seconded the motion. Motion was adopted by a vote of six in favor plus the Governor. Votes were as follows:

Senator Dinah Sykes	Yes
Senator Rick Billinger	Yes
Speaker Ron Ryckman, Jr.	Yes
Representative Dan Hawkins	Yes
Representative Tom Sawyer	Yes
Representative Troy Waymaster	Yes
Governor Laura Kelly	Yes

RESOLUTION NO. 21-733:

The resolution authorizes the request of the Recovery Office to approve the SPARK Executive Committee recommendation of surge budget funding to DOL in the amount of \$11 million.

ADJOURNMENT

Governor Kelly called for a motion to adjourn. Representative Sawyer moved for adjournment, and Representative Waymaster seconded the motion. The motion was unanimous by voice vote and the meeting adjourned at 11:48 a.m.



Office of Recovery

**SPARK 2021 Executive
Committee Meeting**

3 September 2021

Agenda

- Proposal for Support for Nurses and Frontline Care Workers

Proposal for SPARK: [Support for nurses and frontline care workers]

New or existing program?

New program

Description

- Provide nurses and frontline care workers with premium pay by increasing their hourly wages
- Funding will go to General Hospitals who will serve exclusively as a pass through to nurses and frontline care workers
- Hospitals will receive State discretionary funds, based on the number of licensed beds and accepted minimum staffing ratios as of 8/31
- Hospitals will have discretion on how to distribute pay increases between part-time and full-time staff over the time period of 9/1/21 to 12/31/21

Budget requested

Total: \$50M¹

- Increase in hourly pay for ~9,800 nurses and frontline care workers (~7,200 inpatient nurses; ~1,000 ICU nurses; ~1,600 frontline care workers)
- Total funding to each hospital will be allocated based on licensed beds and accepted minimum staffing ratios, with hospitals required to pass through 100% of funds received

Proposed funding source

ARPA – State Fiscal Recovery Funds

Rationale

- The surge in COVID-19 cases is creating capacity issues as nurses, physicians, and other health care workers are stretched to the limit, and ICU admissions mirror levels last seen at the height of the pandemic
- Nurses are receiving incentives from competitor hospitals outside of Kansas, such as large sign-on bonuses, to transition jobs
- This premium pay can help ensure that nurses and frontline care workers with the experience, knowledge, and aptitude to handle this surge remain in Kansas and are appropriately compensated

Allowability

- According to the most recent Treasury guidance (7/19/21)², recipients may provide premium pay retroactively or proactively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be “in addition to” wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021
- The increase in pay will be incorporated as an hourly rate increase, to a designated recipient's paycheck, up to \$13 per hour and not to exceed \$25k per individual over the life of the ARPA SFRF funding

1. Inclusive of administrative costs, up to 5% of grant program; 2. Coronavirus State and Local Fiscal Recovery Funds, Frequently Asked Questions: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

A draft resolution will be circulated to the Council
after the SPARK meeting tomorrow.