



# Advisory Panel Orientation

January 2022

# Meeting objectives



Orient Advisory Panelists to their role within the SPARK structure



Introduce the SPARK process



Answer process questions

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# SPARK Introduction

Created by Senate Bill 159, the SPARK Executive Committee is tasked with **recommending investment opportunities** to the State Finance Council for investment of federal COVID-19 relief dollars allocated to the State of Kansas

## Executive Committee:

- **Chair:** Lieutenant Governor Toland
- **Public Sector Rep:** Secretary Burns-Wallace
- **Private Sector Rep:** Jon Rolph
- **President of the Senate:** Ty Masterson
- **President of the Senate's appointee:** Bill Pickert
- **Speaker of the House:** Ron Ryckman Jr.
- **Speaker of the House's appointee:** Greg Orman



## Guiding principles for SPARK and investment of ARPA funds

*To inform evaluation criteria of policies,  
investments, and initiatives*

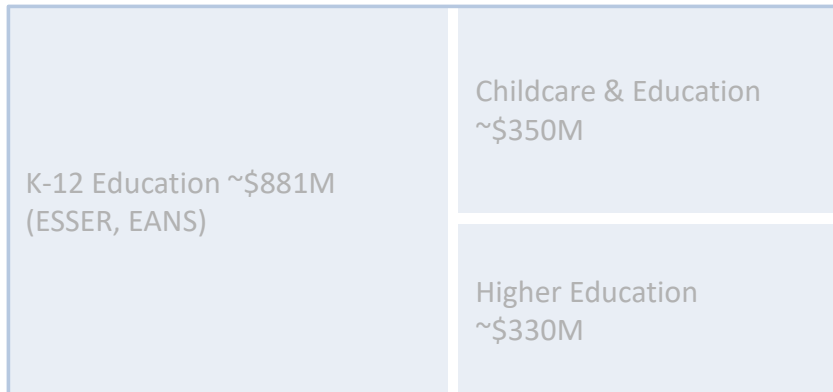
- **Prioritize sustainable programs & investments** through one-time use of funds vs substantial expansion of existing services
- **Combine with / leverage local and agency funds** to maximize use of discretionary funds
- **Foster long-term systemic impact** for Kansans
- **Consider equitable opportunities** 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

# American Rescue Plan Act (ARPA) Allocations as of January 2022

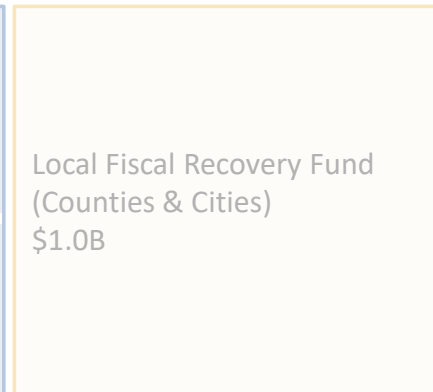
Direct Payments<sup>1</sup> (e.g., economic impact payments) ~\$3.5B

**Focus of 2021/2022 SPARK**

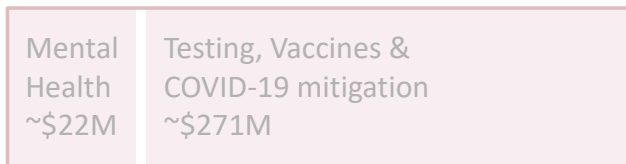
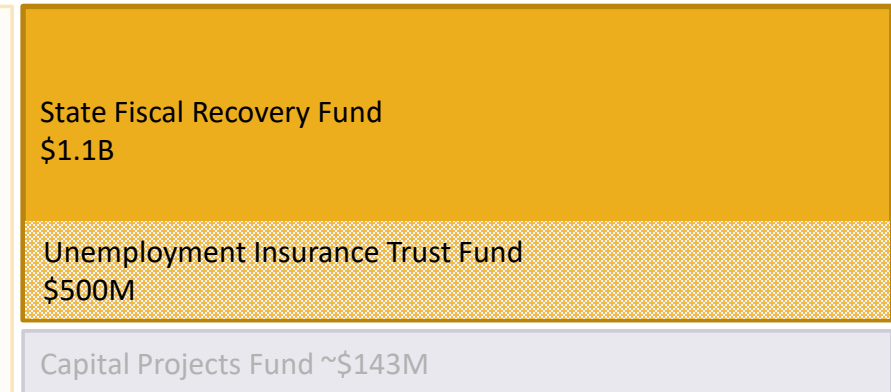
**Education and Childcare ~\$1.6B**



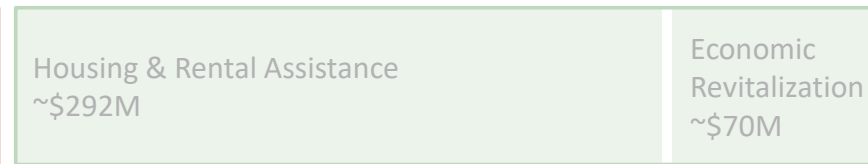
**Local ~\$1.0B**



**State ~\$1.6B**



**Health ~\$293M**



**Housing and Economic Revitalization ~\$362M**



**Essential Needs ~\$158M**

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

# ~\$869M allocated in 2021, with ~\$731M available in 2022



	Investment	Description	Allocated (\$)
SFRF Funded Legislative Directives	<b>2021 UI Trust Fund Replenishment</b>	Replenishment of Kansas's Unemployment Insurance (UI) Trust Fund, which was depleted as a result of the economic impacts of the COVID-19 pandemic, in two \$250M tranches	\$250,000,000
	<b>2022 UI Trust Fund Replenishment</b>	Second transfer of up to \$250M to the UI Trust Fund in FY22 for the purpose of funding the employment security fund	Up to \$250,000,000
	<b>Docking Renovation and KDHE Lab</b>	Per 2021 SB 159, SFRF funds obligated to renovation of Docking State Office Building and construction of KDHE Lab	\$92,500,000
	<b>Nurse and Frontline Careworkers Retention</b>	Funding for qualified facilities to provide premium pay or administer a custom retention program to improve retention of nurses and support personnel	\$50,000,000
	<b>Extension of Testing Funding</b>	Extension through Q1 2022 of the KDHE Community Testing program, which offers free PCR and antigen tests across Kansas	\$27,100,000
SPARK SFRF Allocations	<b>24/7 Pay Plan</b>	Differential pay designed to address critical staffing shortages at 24/7 State facilities, including corrections facilities, state hospitals, and veterans' homes	\$30,300,000
	<b>Economic Development Infrastructure</b>	Investments to support spec building development, modernization of business park facilities and other infrastructure development, and the attraction and retention of businesses in Kansas (subject to allowability)	\$100,000,000
	<b>Individual Education Learning Loss Grants</b>	Direct grants of \$1,000 per child to families to purchase materials (e.g., books, computers, software, tutoring services, etc.) to offset learning loss	\$50,000,000
	<b>Kansas Connect and Learn Initiative</b>	Matching funds for school districts to use alongside the FCC's E-rate program to invest in high-speed broadband buildout	\$4,000,000
Legislative Directives to Be Confirmed for SFRF Eligibility	<b>Rural Hospital Innovation Grant Fund</b>	Per 2021 HB 2208, up to \$10M in federal funds to be transferred to the Rural Hospital Innovation Grant Fund, which provides funding to increase access to health care services in rural communities, if available (funds awaiting obligation)	\$10,000,000
	<b>988 Crisis Hotline</b>	Per 2021 SB 159, federal funding to be transferred for 988 Crisis Hotline project if available (funds awaiting obligation)	\$3,000,000
	<b>Offender Management Data System</b>	Per 2021 SB 159, federal funding to be utilized for KDOC Offender Management Data System if available (funds awaiting obligation)	\$2,079,182

**\$869M**

SFRF funding allocated to date



**\$731M**

SFRF funding remaining



# Treasury allowability guidelines provide investment parameters



## Always allowable for initiatives that...

- Respond to the public health emergency
- Address the negative economic impacts of the COVID pandemic
- Provide premium pay to essential workers
- Offset cuts in government services
- Make investments in water, sewer, stormwater, or broadband



## Conditionally allowable for initiatives that...

- Offer services for disproportionately impacted communities, including:
  - Populations in Qualified Census Tracts
  - Services addressing health disparities
  - Communities disproportionately impacted by pandemic



## Not allowable for...

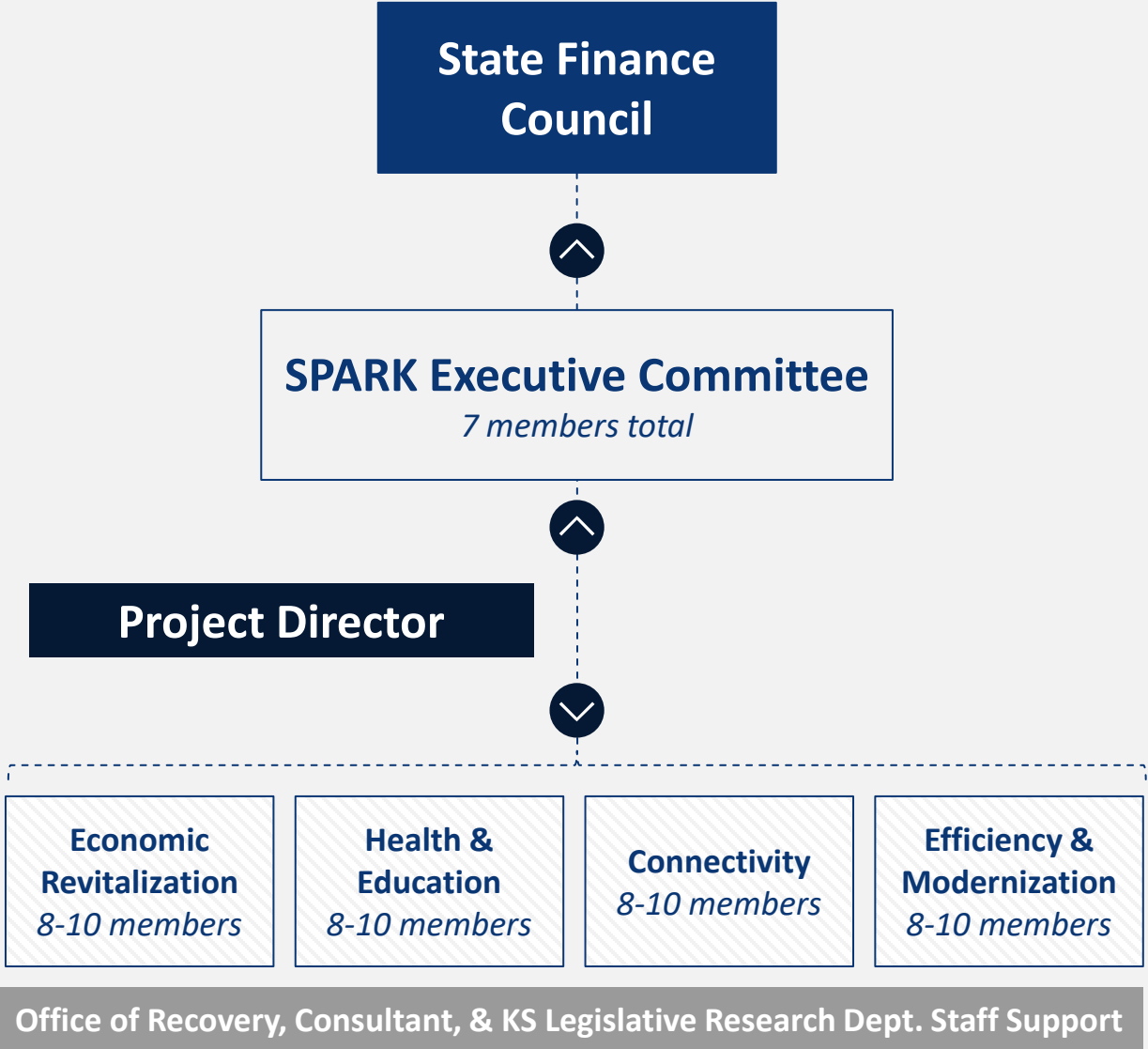
- Deposits into any pension funds
- Offset reduction in net tax revenue (direct or indirect)
- Payment of interest or principal on outstanding debt instruments
- Contributions to rainy day funds, financial reserves, or similar funds

For additional information, please refer to Treasury's ["Overview of the Final Rule"](#)



# Advisory Panel Role & Responsibilities

# SPARK structure



Advisory Panels gather, evaluate, and recommend investment opportunities to the SPARK Executive Committee, with Project Director John Parolisi managing the process

**Advisory Panels**

# Overview of proposed topics covered by each advisory panel



## Core focus

Primary focus at this time

### Economic revitalization

#### Economic recovery

- Support for hard hit sectors and ensure resiliency

#### Growth & competitiveness

- Workforce development that trains and retains talent
- Business investments that promote innovation

#### Infrastructure quality

- Improved water and sewer infrastructure
- Improved housing availability and affordability

### Health and education

#### Behavioral health

- Community-based treatment
- Healthcare integration and system navigation
- Retention & recruitment for behavioral health workforce

#### Early education & child care

- Supportive family services
- Early childhood health, education, child care
- Retention & recruitment for educ/ childcare workforce

#### Essential needs

- Wrap around services
- Food and nutrition

### Connectivity

#### Connectivity expansion

- Physical infrastructure
- Technical support for local governments

#### Connectivity affordability

- Federal financial support
- Digital literacy

#### Sector-specific applications

- Telehealth
- Digital education

### Efficiency and Modernization

#### Facilities modernization

- Facilities renovations
- Public health improvements

#### IT infrastructure

- Hardware and software upgrades
- Network, system, and monitoring enhancements

#### Safety & Security

- Cybersecurity assets
- Public safety and physical security enhancements

#### Continuity of Operations



## On hold

Secondary focus now

#### Areas with other funding sources

- Transportation infrastructure (e.g., roads, airports, etc.)

#### Covered by other panels

- Connectivity infrastructure
- Health and education workforce supports

#### Areas with other funding sources

- K-12 education support
- Higher education

#### Covered by other panels

- Housing construction
- IT systems improvement
- Telehealth

#### Covered by other panels

- General technical skills development

#### Areas with other funding sources

- UI system modernization
- Local government investments
- Public sector workforce, incl. state employees, law enforcement

# Proposed Advisory Panel model

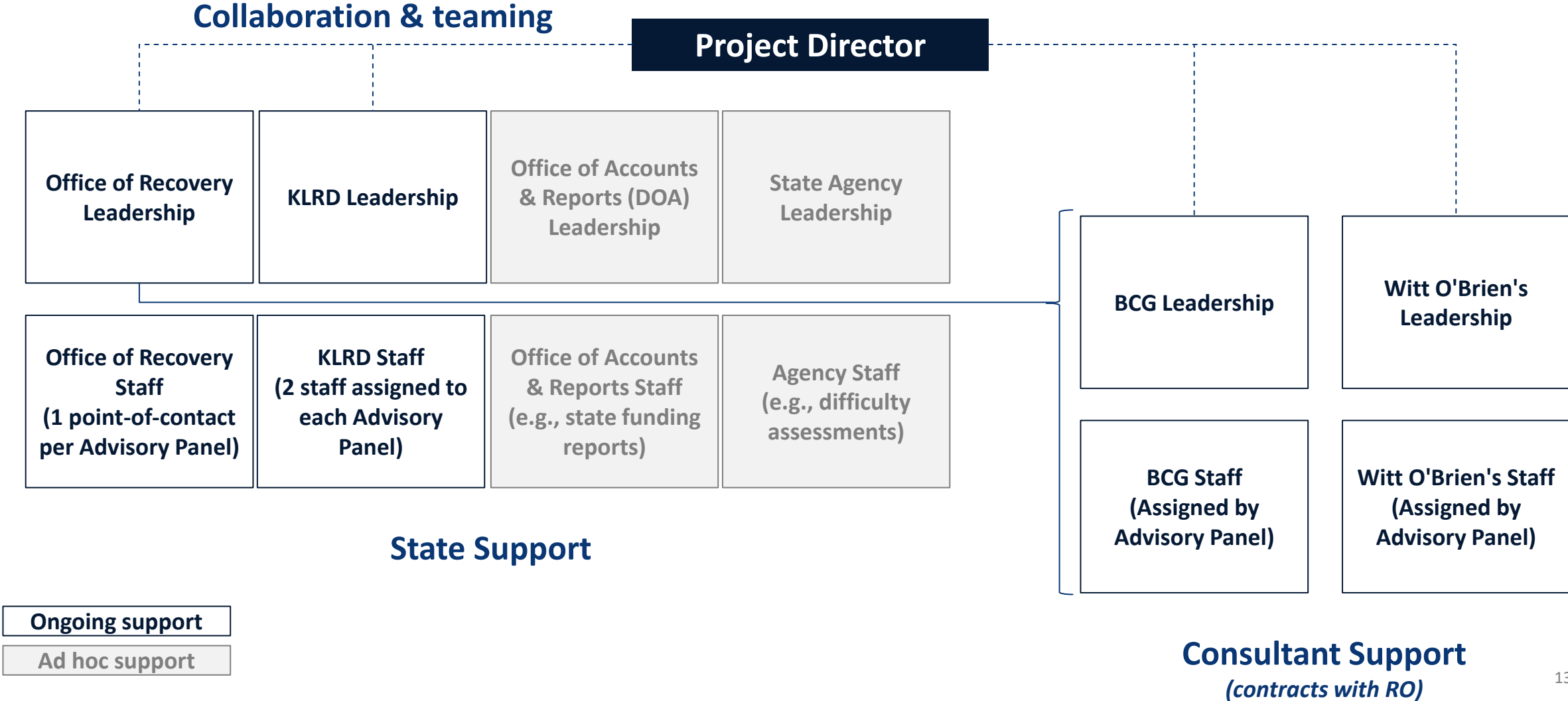
**Roles** – Advisory Panels have 9-11 members each, including Chairs

**Time Commitment** – Advisory Panel members expected to participate in roughly twice-monthly meetings (2-4 hours/month) plus independent time spent on research, prioritization, etc. between meetings (1-3 hours/week)

**Governance** – Each Advisory Panel will have two Chairs, who will be responsible for presenting all proposals to the SPARK Executive Committee and serve as the main point of contact for the Project Director

**Research Support** – Each Advisory Panel to have Office of Recovery (RO) & Kansas Legislative Research Department (KLRD) support and expert input (e.g., expert interviews, industry reports) to help evaluate proposals and support data-driven decision making

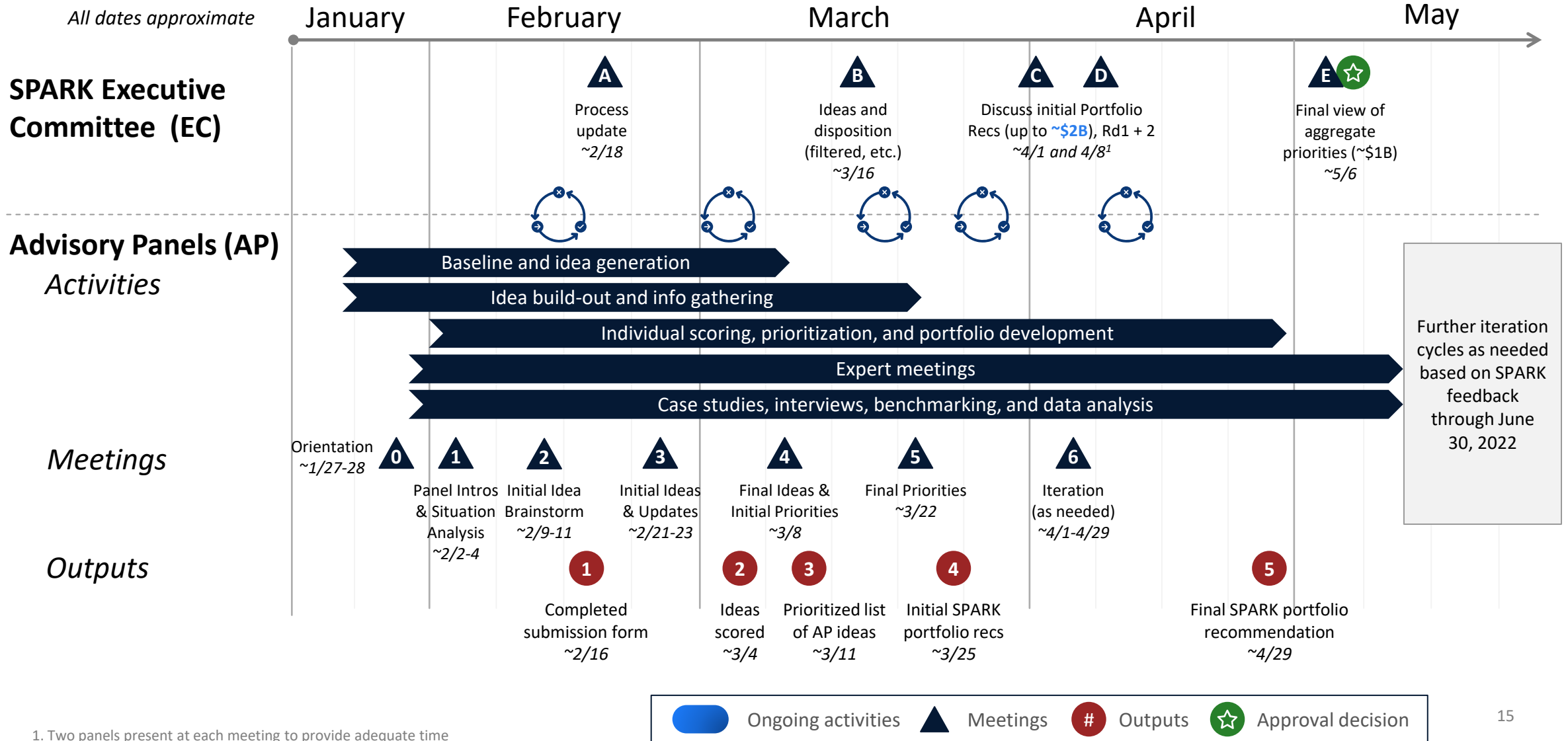
# Staff support for proposed Advisory Panel process





# Advisory Panel Working Process

# Proposed timeline for SPARK investment approval process

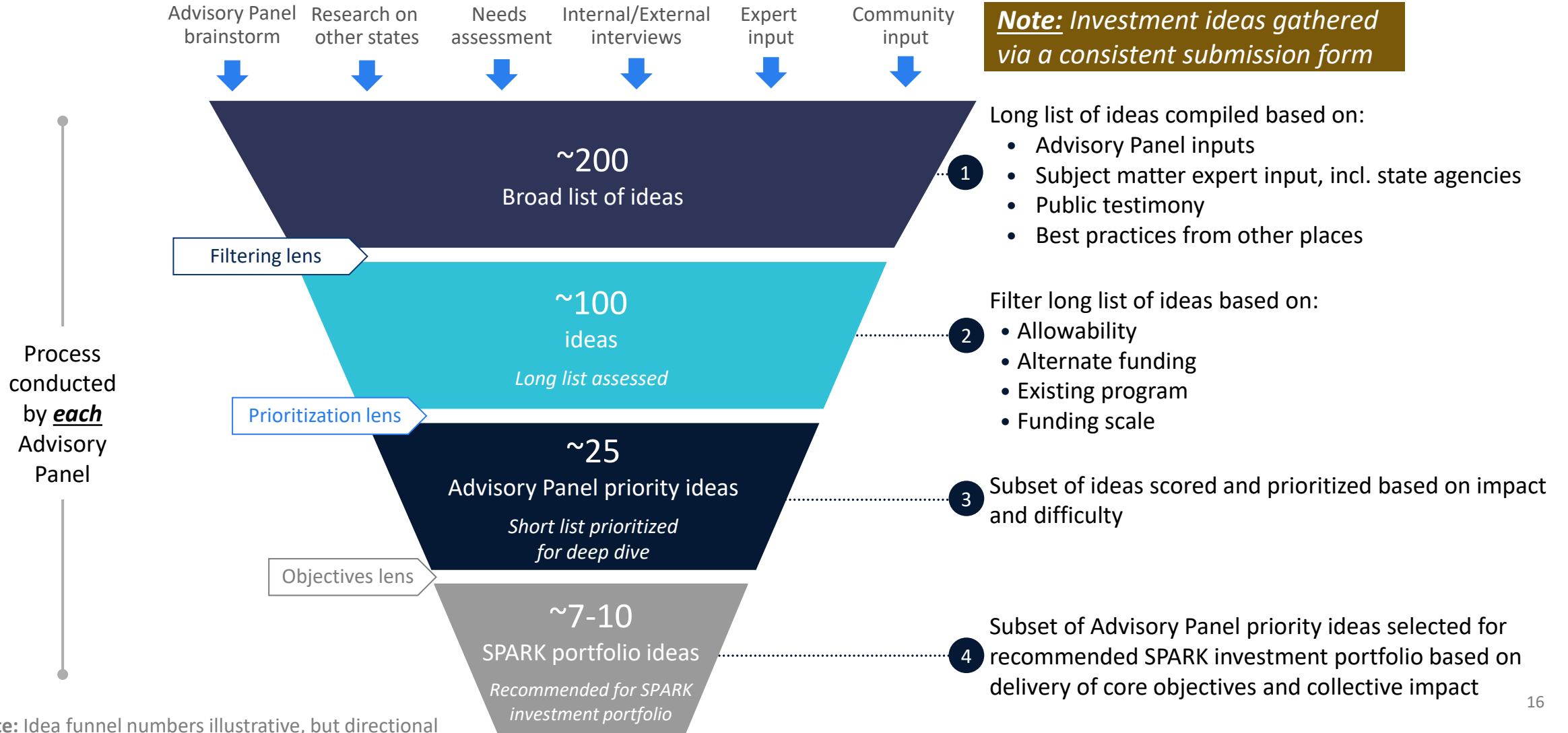


1. Two panels present at each meeting to provide adequate time



# Process | Funnel to evaluate and prioritize long list of ideas through a collaborative effort

Opportunities screened based on impact and difficulty, and portfolio of ideas selected based on delivery of core objectives



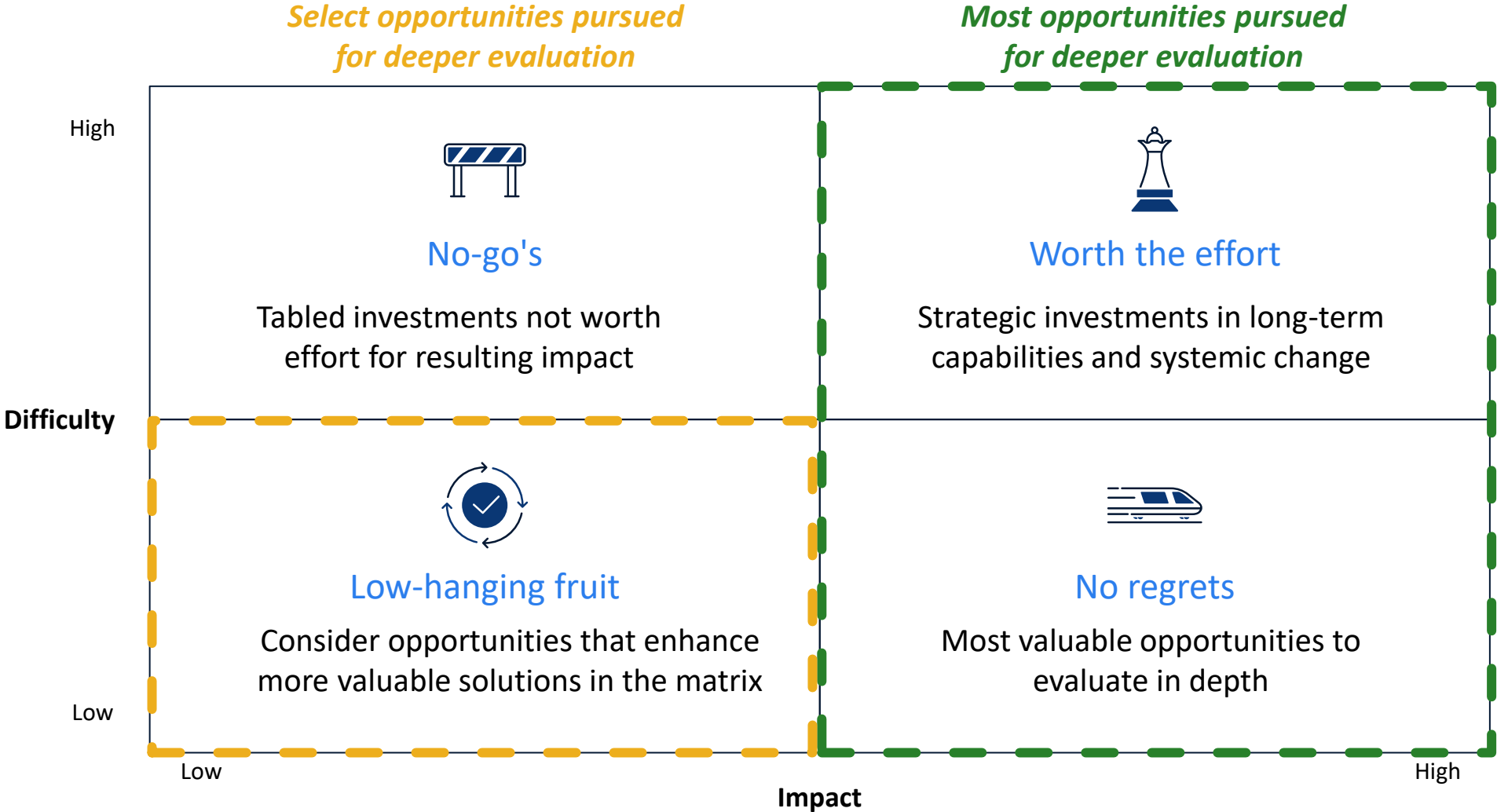
# Prioritization | Advisory Panel prioritization and scoring identifies top tier of ideas for further deliberation

		Weight	Criteria	Description
<b>Impact</b> <i>Assessed by Advisory Panels</i>	<b>Core impact</b>	TBD	<b>Level of Impact</b> How deep/ transformational	Substance/ depth of impact (i.e., marginal gain vs. deep, foundational, impact; minor need vs. core need)
		TBD	<b>Scope of Impact</b> How wide	Breadth/ reach of impact (e.g., # of Kansans, businesses, industries, counties, general core beneficiary group)?
		TBD	<b>Duration of impact</b> How long	Length of impact without additional funding (i.e., long-lasting foundational impact vs. short-term immediate relief)
	<b>Special considerations</b>	TBD	<b>Equity</b> How equitable	Ability/ extent addresses or targets underserved or special needs populations (e.g., minority, low-income) or geographies (e.g., qualified census tracts)
<b>Difficulty</b> <i>Assessed by Project Director &amp; Staff</i>	<b>Core difficulty</b>	TBD	<b>Workability/Executability</b> Can we make it happen? Well?	Ability to reasonably execute opportunity (i.e., able to with existing agency capability, utilizes/ expands existing partnership, new partnership/ contract required, additional infrastructure/ tools required to execute) and risk of not being achieved
		TBD	<b>Fiscal Sustainability</b> Can we wind-down or keep it running?	Program targeted to surge need (i.e., address COVID impact) and/or existence of other/ ongoing funding/ resources to cont. investments, or reasonably wind-down or end a program
<b>Total Score</b>				Total score for each opportunity

**Criteria standard across panels, but specific scoring (e.g., low, medium, high or 1-5) may vary – final scoring metrics, weighting, and aggregate scores to be refined in coming weeks**

Note: Premium Pay has its own framework for evaluation given it is possible in many areas and lends to consistent criteria regardless of focus area (e.g., health, education, business)

# Scoring | Prioritization maps proposals to "zones" to focus areas for further evaluation/ discussion and enable strategic decision making in portfolio selection



Note: Some investments pay be consolidated during the deep-dive evaluation process where overlap exists

Four questions to  
guide Advisory  
Panels throughout  
evaluation process

- 1 Is the proposed initiative an **allowable use of ARPA funds**?
- 2 Are there **other sources of funding available** (e.g., ARPA grants, agency funds, etc.)?
- 3 Is the initiative expected to have a **high impact** for Kansans, promote **equity**, and be **feasible** to implement?
- 4 Will the proposed initiative **drive catalytic, long-term impact** in Kansas?

## What is an investment portfolio?

### An investment portfolio is...

- ✓ A **high-level** estimate of funding by focus area and opportunity
- ✓ A base list of opportunities to be **refined and customized** to meet specific needs of Kansans

### An investment portfolio is not...

- ✗ "Set in stone" or a **finalized** view of what the ARPA funding allocations will look like
- ✗ Encompassing of the **specific details** of each potential program



We are working toward having investment portfolios presented to SPARK Executive Committee for input in May



Outputs

# Overview template for investment ideas, prepared by Advisory Panels and staff

**Proposal Example:**  
Economic Development Infrastructure

**Category:**  
Business Attraction & Innovation

## Proposal Description

Funds will be used for grants to support infrastructure development to expand capacity for businesses [...]

## Need

Kansas has a lack of existing, modern business ecosystem infrastructure [...]

## Detailed Goal/Objective

The goal of this investment is to attract out-of-state investment to help Kansas' economy [...]

## Proposal Details

Quadrant	<i>E.g., Worth the effort</i>
Type	<i>E.g., Long term</i>
Impact	<i>E.g., High</i>
Difficulty	<i>E.g., High</i>
Beneficiaries	<i>E.g., Business community</i>
Funding request	\$X-YM
Potential braided funding options	-
Allowability considerations	<i>E.g., Must offer services for disproportionately impacted communities</i>

## Impact Summary

- ROI: [...]
- Equity: [...]

## Interdependency details

- Interdependent with [Proposal 1] because [...]
- Interdependent with [Proposal 2] because [...]

# Proposed prioritized initiative list view of funding allocation for each Advisory Panel

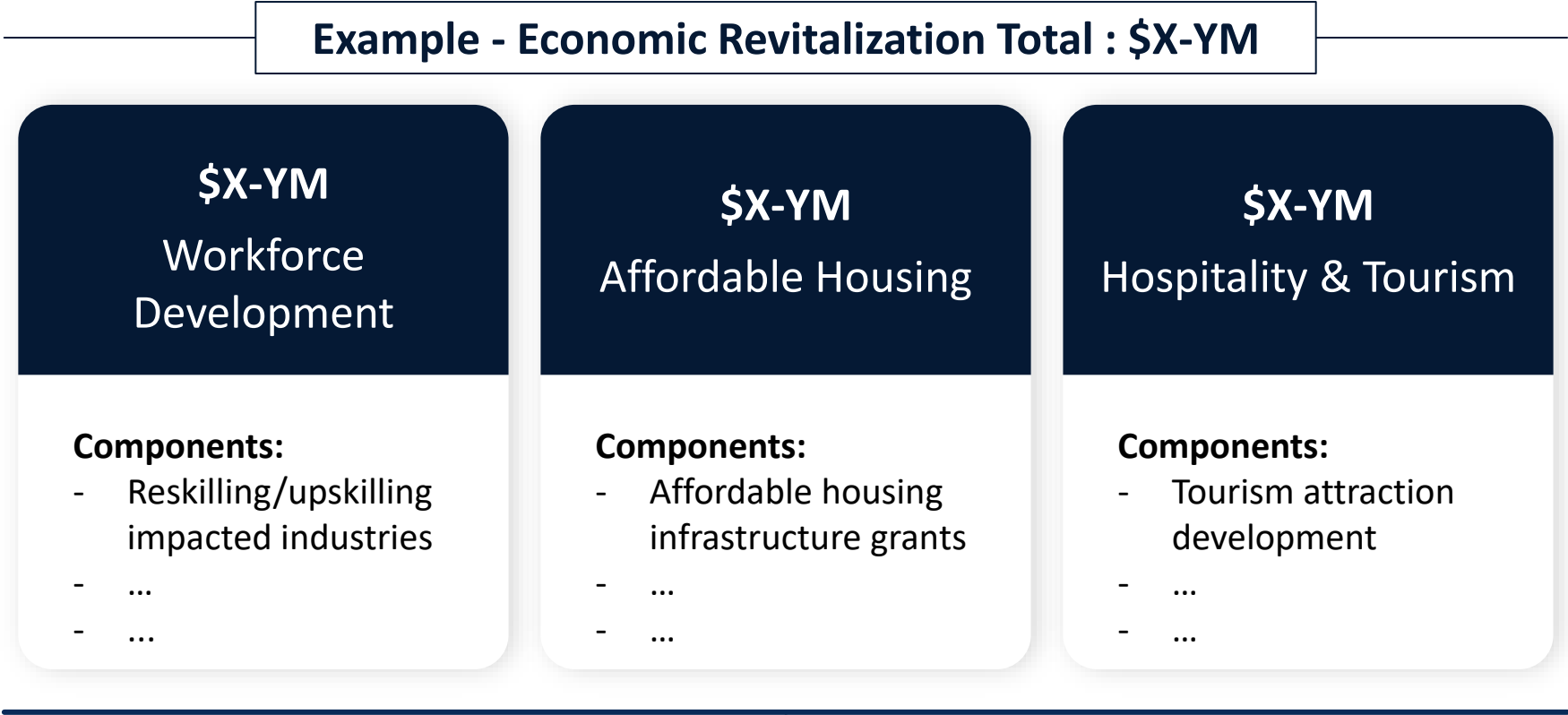
## Example - Economic Revitalization Total : \$X-YM

	Category	Initiative Name	Score	Quadrant	Type	Interdependent Initiative(s)	Funding Amount
1	Workforce Dev.	Up-skilling / re-skilling programs	<i>e.g., "8/10"</i>	<i>e.g., "Worth the effort"</i>	<i>i.e., Long- vs short-term</i>	None	\$X-YM
2	Affordable Housing	Affordable housing infrastructure grants				None	\$X-YM
3	Hospitality & Tourism	Private sector tourism business development				4	\$X-YM
4	Hospitality & Tourism	Tourism attraction development grants				3	\$X-YM
5	...	[...]	...			...	...
<b>Funding total</b>							<b>\$X-YM</b>



# Proposed Advisory Panel-level funding portfolio output

*For SPARK Executive Committee Engagement: Balance of funding across sub-topics*



Portfolio for Executive Committee review would include a back-up page, following the overview template, on each investment idea



Next Steps

# Next steps for Advisory Panel members to complete prior to Meeting #1

## **Procedures & Logistics**

- Familiarize yourself with KOMA/KORA rules via cheat sheet
- Review SFRF guidelines and allowability

## **Investment Portfolio Development**

- Review pre-read materials
- Share investment idea submission form



# Appendix

# Glossary of terms

Term / Acronym	Meaning
American Rescue Plan Act (ARPA)	\$1.9-trillion federal stimulus bill passed in March 2021
Strengthening People and Revitalizing Kansas (SPARK) Executive Committee (EC)	Created by Senate Bill 159, the SPARK Executive Committee is tasked with recommending investment opportunities to the State Finance Council for investment of federal COVID-19 relief dollars allocated to the State of Kansas
State and Local Fiscal Recovery Funds (SFRF / SLFRF)	Fund established by ARPA that delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency
Office of Recovery (RO)	Office established in 2020 to coordinate and manage COVID-19 relief and recovery efforts in the State of Kansas
Kansas Legislative Research Department (KLRD)	Staff providing nonpartisan research and fiscal analysis for members of the Kansas Legislature
Boston Consulting Group (BCG)	Professional consulting services firm
Witt O'Brien's (WOB)	Consulting firm specializing in crisis response and recovery

# Information gathered on investment ideas

**For investment ideas, the following information is collected via a standardized submission form:**

- ✓ Executive summary
- ✓ Target outcomes
- ✓ Use of evidence
- ✓ Equitable outcome promotion
- ✓ General information (e.g., length, funding sources, region)