

Round 1 Proposal for SPARK

Through listening sessions across the state, input from state agency leaders, and an ongoing assessment of the most pressing needs facing Kansans, three opportunities—comprising a \$154M portfolio—have been identified as the highest priorities for Round 1 State Fiscal Recovery Fund (SFRF) allocation by the SPARK Executive Committee. The areas of investment include:

1. Economic Revitalization: Investments intended to address the negative economic impact of the pandemic and attract and retain businesses in Kansas
2. Health and Education: An investment in combatting learning loss among K-12 students in Kansas, whose educational experiences were disrupted by remote learning during the COVID-19 pandemic
3. Connectivity: Investments in matching funds for fiber infrastructure development for school districts

The SPARK Executive Committee previously agreed to allocate up to \$500M by December 31, 2021. If the Executive Committee approves this investment portfolio of three opportunities outlined here, it will bring the 2021 State Fiscal Recovery Fund allocations by SPARK to a total of \$261M by the end of the 2021 calendar year, including prior investments in the nurse retention program (\$50M), an extension of testing funding (\$27M), and the 24/7 pay plan (\$30M).

Please see a summary of investments below for more information, as well as Appendices 1-3 for a summary of investments, rationale, and allowability across each area.

Summary of Proposals for SPARK Consideration

	<i>Project Total</i>	<i>Category Total</i>
Economic Revitalization		\$100,000,000
Economic Development Infrastructure <i>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)</i>	\$100,000,000	
Health and Education		\$50,000,000
Individual Education Learning Loss Grants <i>Direct grants of \$1,000 per child to families to purchase materials to offset learning loss. Purchases could include (e.g.) educational materials, computers, software, tutoring services, etc.</i>	\$50,000,000	
Connectivity		\$4,000,000
Kansas Connect and Learn Initiative <i>Matching funds for school districts to use alongside the FCC's E-rate program to invest in high-speed broadband buildout</i>	\$4,000,000	
Priorities Total		\$154,000,000

Appendix 1: Economic Revitalization Portfolio

New or existing programs?	New
Description	Economic Revitalization is a top concern among Kansans statewide. This initial investment aims to ensure Kansas remains competitive in business attraction and retention in critical sectors of the economy and supports industries negatively impacted by COVID-19.
Budget requested	Economic Development Infrastructure (\$100M): 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)
Proposed funding source	ARPA – State Fiscal Recovery Funds
Rationale	These investments help position Kansas for economic growth coming out of the COVID-19 pandemic. Specifically, aging business park infrastructure and a lack of ready-to-lease, modern speculative building space disadvantages Kansas compared to growth hubs and inhibits Kansas's ability to accommodate new businesses in critical sectors. Other states have seen strong ROI in economic development infrastructure investments.
Allowability	Economic Development Infrastructure programs are allowable under current U.S. Department of Treasury guidance if they target Qualified Census Tracts (QCTs) or disproportionately impacted communities.

Appendix 2: Health and Education Portfolio

New or existing program?	New
Description	Individual Learning Loss Grants would provide families \$1000 per child to purchase materials to offset learning loss. Purchases could include educational materials, computers, software, tutoring services, or other approved educational expenses. Exact program design could vary, but the states that enacted these grants operationalized them in a similar manner and only distributed funds to families to be used on an online marketplace with pre-approved vendors for education-related materials/services.
Budget requested	Individual Learning Loss Grants (\$50M): At a rate of \$1,000 per child, the Individual Learning Loss Grants would cover 50,000 children in Kansas, with a focus on those in low-income families or living in Qualified Census Tracts.
Proposed funding source	ARPA – State Fiscal Recovery Funds
Rationale	In a national study, more than half of public school K-12 teachers said the pandemic resulted in a “significant” learning loss for students. Individual Learning Loss Grants provide families the flexibility to choose the materials that best fit their child(ren)’s educational needs. Other states that have pursued Learning Loss Grants—including Oklahoma and Idaho—have seen high utilization and demand.
Allowability	Learning Loss Grants are allowable under current U.S. Department of Treasury guidance if they are focused on Qualified Census Tracts (QCTs) or disproportionately impacted communities.

Appendix 3: Connectivity Portfolio

New or existing program?	Existing
Description	The Federal Communications Commission's E-rate program makes telecommunications and information services more affordable for schools and libraries with discounts for telecommunications, Internet access, and internal connections, and managed internal broadband services. The Kansas Connect and Learn Initiative is a State match for the E-rate program for school districts across the State. If a state provides eligible schools and libraries with funding for special construction charges for high-speed broadband that meets the FCC's long-term connectivity targets, the E-rate program will increase an applicant's discount rate for these charges up to an additional 10% to match the state funding on a one-to-one dollar basis.
Budget requested	Kansas Connect and Learn Initiative (\$4M): Provides state matching funds to the Kansas Department of Education (KSDE) for distribution to school districts across the state; the program was previously funded through KSDE's budget but was removed for FY22.
Proposed funding source	ARPA – State Fiscal Recovery Funds
Rationale	Building out high-speed broadband requires upfront, non-recurring construction costs for the deploying of new fiber or upgraded network facilities to eligible entities. Investing in the Kansas Connect and Learn Initiative will help address Kansas's broadband needs by maximizing federal contributions and dollar-for-dollar match for one-time construction and fiber buildout expenses.
Allowability	Investments in broadband infrastructure are an explicitly allowable use under current U.S. Department of Treasury guidance .