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# Strengthening People and Revitalizing Kansas (SPARK)

JUNE 2020





**WELCOME**

## SPARK **EXECUTIVE** COMMITTEE MEMBERS & STRUCTURE

NAME	TITLE & ORGANIZATION	LOCATION
Tom Bell	President and CEO, Kansas Hospital Association	Topeka
Lyle Butler	President & CEO, Manhattan Area Chamber of Commerce (retired)	Manhattan
Senator Jim Denning	Vice President, Discover Vision Centers	Overland Park
Jill Docking	Senior Vice President, The Docking Group – Baird Financial	Wichita
Alise Martiny	Business Manager, Greater KC Building and Trades Council	Shawnee

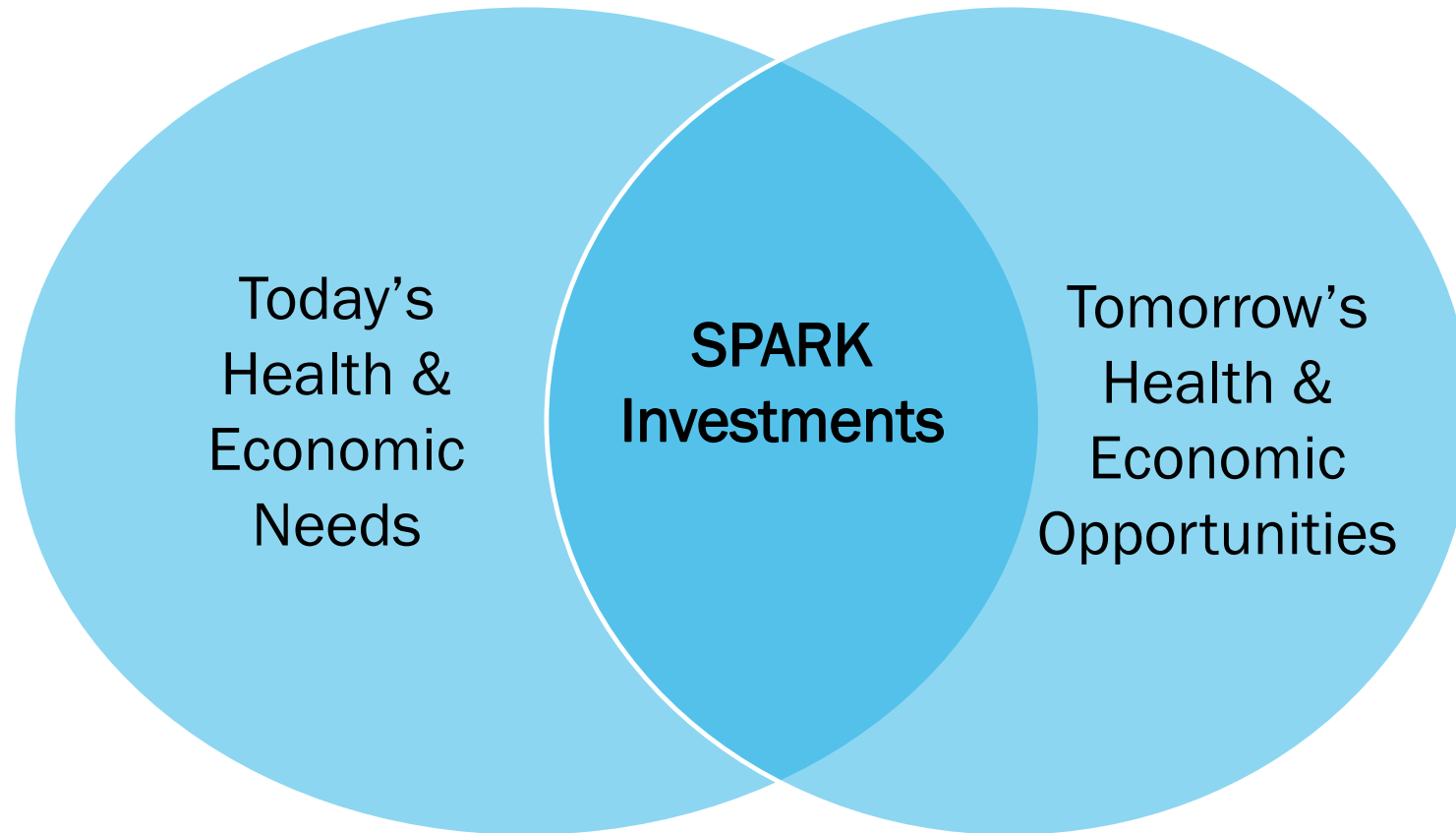
# SPARK **STEERING** COMMITTEE MEMBERS & STRUCTURE

NAME	TITLE & ORGANIZATION	LOCATION
Tom Gentile	CEO Spirit AeroSystems	Wichita
Natalie Haag	Attorney, Capitol Federal Savings	Topeka
David Harwood	Senior VP, Terracon Consultants & Chair, <b>KANSASWorks</b> State Board	Olathe
Senator Tom Hawk	Ranking Minority Member, Senate Ways and Means Committee	Manhattan
Representative Dan Hawkins	House Majority Leader	Wichita
Edward Honesty, Jr	President & Chief Operating Officer, Best Harvest Bakeries	Kansas City
Chuck Mageral	Proprietor, Free State Brewing Company	Lawrence
David McCarty	Owner, McCarty Family Farms	Colby
Senator Carolyn McGinn	Chair, Senate Ways and Means Committee	Sedgwick
Shelia Nelson-Stout	President and CEO, OCCK, Inc	Salina
Neelima Parasker	President & CEO, SnapIT Solutions	Overland Park
Jim Robinson	Partner, Hite Fanning & Honeyman	Wichita
Secretary David Toland	Department of Commerce	Topeka
Representative Troy Waymaster	Chair, House Appropriations Committee	Bunker Hill
Representative Kathy Wolfe-Moore	Ranking Minority Member, House Appropriations Committee	Kansas City

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## **MISSION:**

**TO SERVE OUR IMMEDIATE HEALTH AND ECONOMIC NEEDS & LEVERAGE THESE INVESTMENTS TO CREATE A BETTER, STRONGER FUTURE**





## AGENDA

- Opening Comments  

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Governor Laura Kelly
- Welcome & Committee Structure  

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Lyle Butler  
Executive Committee Chair
- Recovery Office & CARES ACT Background  

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Cheryl Harrison-Lee  
Executive Director
- 1<sup>st</sup> Round Distribution & Discussion  

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Cheryl Harrison-Lee
- 2<sup>nd</sup> Round Preview  

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Cheryl Harrison-Lee
- Kansas Open Records Act  

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Clay Britton  
Governor's Chief Counsel

A scenic sunset over a city with a large dragon sculpture on a rock formation in the foreground. The sky is filled with vibrant, colorful clouds in shades of orange, red, and purple. The city skyline is visible in the background, and a large, stylized dragon sculpture stands prominently on a rocky outcrop in the foreground. The water in the foreground is calm, reflecting the colors of the sunset.

# CORONAVIRUS RELIEF FUND BACKGROUND

## CORONAVIRUS RELIEF FUND – KANSAS ALLOCATION

	CARES Allocation Amounts
Johnson County	\$116,311,034
Sedgwick County	\$99,636,917
<b>State</b>	<b>\$1,034,052,049</b>
Total	\$1,250,000,000

- Amount we will be working with
- Actively seeking more funding



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## PURPOSE & RESTRICTIONS

- To address medical or **public health needs** related to the emergency & provide **economic support** to those suffering from employment or business interruptions due to COVID-19.
- Payments can only be used for costs:
  - Necessary public health (COVID-19) emergency expenses
  - Not accounted for in the budget approved as March 27,2020
  - Incurred from **March 1 to December 30, 2020**

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## **EXAMPLES PUBLIC HEALTH EXPENDITURES ALLOWED**

- COVID-19 related expenses of public hospitals or clinics
- COVID-19 testing and quarantine costs
- Payroll of employees substantially dedicated to COVID-19 mitigation or response
- Expenses for establishing and operating public telemedicine capabilities
- Technological improvements to facilitate distance learning
- Improving telework capabilities



## **EXAMPLES ECONOMIC EXPENDITURES ALLOWED**

- Grants to small businesses to reimburse the costs of business interruption caused by required closures
- Government payroll support program
- Unemployment insurance costs related to COVID-19



## WHAT'S **NOT** ALLOWED

- Expenses for the State share of Medicaid
- Damages covered by insurance
- Payroll or benefits for employees not substantially dedicated to mitigating or responding to COVID-19
- Expenses that will be reimbursed under any federal program
- Reimbursement to donors for donating items or services
- Workforce bonuses other than hazard pay or overtime
- Severance pay
- Legal settlements



# **1<sup>ST</sup> ROUND DISTRIBUTION & DISCUSSION**

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## **WE NEED TO MOVE QUICKLY - KANSANS ARE HURTING**

- 208 have died from COVID-19
- 842 have been hospitalized
- 200,000+ have filed for unemployment

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# PHASED APPROACH TO IMPROVE HEALTH & ECONOMIC OUTCOMES

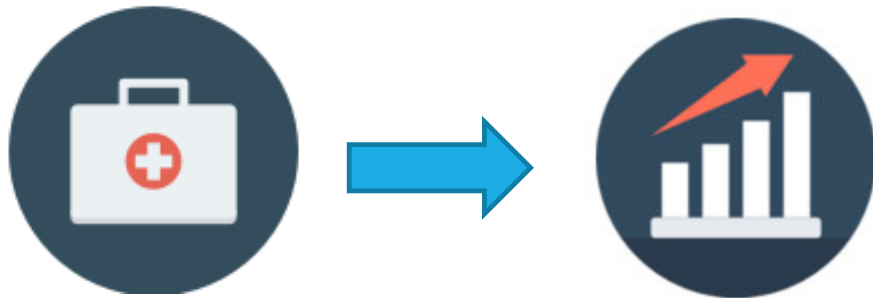


## 1<sup>st</sup> ROUND

- **Strengthen health** to allow our economy to reopen safely **AND to**
- **Remain open**
  - Testing, tracing, PPE could be critical to staying open

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## PHASED APPROACH TO IMPROVE HEALTH & ECONOMIC OUTCOMES



### 2<sup>nd</sup> ROUND

- Strategic investments to **revitalize our economy** in the short & long-term
- Significant input from Executive and Steering Committee needed here






# PHASED APPROACH TO IMPROVE HEALTH & ECONOMIC OUTCOMES



## 3<sup>rd</sup> ROUND

- Reinvest to sustain our health and economy recoveries if COVID-19 reemerges

# PROCESS OVERVIEW

	1 <sup>st</sup> ROUND:	2 <sup>nd</sup> ROUND:	3 <sup>rd</sup> ROUND:
DISTRIBUTED:	 June	 August	 October
ELIGIBLE:	Local Govts.	Public/Private entitles	Public/Private entitles
AMOUNT:	\$400 M	\$310 M to \$525 M	\$109 M to \$324 M
% of TOTAL:	39%	30% to 50%	11% to 31%

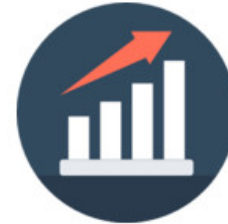
\* Legislation restricts Local Governments to only receiving 45% of funding

# COMMITTEE ROLE IN DECISION MAKING

## 1<sup>st</sup> ROUND:



## 2<sup>nd</sup> ROUND:



## 3<sup>rd</sup> ROUND:



HOW MUCH:

\$400 M

\$310 - \$525 M

\$109 - \$324 M

ELIGIBLE:

Local Govts.

Public/Private Entities

Public/Private Entities

FUNDING  
FORMULA:

Pop. &  
COVID Impact

TBD

TBD

DISTRUBUTION  
TYPE:

50% Reimbursement  
50% Direct Aid

TBD

TBD

COMMITTEE  
ROLE:

Approval

Development &  
Approval

Development &  
Approval



## **1<sup>ST</sup> ROUND DISTRIBUTION SHOULD BE...**

- Fair
- Impactful
- Timely

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## **FAIR: ALL KANSANS DESERVE A SHARE OF FUNDS**

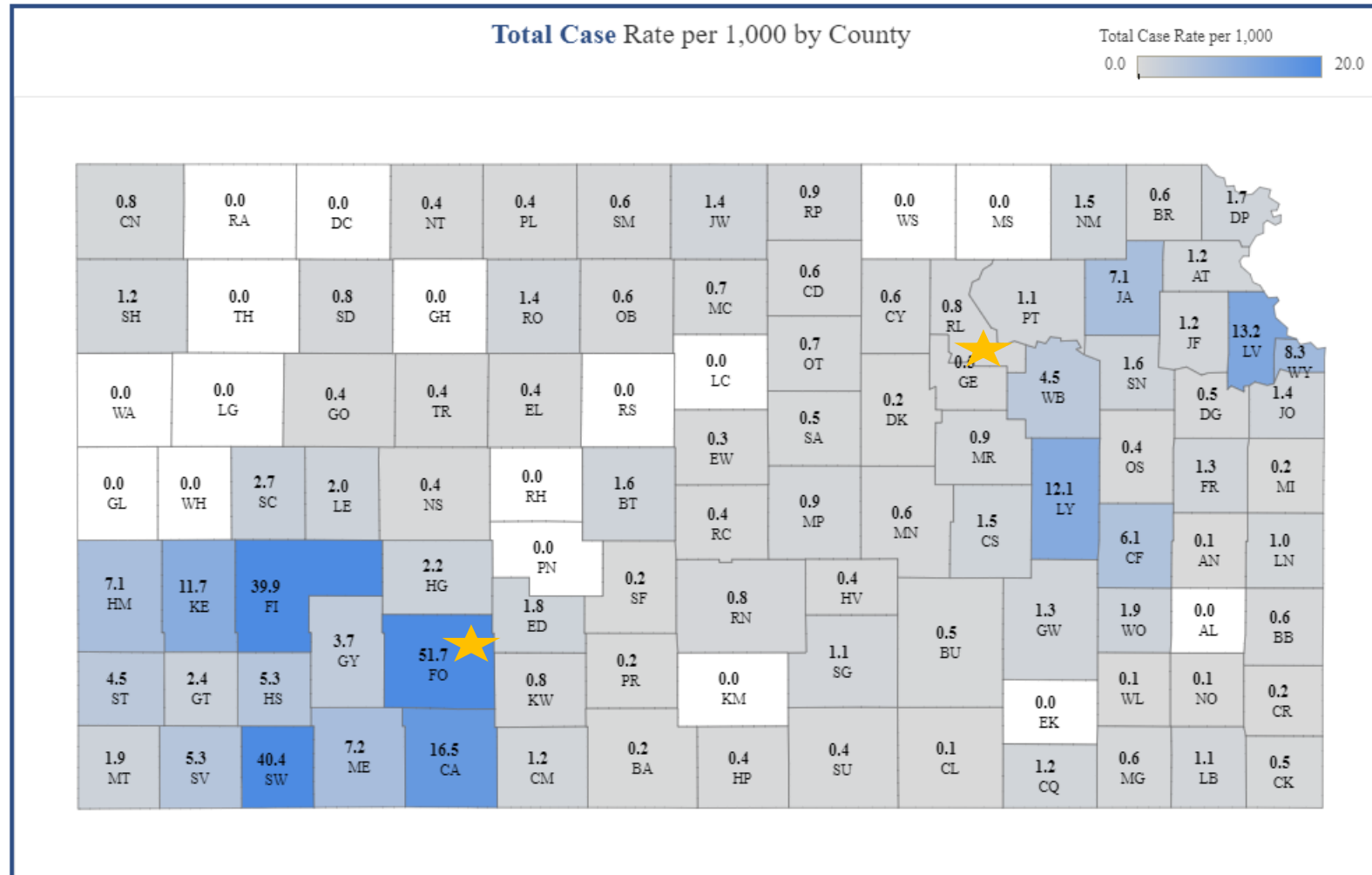
Johnson & Sedgwick  
counties received about

**\$194**  
per person

To give all remaining counties \$194  
per person would equal about

**\$350 M**  
total statewide

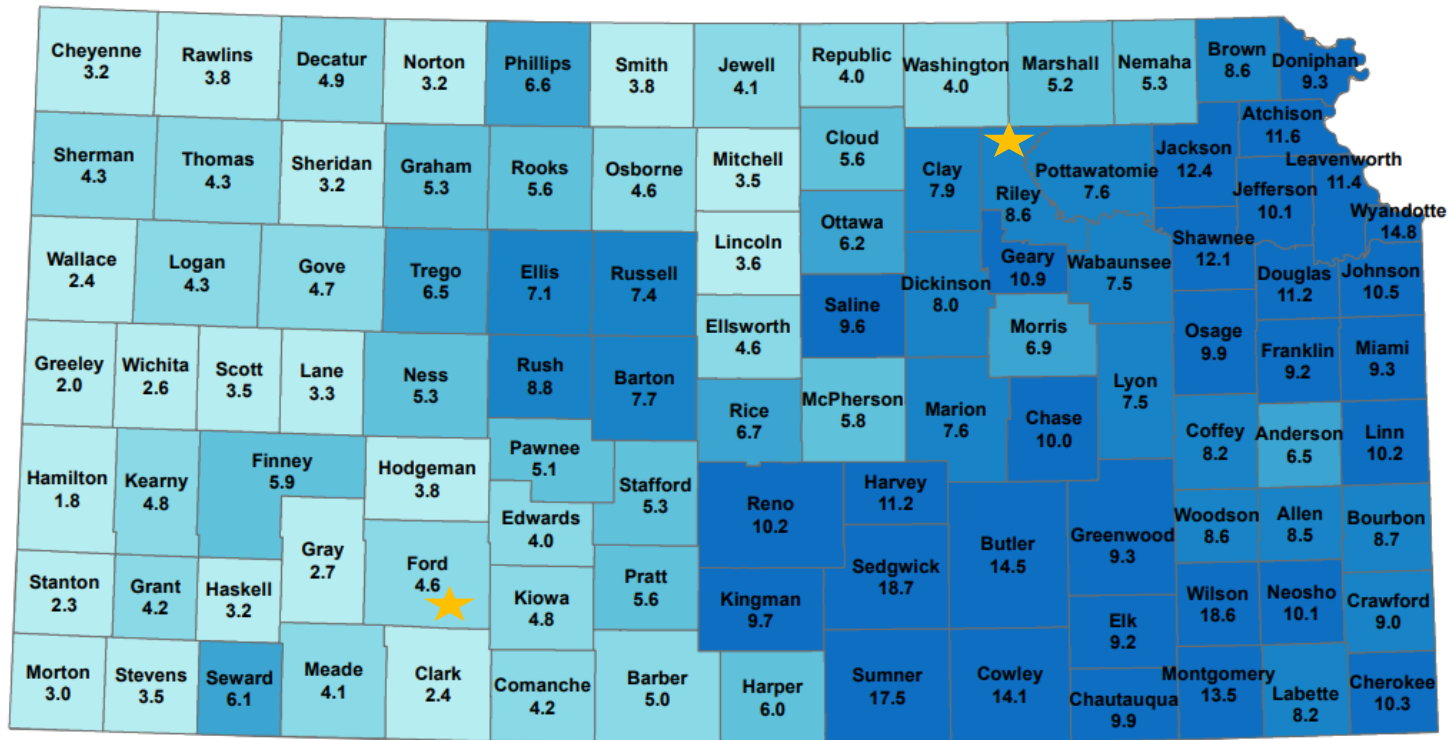
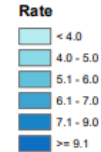
# IMPACTFUL: BUT THE NEEDS ARE NOT EQUALLY DISTRIBUTED BY POPULATION CONSIDER COVID-19 RATES



\*As of June 1, 2020

# IMPACTFUL: UNEMPLOYMENT RATES SHOULD BE CONSIDERED TOO

APRIL 2020  
UNEMPLOYMENT RATES



Note: County unemployment rates are only available not seasonally adjusted  
Source: Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Local Area Unemployment Statistics (LAUS)

Source: May 22, 2020 Labor Report

## OUR DISTRIBUTION FORMULA

**FAIR** Every county receives at least  
\$194 per person



\$350 M

**IMPACTFUL** Impact Fund with county shares  
determined by COVID-19 and  
unemployment rates



\$50 M

\$400M

**1<sup>st</sup> Round Total**

NOTE: The \$350 M does not include JO & SG counties because they already received \$194 per person, but they are included in the bonus pool



## FORMULA OVERVIEW

\$350 M 

- All counties receive their portions of funds based on population.



\$194 per person in each county

\$50 M   
IMPACT FUND

- All counties evaluated.
- Shares determined by COVID & unemployment rates
- Counties with higher than average rates receive more funds



Amounts vary per county

Avg. COVID-19 rate -	3.3
Avg. Unemployment rate -	11%

## NOTABLE POINTS ABOUT THE FORMULA

- High **COVID-19 rate** counties increased per person share considerably (\$194 base):
  - \$330 – Ford County
  - \$299 – Seward County
  - \$299 – Finney County
  - \$237 – Clark County
  - \$234 – Leavenworth County
- **Metros** in Impact Fund:
  - Johnson County gained \$7.9 M
  - Sedgwick County gained \$9.3 M
  - Wyandotte County gained \$5.1 M
- High **unemployment** counties gains were more modest (\$194 base):
  - \$211 – Sedgwick County
  - \$208 – Wilson County
  - \$207 – Sumner County
  - \$225 – Wyandotte County\*
  - \$205 – Butler County

\*Wyandotte has high COVID & unemployment rates

## TYPES OF EXPENDITURES FOR 1<sup>ST</sup> ROUND

- **Reimbursements** for COVID-19 expenses
- **Direct aid** without requiring reimbursement
- COVID-19 expenses could include:
  - PPE
  - Testing supplies
  - Contact tracers
  - Quarantine resources
  - Payroll for employees dedicated to the COVID-19 response
  - Medical expenses
  - Public health costs



“Reimbursement doesn’t make sense if cities don’t have the money to pay for their needs in the first place.”

# 1<sup>ST</sup> ROUND DISTRIBUTION TYPE OPTIONS

## All Reimbursement

- All \$400 M goes for reimbursements
- Counties have set amount of time to seek reimbursement, if funds are not used, they are returned to a general pot
- **Pro:** Easy for distribution, accountability
- **Con:** Cash-strapped communities may not be able to make purchases to get reimbursed

## 50-50 split per County

- 50% made available for reimbursement; funds not used returned to a general pot
- 50% goes to direct aid, no reimbursement required
- **Pro:** Provides more flexibility to communities
- **Con:** Increased accountability needed

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## **TIMELY: WE NEED YOUR HELP TO DISTRIBUTE 1<sup>ST</sup> ROUND FUNDS QUICKLY - INPUT NEEDED**

Do you see any fatal flaws with this approach?

### **Funding Formula**

- \$350 M based on population
- \$50 M bonus pool based on COVID-19 and unemployment rates

### **Distribution Type**

- 50% - Reimbursement
- 50% - Direct aid



**2<sup>ND</sup> ROUND PREVIEW**

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# PROCESS OVERVIEW

## 1<sup>st</sup> ROUND:



June

DISTRIBUTED:

ELIGIBLE:

AMOUNT:

% of TOTAL:

Local Govts.

\$400 M

39%

## 2<sup>nd</sup> ROUND



August

Public/Private entitles

\$310 M to \$525 M

30% to 50%

## 3<sup>rd</sup> ROUND:



October

Public/Private entitles

\$109 M to \$324 M

11% to 31%

## 2<sup>ND</sup> ROUND INVESTMENT CHALLENGES – EVOLVING PROCESS

Allowable expenses according to

**April 22 guidance:**

- Establishing and operating public **telemedicine** capabilities
- Technological improvements to facilitate **distance learning**
- Improving **telework** capabilities

**May 28 clarification:**

- Rural broadband expansion can only occur if it is necessary for the **public health emergency**



## EXAMPLE OF QUESTIONS TO CONSIDER FOR 2<sup>ND</sup> ROUND:

- Are there rural hospitals serving the public health emergency that need broadband access?
- How do we leverage public private partnerships to adhere to the legislation and leverage these investments for long-term opportunities?

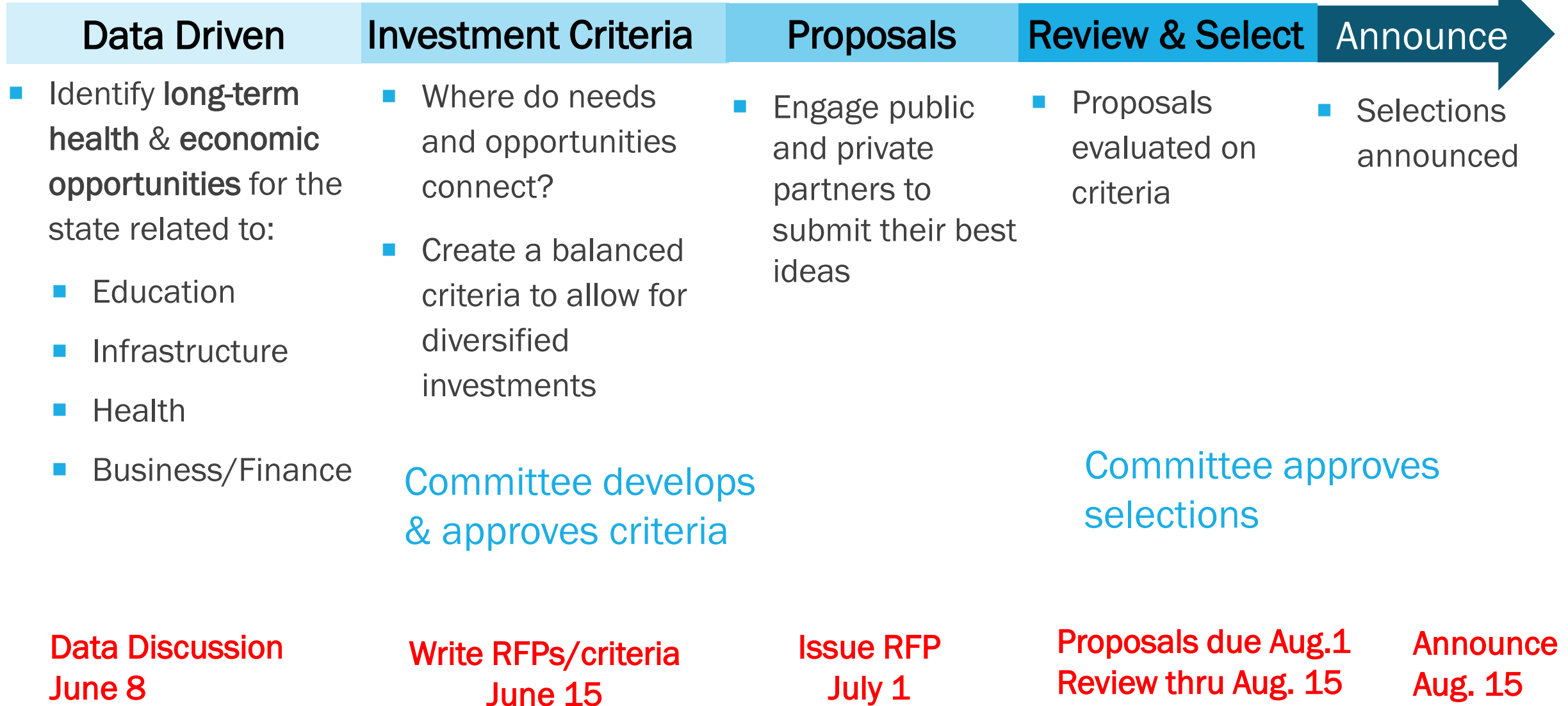




## **THE NEED FOR SPEED & INNOVATION**

- We only have 6 months to get these funds distributed
- 2016 University of Syracuse found Public Private Partnerships are significantly more likely of meeting cost and schedule objectives than traditional public managed infrastructure projects
- We need to tap into the entrepreneurial spirit of Kansans to get the best ideas

## 2<sup>ND</sup> ROUND APPROACH



**THANK YOU!**

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