



Kansas Legislative Research Department

Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934

68-West-Statehouse | 300 SW 10th Ave. | Topeka, Kansas 66612-1504
(785) 296-3181

kslegres@klrd.ks.gov

kslegislature.org/klrd

April 21, 2020

To: House Committee on Appropriations and Senate Committee on Ways and Means

From: Amy Deckard, Assistant Director for Fiscal Affairs

Re: COVID-19 Funding

SB 66 appropriated \$65.0 million, all from the State General Fund (SGF), for the Coronavirus Response Fund (\$50.0 million) and the Adjutant General Emergency Management Fund (\$15.0 million) for the novel coronavirus disease (COVID-19) response in FY 2020. These funds reappropriate into FY 2021 if not fully expended. Additionally, in the event that Medicaid Expansion is not passed by the 2020 Legislature, \$17.5 million, from the SGF, will be transferred from the Kansas Department of Health and Environment (KDHE) to the State Finance Council's Coronavirus Prevention Fund for FY 2021.

In response to the COVID-19 pandemic, three federal bills that provide relief have been enacted: the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act, and the Coronavirus, Aid, Relief, and Economic Security (CARES) Act. The largest funding source for state relief is contained in the CARES Act, which was signed into law on March 27, 2020.

The CARES Act makes funding available to states primarily through two means:

- The Coronavirus Relief Fund (CRF) provides \$150.0 billion in direct assistance from the U.S. Treasury to state governments in all 50 states, tribal governments, and governments of U.S. territories, with allocation based on their population and with no state receiving less than \$1.25 billion; and
- Funds made available to federal agencies for distribution primarily to state agencies and local governments through dozens of grant or supplemental funding programs.

The CRF is the largest source of state funding provided in the CARES Act. Section 5001(d) of the CARES Act clarifies that funds may be used only for costs that:

- Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- Were not accounted for in the budget most recently approved as of CARES Act enactment on March 27, 2020; and

- Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

Due to these restrictions, and without further guidance from the U.S. Treasury, CRF payments may not be used to directly fill revenue shortfalls. However, indirect assistance with revenue shortfalls can occur if expenses paid by CRF would widen the gap between government outlays and receipts. The current understanding is that the majority of funds allocated to the State cannot be used to directly fill revenue shortfalls. These restrictions further suggest that CRF payments may not be used to directly reimburse State funds appropriated for COVID-19 response in SB 66, the state's most recent budget bill approved prior to the CARES Act.

The list below is an estimate of funds made available to state agencies in Kansas from all three federal COVID-19 relief acts. Most funding will go directly to the State; however, local units of government, tribal entities, nonprofit organizations, and other authorized recipients may also receive some funds directly from the federal government. A variety of other federal programs, including tax incentives, also are intended to provide direct relief to individual Kansas citizens and businesses. However, those programs are not listed below. These programs are still being analyzed by the Legislative Research Department and further detail will be available later.

Coronavirus Relief Fund

\$1.25 billion for the Coronavirus Relief Fund (includes a 45 percent cap to local units of government).

- Funds may be utilized for expenditures related to the coronavirus public health emergency. Funds have been allocated to States based on population, with smaller populated states receiving a minimum of \$1.25 billion. Direct assistance is available to local governments that serve a population that exceeds 500,000 (estimated at \$215.0 million in Kansas).
- Kansas has received \$625.0 million in CRF funds, to date.

Education

\$105.1 million for Higher Education

- Funding allocates 90 percent directly to institutions through the Title IV (federal Pell financial aid) distribution system. In Kansas, 75 total institutions of higher education are eligible: 33 public, 24 private, and 18 for-profit. At least 50 percent of funds awarded must be used for direct emergency aid to students, including grants for food, housing, course materials, technology, health care, and child care. Funds are provided to prevent, prepare for, and respond to coronavirus.

\$84.5 million for K-12 Education

- The funding for K-12 education is part of the Education Stabilization Fund, the purpose of which is to prevent, prepare for, and respond to COVID-19. Each state must allocate not less than 90 percent of awarded funds to local education agencies (school districts) in the state in proportion to the amount of funds such local education agencies received under Title I of the Elementary and Secondary Education Act. Funding may be used for COVID-19 preparedness and response activities such as staff training and professional development, implementing response procedures and systems, and purchasing of sanitizing supplies. Funds may also be used for mental health services, addressing needs of disadvantaged students, implementing summer learning programs, coordinating long-term closures, and other activities necessary to maintain continuity of services in local education agencies and continuing to employ existing staff. After one year of receiving the funds, any unused funds must be returned to the federal government. Funds from the Education Stabilization Fund require a maintenance of effort from states, meaning state support for K-12 and higher education in FY 2020 and FY 2021 must be maintained at the average level in FY 2017 through FY 2019.

\$26.3 million for the Governor's Fund to be distributed to K-12 and Higher Education institutions most impacted by COVID-19

- This funding makes grants available to local education agencies most significantly impacted by COVID-19 to allow them to continue to provide educational services to students and provide supports to institutions of higher learning significantly impacted or other entities providing child care and early childhood education, social and emotional support, and the protection of education-related jobs. Any funds not expended within one year are returned to the federal government.

\$263,000 for the State Library

- The funding for the State Library is provided through the Institute of Museum and Library Services (IMLS). The purpose of the funding is to provide grants to states, territories, and tribes to respond to COVID-19, including expanding digital network access, purchasing internet accessible devices, and providing technical support services, using the following types of data to prioritize efforts: poverty/Supplemental Nutrition Assistance Program, unemployment, and broadband availability. The total available to the State Library may increase. The CARES Act appropriated \$50.0 million to IMLS, but IMLS has announced the distribution of only \$30.0 million. The funds are available to IMLS until September 30, 2021, but there is no requirement for the State Library to expend the funds by a specified date. *State matching requirements are waived.*

Social Services

\$30.8 million for Child Care and Development Block Grant

- This funding is intended to pay childcare providers to ensure they will be able to reopen. This includes staff expenses and sanitizing the facility. Funds may be given to childcare providers that have not previously received funding to clean and sanitize facilities. The funds may also be used to provide child care to workers deemed essential without regard to the income eligibility requirement [section 658P(4) of the Child Care and Development Block Grant Act]. States and territories do not need to amend their approved plans, and the funds may be obligated in this federal fiscal year or the succeeding two fiscal years. Funding is available until September 30, 2022.

\$14.0 million for the Low-Income Home Energy Assistance Program

- This federally funded program provides assistance for qualifying households to pay home energy costs *via* an annual benefit. This program is administered by the Department for Children and Families' Economic and Employment Program. Benefit levels may vary based on household income, the number of persons living in the house, the type of house, and the type of energy used. *The standard 10.0 percent carryover limit does not apply to this supplemental funding.* Funding is available until September 30, 2021.

\$8.1 million for Community Services Block Grant

- The Community Services Block Grant (CSBG) Act aims to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become fully self-sufficient. CSBG works through eight local eligible entities in Kansas to support services and activities for individuals with low income that alleviate the causes and conditions of poverty in their individual communities. The balance of the state portion of the program is administered by the Kansas Housing Resources Corporation. Funding is available until September 30, 2021.

\$6.3 million for Head Start

- A portion of this funding will be available for operating supplemental summer programs through existing grantees determined most ready by the federal Office of Head Start. This funding will also not be calculated in the "base grant" in subsequent fiscal years. The purpose of Head Start is to prepare children under five in low-income families for school. Kansas administers Head Start and Early Head Start programs (KEHS). KEHS services include quality early education; parent education; comprehensive health and mental health services, including services to women before, during, and after pregnancy; nutrition education; family support service; and child care for parents who are employed, attending school, or in a job training program. *Non-federal matching requirements may be waived.* Funding is available until September 30, 2021.

\$440,000 for Child Welfare Services

- The CARES Act includes additional Social Security Act Title IV-B funding for child welfare services. This funding may be used for the following: (1) protecting and promoting the welfare of all children; (2) preventing the neglect, abuse, or exploitation of children; (3) supporting at-risk families through services which allow children, where appropriate, to remain safely with their families or return to their families in a timely manner; (4) promoting the safety, permanence, and well-being of children in foster care and adoptive families; and (5) providing training, professional development and support to ensure a well-qualified child welfare workforce. *State matching requirements are waived.*

\$333,000 for Family Violence Prevention

- Funds are provided for domestic violence programs through the Federal Family Violence Prevention and Services Act. *State matching requirements are waived.*

Community Living

\$6.1 million for Congregate and Home-Delivered Meals

- The Kansas Department for Aging and Disability Services (KDADS) provides Congregate and Home Delivered Meals under the Older Americans Act Nutrition Program. The Title III-C Nutrition Program authorizes nutrition services for persons age 60 or over and their spouses and, in certain conditions, persons with disabilities under the age of 60. Meals are provided to eligible participants on a contribution basis in a congregate setting (Title III-C)(1) or within a homebound individual's place of residence (Title-III-C)(2). *State matching requirements are waived.*

\$1.7 million for Supportive Services

- KDADS provides supportive services under the Older Americans Act In-Home Services program. Under Title III-B of the Older Americans Act, KDADS notes it provides Kansans with objective, accessible, and useful information to promote healthy aging, financial security, and long-term care choices to assist them in making informed decisions. It also promotes accessibility of information sources to all Kansans. KDADS encourages the state Agencies on Aging and Area Agencies on Aging to concentrate resources to develop and implement comprehensive and coordinated community-based systems of service for older individuals *via* statewide planning, and area planning and provision of supportive services, including multipurpose senior centers. The objective of these services and centers is to maximize the informal support provided to older Americans to enable them to remain in their homes and communities. Providing transportation services, in-home services, and other support services, this program ensures that elders receive the services they need to remain independent. *State matching requirements are waived.*

\$845,000 for Family Caregivers

- KDADS provides family caregiver services under the Older Americans Act Title III-E Family Caregiver Support program. The National Family Caregiver Support Program is designed to support the needs of family caregivers. The categories of service available are information, assistance, counseling, support groups, caregivers training, respite, and supplemental services. The program targets family caregivers providing in-home or community care to an older adult, caregivers who provide care for individuals with Alzheimer's disease, grandparents or relatives aged 55 or older who are relative caregivers for children younger than 19 years of age, and a grandparent or relative aged 55 or older providing care to a disabled adult aged 19 to 59 years. It also directs states to give priority to services for older individuals with the greatest social and economic need, with particular attention to low-income older individuals and grandparent or relatives providing care and support to persons with mental retardation and related developmental disabilities. *State matching requirements are waived.*

\$972,000 for Centers for Independent Living

- Kansas has a network of 10 Centers for Independent Living (CIL). The purpose of CILs is to provide independence and empowerment to individuals living with disabilities and to support their integration into mainstream society. CILs are not residential facilities. Funding is available until September 30, 2021.

\$175,000 for Protection of Vulnerable Older Americans

- KDADS provides services for the protection of vulnerable older Americans under the Older Americans Act Elder Justice/Long Term Care Ombudsman Activities program. The program promotes elder rights activities to provide persons 60 and older access to the system of justice. Legal service providers (attorneys) act as advocates and offer advice and representation. Activities also include programs for the prevention and awareness of elder abuse, neglect, and exploitation of older individuals.

Health Care

\$325.1 million for Provider Relief Funds

- Funds will be distributed to eligible healthcare providers to support healthcare-related expenses or lost revenue attributable to COVID-19, and to ensure uninsured Americans can get testing and treatment for COVID-19. All facilities and providers that received Medicare fee-for-service reimbursements in 2019 are eligible for this initial \$30 billion that was planned to be delivered on April 10, 2020. These payments are not loans and will not need to be repaid.

\$16.7 million to Community Health Centers

- Funds are intended to support the ability of community health centers funded by the Health Resources and Services Administration (HRSA) to detect, prevent, and diagnose COVID-19, as well as maintain and/or increase health center capacity and staff. Grants were awarded to 18 HRSA-funded community health centers in Kansas (\$15,959,343) and KDHE (\$693,378).

\$12.5 million in CDC grants

- Under the Coronavirus Preparedness and Response Act, CDC grants will be distributed to help support the prevention, detection and treatment of COVID-19. Federal FY 2019 Public Health Emergency Preparedness (PHEP) grantees are guaranteed at least 90 percent of their FY 2019 awards. Tribes are also allocated a set amount. Kansas was allotted \$5.9 million in this first series of grants.
- Under the CARES Act, additional funds are designated for grants to or cooperative agreements with states, localities, territories, tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes, for surveillance, epidemiology, laboratory capacity, infection control, mitigation, communications, and other preparedness and response activities. Every grantee that received a PHEP grant for federal FY 2019 is guaranteed to receive 100 percent of their FY 2019 award. Kansas is expected to receive \$6.6 million under this funding stream.

\$1.3 million for Hospital Preparedness

- Hospital preparedness grants are designed to ready hospitals to deliver coordinated and effective care to victims of public health emergencies. Awards went to KDHE (\$476,966) and the Kansas Hospital Association (\$784,542).

\$191,000 for Ryan White HIV/AIDS

- This funding supports Ryan White HIV/AIDS Program recipients across the country, including city/county health departments, health clinics, community-based organizations, state health departments, and AIDS Education and Training Centers, in their efforts to prevent or minimize the impact of this pandemic on people with HIV. Funds will be distributed to KDHE and The University of Kansas Medical Center in Wichita.

\$45,000 for Poison Control Services

- Funds appropriated are for activities to improve the capacity of poison control centers to respond to increased calls. Funding is available until September 30, 2022.

Food and Nutrition

\$6.7 million for The Emergency Food Assistance Program and Administration (TEFAP)

- This program provides free U.S. Department of Agriculture commodity foods to low-income households. TEFAP food is shipped five or six times per year. Shipments provide a minimum of four and a maximum of ten foods per household. *Matching requirements are not waived but states have flexibility to provide food to people in need.* Funding is available until September 30, 2021.

\$3.1 million for Supplemental Nutrition Assistance Program for Women, Infants and Children

- Additional funds will remain available through September 30, 2021, to be used only in cases in which a school is closed for at least five consecutive days during a declared public health emergency during which the school would otherwise be in session.
- Each household containing at least one member who has an eligible child attending school shall be eligible to receive assistance pursuant to a state agency plan approved by the Secretary of Agriculture. State plans may include temporary emergency standards of eligibility and levels of benefits for households with eligible children. Temporary state plans can provide aid to households not already receiving benefits in an amount not less than the value of meals at the free rate over the course of five school days for each eligible child in the household. Additional funds provided in the CARES Act shall be placed in a contingency reserve to be allocated as the Secretary deems necessary to support participation should cost or participation exceed budget estimates to prevent, prepare for, and respond to COVID-19.

Economic Development

\$9.0 million for the Community Development Block Grant (CDBG) [Additional \$6.6 million to Local Entitlement Zones Johnson County, Kansas City, Lawrence, Leavenworth, Manhattan, Overland Park, Topeka, and Wichita]

- Awards made through this program pay for water and sewer systems, bridges, roads, community facilities, housing rehabilitation, and economic development activities. There shall be no percent limitation for the use of funds for public services activities to prevent, prepare for, and respond to coronavirus. The Federal Secretary of Commerce also has \$1.0 billion to be allocated to states to prevent, prepare for, and respond to coronavirus within any state or insular area, including activities within entitlement and non-entitlement communities, based on public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruptions, and other factors, as determined by the Secretary, using best available data. Such allocations shall be made by May 11, 2020.

\$471,000 for Manufacturing Extension Partnership

- The Hollings Manufacturing Extension Partnership (MEP) Program assists manufacturers to increase competitiveness by developing and operating a learning and knowledge infrastructure. The Kansas MEP office, Kansas Manufacturing Solutions, is assisting Kansas manufacturers in mobilizing production capacity in response to COVID-19 and informing manufacturers on elements of the CARES Act that impact their operations. Additional funding for the program is intended to remain until September 30, 2021. *State matching requirements are waived.*

\$466,000 for National Endowment for the Humanities Grants

- 40 percent of such funds must be distributed to state arts agencies and regional arts organizations and 60 percent of such funds must be for direct grants. Funds may also be used by the recipients of such grants for purposes of the general operations of such recipients. *State matching requirements are waived, and the funding is available until September 30, 2021.*
- Humanities Kansas has surveyed 125 arts and cultural organization organizations since the end of March and will be taking applications for grant funding starting in mid-May.

\$441,000 for National Endowment for the Arts Grants

- 40 percent of such funds must be distributed to state arts agencies and regional arts organizations and 60 percent of such funds must be for direct grants. Funds may also be used by the recipients of such grants for purposes of the general operations of such recipients. *State matching requirements are waived, and the funding is available until September 30, 2021.*

Labor

\$13.3 million for Unemployment Insurance Administration

- This funding may be used only for the administration of unemployment compensation laws, including taking the steps necessary to ensure adequate resources in periods of high demand. Half of the funding must be provided to a state within 60 days after the law was enacted, with the other half being transferred only if a state's unemployment compensation claims increased by at least 10 percent over the same quarter in the previous calendar year.
- In order to receive the funding, states must meet certain requirements, including requiring employers to notify employees about the availability of unemployment compensation and provide assistance to applicants in filling out their applications, and demonstrating that a state has taken steps to ease eligibility requirements and increase access to unemployment compensation for claimants.

- Kansas has so far received \$4.8 million in federal funding for unemployment insurance administration. *This funding does not include the temporary expansions of unemployment insurance authorized by the CARES Act.*

Justice and Security

\$6.1 million for the Edward Byrne Memorial Justice Assistance Program (Additional \$3.2 million to Local)

- Kansas will receive \$6,061,106 (*no state match requirement*) to distribute to state and local units of government and to federally recognized Indian tribal governments. Funding is distributed from the U.S. Department of Justice, Bureau of Justice Assistance to the Governor's Office through the Coronavirus Emergency Supplemental Funding grants program. Funding may be used for seven purpose areas: law enforcement; prosecution and courts; crime prevention and education; corrections and community corrections; drug treatment and enforcement; planning, evaluation, and technology improvement; and crime victim and witness programs.

\$4.6 million for Election Security

- Funds are to be used to prevent, prepare for, and respond to coronavirus, domestically or internationally, and its impacts on the 2020 federal election cycle. Payments are required to be distributed to the State by the Elections Assistance Commission (EAC) by Monday, April 27, 2020. The Secretary of State shall provide a full reporting to the EAC within 20 days of the federal election on uses of the payment and an explanation of how such uses allowed the state to prevent, prepare for, and respond to coronavirus. The funding expires on December 31, 2020. *States must provide a 20 percent match within two years.*

\$1.3 million for Emergency Management Performance Grant

- The Emergency Management Performance Grant Program supports all core capabilities in the Prevention, Protection, Mitigation, Response, and Recovery mission areas based on allowable costs. *State matching requirements of 50 percent are not waived.* This funding is available until September 30, 2021.

Housing and Homeless Assistance

\$5.7 million for Homeless Assistance [Additional \$2.1 million to Local Units of Government]

- The CARES Act includes additional funding for Homeless Assistance Grants, to prevent, prepare for, and respond to coronavirus among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus under the Emergency Solutions Grants (ESG) program. ESG funding may be used for establishing, maintaining, and operating

emergency shelters to provide essential services such as services concerned with employment, health, education, family support services for homeless youth, substance abuse services, victim services, or mental health services. The balance of the state portion of the program is administered by the Kansas Housing Resources Corporation. *Matching requirements are waived. Funding is available until September 30, 2022.*

\$3.5 million for Public Housing Operations

- The Public Housing Operating Fund may be used for assistance to public housing agencies for the operation and management of public housing, including the efficient maintenance and operation of public housing units; anti-crime and anti-drug activities; provision of services, including service coordinators for elderly persons or persons with disabilities; and more. Funding is available until September 30, 2021.

\$2.7 million for Tenant-Based Rental Assistance

- The CARES Act provides additional funding for public housing agencies to maintain normal operations during the period that such programs are impacted by coronavirus. Portions of this funding are allocated for Section 8 programs, including Mainstream vouchers and renewal funding applications for public housing agencies that experience a significant increase in voucher per-unit costs due to extraordinary circumstances or that, despite taking reasonable cost-savings measures, would otherwise be required to terminate rental assistance for families as a result of insufficient funding. *Matching requirements may be waived.*

\$1.2 million for the Emergency Food and Shelter Program

- Funds are distributed to local providers for food purchases, lodging needs, or for assistance in payment of rent, mortgage or utility bills. The program is governed by a National Board composed of representatives of the American Red Cross, Catholic Charities, The Salvation Army, and other charities.

\$575,916 for Native American Housing Relief

- The CARES Act includes \$200.0 million in additional funding for Indian Housing Block Grants (IHBG) to Native American tribes that are Tribally Designated Housing Entities to address housing issues resulting from COVID-19. Grant funding primarily supports low-income Native American families. Eligible activities include housing development, operation and maintenance, modernization, and more. In Kansas, the IHBG distribution from the CARES Act totals \$575,916. Funding is available until September 30, 2021.

\$88,288 for Housing Opportunities for Persons with AIDS

- The AIDS Housing Opportunity Act provides grant funding for states, local governments, and nonprofit organizations to devise long-term comprehensive

strategies for meeting the housing needs of persons with AIDS and families of such persons. Eligible activities include enabling public and nonprofit organizations to provide housing information, facilitating the development and operation of shelters, providing rental assistance, and facilitating moderate rehabilitation of single-room occupancy dwellings. Funding is available until September 30, 2021.

Transportation

\$53.4 million for Grants-in-Aid for Airports

- The CARES Act provides support to U.S. airports experiencing severe economic disruption caused by the COVID-19 public health emergency. This funding will be distributed to airports to prevent, prepare for, and respond to the impacts of the COVID-19 public health emergency. *There is no matching requirement for these funds.*

\$52.4 million for Federal Transit Authority (FTA) Urbanized Formula

- The FTA has followed existing formulas for allocating urban funding based on population. The funding is intended to be used for operating and capital assistance for public transportation operators that have realized an impact due to COVID-19. This includes lost revenue, the purchase of personal protective equipment, procuring cleaning supplies, maintenance costs, and the payment of administrative leave of operations personnel due to reductions of service. *In most cases the federal funding will reimburse 100 percent of the cost of these noted expenses.* This funding will flow directly to the urban operators (for example, Flint Hills Area Transportation Agency, Johnson County Transit, Lawrence Transit, Topeka Metropolitan Transit Authority, Unified Government of Wyandotte County Transit, and Wichita Transit).

\$38.8 million for FTA Non-urbanized Formula

- Funding for non-urbanized transit will be apportioned to the Kansas Department of Transportation. The agency is currently tracking COVID-19-related expenses along with network providers and will distribute the funding as it comes available, as well as receipt of any documentation of expenses from the agency's providers. Similarly, this funding is intended to be used for operating and capital assistance for public transportation operators that have realized an impact due to COVID-19. This includes lost revenue, the purchase of personal protective equipment, procuring cleaning supplies, maintenance costs, and the payment of administrative leave of operations personnel due to reductions of service. *In most cases the federal funding will reimburse 100 percent of the cost of these noted expenses.*