



FINANCIAL STIMULUS ACCOUNTABILITY GROUP

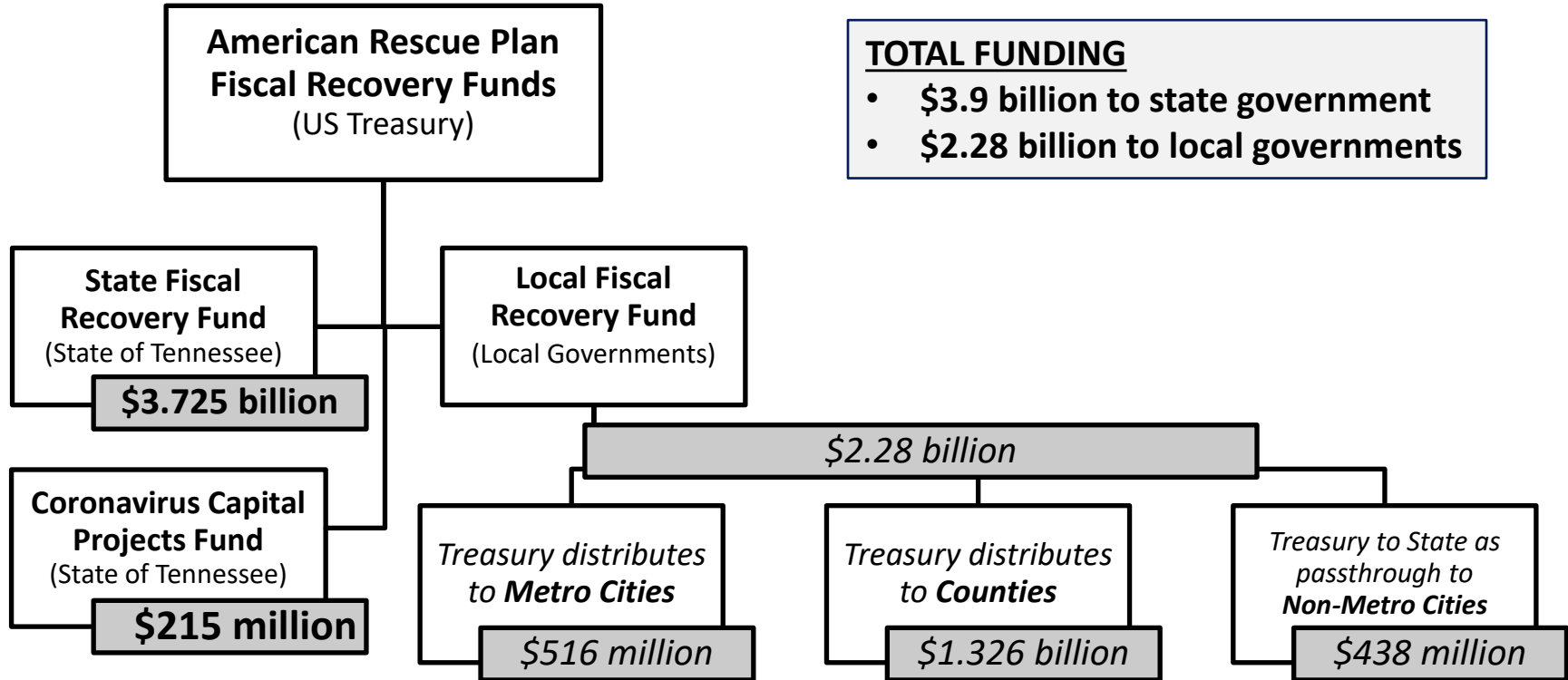
October 6, 2021

Agenda

- Welcome and Opening
- Update on State Fiscal Recovery Fund
 - Non-entitlement unit distribution
- Tennessee Resiliency Plan – Phase 1
 - Presentation of plan for review
 - Public input process
- Non-FRF Funds update

American Rescue Plan (ARP) - Summary

State and Local Funding as of 10/1



ARP Fiscal Recovery Funds - Summary

- Installment 1 of State Fiscal Recovery Fund is \$1.862 billion (one half of \$3.725 billion). (Local entities will also receive funds in two installments.)
- Funds must be obligated by Dec. 31, 2024. Performance must be completed by Dec 31, 2026.
- State and Local Fiscal Recovery Fund (FRF) requirements are more prescriptive than the CRF, requiring more detailed reporting and demonstration to the US Treasury.
- For economic and public health expenditures, the FRF is very similar to last year's CRF, requiring a demonstration that funds are used for relief due to COVID-19 pandemic and its effects.
- **New eligible uses from CRF** include general investments in physical infrastructure, **but only if** they are certain sewer, water, and broadband investments.

Recommended 2021 Priorities for State of Tennessee FRF are:

- Evidence-based and high-ROI investments in sewer, water and broadband infrastructure;
- Support for public health to improve health outcomes;
- Provide economic relief to affected entities and industries;
- Effectively supporting local government compliance and risk mitigation.

State Fiscal Recovery Fund

- US Treasury was expected to issue a final rule on September 10.
- They instead stated that the Interim Final Rule would be “binding and effective” until a final rule was issued.
- Given this, we did apply for funds on 9/28
- NEU clock start and distribution process
 - 30 days to distribute funds per Treasury rule
 - 316 of 327 NEUs submitted request for funding (*as of Tuesday, 10/5*)
 - Verify required documentation received
 - Deposit funds

NEUs with No Request for Local FRF as of Tuesday, 10/5

- Braden
- Forest Hills*
- Gadsden*
- McEwen*
- Mitchellville*
- Normandy
- Parrottsville*
- Philadelphia*
- Toone
- Trimble*
- Viola

*** - No login to portal to date**



NEUs listed above represent approximately \$2.7 million in FRF funds

Local Funds – Risk Reduction Plan – Summary

- State developed an optional technical assistance program for **all** local governments. Over 300 local government representatives are regularly participating in the weekly webinar part of program representing 301 local governments.
 - Counties - 77
 - Metros – 17
 - NEU – 207
- Technical assistance training began on September 15 with weekly sessions ongoing. Last session scheduled for November 17.
- January 2022 – April 2022 State reviews local plans and provides feedback and guidance to local governments in response.
- Local Government ARPA Information website:
 - <https://www.tn.gov/finance/local-government-grants-.html>

Local Government Technical Assistance

- Webinars are all recorded and saved online for future viewing
- Local Governments can still register for remaining live sessions

Webinar Videos and Materials

Tennessee's Coronavirus Local Fiscal Recovery Fund local government training program is a ten-week webinar series providing in-depth training on record-keeping, reporting and compliance with federal guidelines in accordance with the Coronavirus Local Fiscal Recovery Fund. The webinars are held each **Wednesday at 11 a.m. central time from September 15 through November 17, 2021.**

[To register for upcoming webinars, click here.](#)

- ∨ 9/15/2021 – Overview of Local Fiscal Recovery Fund & Your Responsibility



[Click here for a slide presentation to follow during the webinar above.](#)



Phase 1 of the Tennessee Resiliency Plan

Planning Process

- Since the passage of the ARPA, we have held public FSAG hearings to discuss and debate the potential uses of these one-time funds.
- We have discussed the parameters of the federal statute and regulations, and shared goals for improving state infrastructure, the public health systems, and promoting Tennessee's economic recovery across all communities.
- We have also discussed the importance of maintaining fiscal integrity and limiting potential for one-time funds leading to recurring costs.
- **We have engaged with community stakeholders and agencies to develop over 100 possible initiatives. Today's recommendations focus on 16 of those. We are also recommend reserving funding for future investments.**

Eligible Uses of Funds

- **Infrastructure:** Only use of funds that does not have to be tied to COVID, and limited to necessary sewer, water, and broadband improvements.
- **Public Health:** Funds may be used to improve public health service offerings in response to COVID-19, as well as improve public health facilities;
- **Economic Relief:** Funds may be used to respond to negative economic impacts of COVID-19, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.
 - Direct aid to individual businesses or non-profits are eligible but must comply with Treasury rules requiring an individualized assessment of harm on each recipient.

Phase 1 of Tennessee Resiliency Plan

This first tranche of spending priorities reflect the most urgent needs and opportunities for Tennessee. These include:

- Sewer, Water, and Broadband Infrastructure initiatives approved in August;
- Capital investments to improve the resiliency of state and local public health systems;
- Continuation of the state's Hospital Staffing Assistance program;
- Immediate support to Tourism, Agriculture, and Arts and Culture Industries.

The plan also reserves funds for future planning:

- \$300 million for additional necessary public Health Capital investment.
- \$275 million for requests from industries or organizations negatively impacted (via public application process)

After October additions and reservations, a balance of approximately \$494 million remains in the Fiscal Recovery Fund.

Major Tennessee Resilience Plan Initiatives

Category	Purpose	Amount (M)
Infrastructure	<u>Improving Tennessee's Water and Wastewater Infrastructure</u>	\$1,351
Infrastructure	Broadband Connectivity and Adoption Grants	\$500
Public Health	Replacing the State Public Health Laboratory	\$200
Public Health	Rebuilding, Renovating, and Improving Local County Department of Health Facilities	\$129
Public Health	Staffing Assistance (Hospitals, SNF, LTCF)	\$110
Affected Industries	Support for Tourism, Agriculture, and Arts and Culture Industries (Multiple)	\$288

Tennessee Resiliency Plan – Next Phase

- Full detail and descriptions of recommended Tennessee Resiliency Plan initiatives will be posted for public input this afternoon.
- **STATE HEALTH CAPITAL EXPENSES** **\$300 MILLION RESERVED**
 - Administration will engage FSAG and State Building Commission in a collaborative process for identifying best use of these funds for projects reviewed
- **EXTERNAL RELIEF FOR AFFECTED INDUSTRIES** **\$275 MILLION RESERVED**
 - State will launch a website for application by external entities not currently supported in plan.
 - Application will include guidance and additional details for interested associations, industries, non-profits or businesses.
- **UNALLOCATED FUNDS** **\$494 MILLION REMAINING**
 - Several agency proposals submitted in September have been deferred for additional briefing and follow up by FSAG. These include proposals such as THDA Housing Projects, OCJP public safety and crime reduction program, and Dept of Health workforce interventions.
 - Administration will arrange for additional October briefings with those agencies.
 - We will also continue to monitor pandemic response and bring new needs and proposals to FSAG.

Non-FRF Funds Update

Coronavirus Capital Projects Fund - \$215 million

- Released by US Treasury on September 23
- Separate and independent from the Fiscal Recovery Fund
- State must apply by Dec 31, 2021; Must submit a grant plan by Dec 31, 2022; Must expend funds by Dec 31, 2026.
- For a capital project to be an eligible use of Capital Projects Fund grant funds, it must meet all of the following criteria:
 - The capital project invests in capital assets designed to *directly enable work, education, and health monitoring*.
 - The capital project is designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency.
 - The capital project is designed to address a critical need of the community to be served by it.
- Slightly more restrictive than FRF, but also some overlap in eligible uses.