

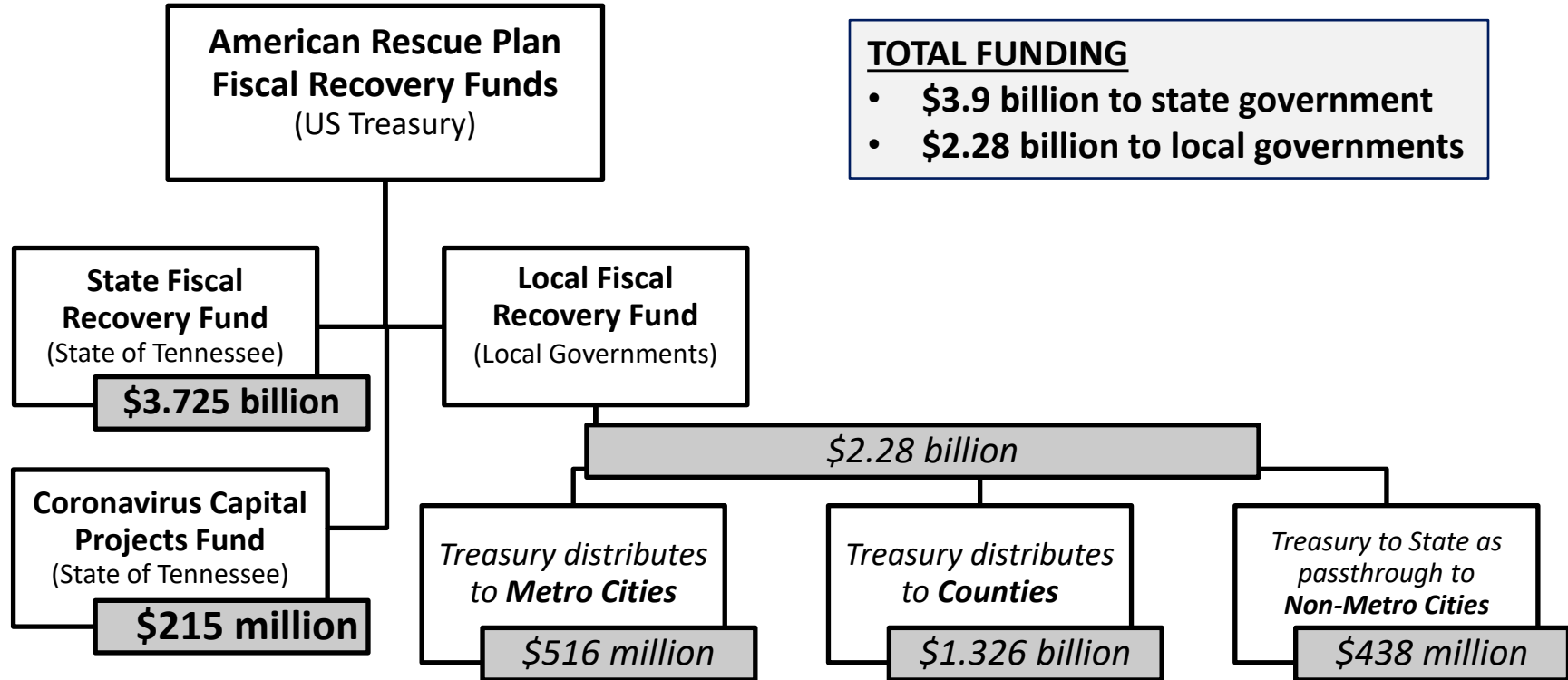
A photograph of the Tennessee State Capitol building, a large neoclassical structure with a prominent portico and columns. The building is set against a clear blue sky with a few wispy clouds. In the foreground, there is a field of blue and red tulips. The title text is overlaid on the image.

# Tennessee's Response to the American Rescue Plan

Tony Niknejad  
Policy Director  
Office of the Governor

# American Rescue Plan (ARP) - Summary

## State and Local Funding from the ARP



# ARP Fiscal Recovery Funds - Summary

- Tennessee's first tranche of State Fiscal Recovery Fund is \$1.862 billion (one half of \$3.725 billion). Local entities will also receive funds in two tranches.
- 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.

## **2021 Priorities for State of Tennessee's FRF Funds 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.

# Financial Stimulus Accountability Group

**Governor Lee**

**Lt. Governor McNally**

**Speaker Sexton**

**Speaker Pro Temp Haile**

**Speaker Pro Temp Marsh**

**Finance Chair Watson**

**Finance Chair Hazlewood**

**Senator Akbari**

**Representative Love**

**Comptroller Mumpower**

**Commissioner Eley**

**Extraordinary Consultation With:**

**Treasurer Lillard**

**Sec. of State Hargett**

Tn.gov/finance > “Looking For” > Financial Stimulus Accountability Group

September 13, 2021 Working Session:

[Presentation Slides](#)

[Capital Criteria](#)

September 2, 2021 Working Sessions:

[Morning Presentation Slides](#)

[Afternoon Presentation Slides](#)

September 1, 2021 Working Sessions:

[Morning Presentation Slides](#)

[Afternoon Presentation Slides](#)

[August 4, 2021 Presentation](#)

June 2, 2021:

- [Presentation](#)

- [Update: Report on the State and Federal Response to COVID-19](#)

March 29, 2021:

- [Presentation](#)

- [Update: Report on the State and Federal Fiscal Response to COVID-19](#)

February 2, 2021:

- [Presentation](#)

- [Report on the State and Federal Fiscal Response to COVID-19](#)

[Tennessee Coronavirus Relief Programs Summary](#)

[December 2, 2020 Presentation](#)

[November 4, 2020 Presentation](#)

[September 30, 2020 Presentation](#)

[August 13, 2020 Presentation](#)

[August 3, 2020 Presentation](#)

[July 1, 2020 Presentation](#)

[June 8, 2020 Presentation](#)

[May 12, 2020 Presentation](#)

[April 22, 2020 Presentation](#)

# Tennessee's Planning Process

- Since the passage of the ARPA, we have held public FSAG hearings monthly 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 state and local fiscal integrity and limiting potential for one-time funds leading to recurring costs.

# Priority 1 – Supporting Local Governments with Technical Assistance

## Webinar Videos and Materials

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

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.](#)



# Local Government Technical Support

- Early local concerns and feedback shared regarding local capacity to adequately comply with Treasury oversight.
- State will use State FRF funds to lead a local government support program.

## **Program Components**

- **Training** - To introduce local government leaders, and local government association staff to expand technical expertise as it relates to financial reporting and best practices to avoid audit.
- **Planning Support**
  - State will provide a template and direction for local planning to help locals maximize funds in a deliberative manner.
  - Coordination with TDEC and ECD to understand scope and model for infrastructure projects. Education on match opportunities and importance of local participation to leverage state-local partnership.
- **Local Plan Review** - Local governments will be given opportunity to submit an **annual plan** for advisory review by State. State will review local plans to identify potential legal or financial risks and communicate those to locals. Plan templates will mirror performance plans that large localities and states are required to submit Treasury



# Local Support Program - Timeline

<b>SEPTEMBER 2021 – Local Government Engagement</b>	
Sep 1 – 15	Release schedule for 8-week training program for local government officials
	Release local government ARPA spend plan template (after Treasury Interim Rule becomes Final.)
Sep 15 – 30	Perform ongoing communication with local governments to encourage participation in assistance program and training (In coordination with MTAS, CTAS, and other local government associations)
<b>OCTOBER - DECEMBER 2021 – Local Government Training</b>	
Oct 1 - Dec 31	Complete 8-week training program with local government officials
	Release monthly updates on Treasury guidance and local government assistance program
	Hold monthly call with public to solicit questions
	Launch local outreach process with ECD and TDEC to educate locals on the infrastructure grants process and affirmative steps necessary to participate.
<b>JANUARY 2022 - JUNE 2022 – Local Government Annual Plan Review</b>	
Jan 4	Open portal for submission of local government annual ARP spend plans for state review
Jan 4 - Apr 30	Perform review of local plans and provide feedback and guidance to local governments in response
May 1 – June 30	Locals can integrate local government spend plans into local government budgets



# Building the State's Spending Plan for ARP: *The Tennessee Resiliency Plan*

# Reporting - Tennessee Resiliency Plan

To support FSAG engagement and public feedback, the State developed a publicly accessible Tennessee ARP Resiliency Plan (TRP), that is organized around the shared values and goals of FSAG.

*Available at <https://www.tn.gov/finance/looking-for/stimulus-financial-accountability-group.html>*

The TRP:

- Outlines the FSAG priorities for a strong Tennessee recovery and fiscally responsible use of ARP FRF funds;
- Provide a consistent reference point for Treasury reporting;
- Support a quarterly reporting framework for FSAG;
- Vehicle for public feedback and comment;
- Provide direction to local governments on how to maximize local FRF funds.

# 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;
- 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 unplanned balance of approximately \$494 million remains in the Fiscal Recovery Fund.**

# Infrastructure

- **Sewer and Water Infrastructure Program: \$1.351 billion**
  - To address a backlog of local sewer and water maintenance and improvements, the State is launching a matching program for local communities who may also dedicate a portion of their own local fiscal recovery funds.
  - <https://www.tn.gov/environment/arp.html>
- **Broadband Connectivity and Adoption: \$500 million**
  - Tennessee will launch an expansion of the state's broadband accessibility grant program with up to \$400 million in grants for communities. We are for the first-time incentivizing locals to dedicate a portion of their own federal funds for these grants.
  - <https://www.tn.gov/ecd/rural-development/tnecd-broadband-initiative.html>

# Healthcare

- Replacement of the State's Public Health Laboratory
- Investments in Local Departments of Health facilities
- Support for Hospital Staffing and other Healthcare Facilities

# Economic Relief

- Tourism Industry Support through the State and Local Destination Marketing Organizations;
- Direct support to Arts and Culture Institutions (e.g., museums) who have faced revenue shortfalls;
- Support for producers and others in the food supply chain who have faced increased costs.

# 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

- **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 has launched a website for application by external entities not currently supported in plan.  
[https://stateoftennessee.formstack.com/forms/american\\_rescue\\_plan\\_proposal\\_for\\_state\\_partnership](https://stateoftennessee.formstack.com/forms/american_rescue_plan_proposal_for_state_partnership)
  - Application include guidance and additional details for interested associations, industries, non-profits or businesses seeking to develop a partnership with state.
- **UNALLOCATED FUNDS** *\$494 MILLION REMAINING*
  - We will also continue to monitor pandemic response and bring new needs and proposals to FSAG.

# What's Next for Tennessee

- Tennessee is engaging in deliberative feedback and partnership with local agencies to prepare for launch of infrastructure support programs in sewer, water and broadband;
- We are continuing to support necessary public health expenses while also maximizing opportunities to invest in physical public health facilities;
- We will work with industry to ensure long-term viability of crucial Tennessee industries;
- We will work directly with local governments to help avoid common pitfalls of one-time, federal funds.