Tennessee’s Response to the American Rescue Plan
American Rescue Plan (ARP) - Summary
State and Local Funding from the ARP

Total Funding:
- $3.9 billion to state government
- $2.28 billion to local governments

American Rescue Plan Fiscal Recovery Funds
(US Treasury)

State Fiscal Recovery Fund
(State of Tennessee)
- $3.725 billion

Local Fiscal Recovery Fund
(Local Governments)
- $2.28 billion
- Treasury distributes to Metro Cities
  - $516 million
- Treasury distributes to Counties
  - $1.326 billion
- Treasury to State as passthrough to Non-Metro Cities
  - $438 million

Coronavirus Capital Projects Fund
(State of Tennessee)
- $215 million
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
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

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

### SEPTEMBER 2021 – Local Government Engagement

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tbody>
<tr>
<td>Sep 1 – 15</td>
<td>Release schedule for 8-week training program for local government officials</td>
</tr>
<tr>
<td></td>
<td>Release local government ARPA spend plan template (after Treasury Interim Rule becomes Final.)</td>
</tr>
<tr>
<td>Sep 15 – 30</td>
<td>Perform ongoing communication with local governments to encourage participation in assistance program and training (In coordination with MTAS, CTAS, and other local government associations)</td>
</tr>
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### OCTOBER - DECEMBER 2021 – Local Government Training

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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<tbody>
<tr>
<td>Oct 1 - Dec 31</td>
<td>Complete 8-week training program with local government officials</td>
</tr>
<tr>
<td></td>
<td>Release monthly updates on Treasury guidance and local government assistance program</td>
</tr>
<tr>
<td></td>
<td>Hold monthly call with public to solicit questions</td>
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<tr>
<td></td>
<td>Launch local outreach process with ECD and TDEC to educate locals on the infrastructure grants process and affirmative steps necessary to participate.</td>
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</tbody>
</table>

### JANUARY 2022 - JUNE 2022 – Local Government Annual Plan Review

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>Jan 4</td>
<td>Open portal for submission of local government annual ARP spend plans for state review</td>
</tr>
<tr>
<td>Jan 4 - Apr 30</td>
<td>Perform review of local plans and provide feedback and guidance to local governments in response</td>
</tr>
<tr>
<td>May 1 – June 30</td>
<td>Locals can integrate local government spend plans into local government budgets</td>
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Building the State’s Spending Plan for ARP:
The 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](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.
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.
<table>
<thead>
<tr>
<th>Category</th>
<th>Purpose</th>
<th>Amount (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Improving Tennessee’s Water and Wastewater Infrastructure</td>
<td>$1,351</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Broadband Connectivity and Adoption Grants</td>
<td>$500</td>
</tr>
<tr>
<td>Public Health</td>
<td>Replacing the State Public Health Laboratory</td>
<td>$200</td>
</tr>
<tr>
<td>Public Health</td>
<td>Rebuilding, Renovating, and Improving Local County Department of Health Facilities</td>
<td>$129</td>
</tr>
<tr>
<td>Public Health</td>
<td>Staffing Assistance (Hospitals, SNF, LTCF)</td>
<td>$110</td>
</tr>
<tr>
<td>Affected Industries</td>
<td>Support for Tourism, Agriculture, and Arts and Culture Industries (Multiple)</td>
<td>$288</td>
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</tbody>
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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
  ▫ 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.