



# FINANCIAL STIMULUS ACCOUNTABILITY GROUP

June 8, 2020

# Agenda

- Welcome and Opening –
  - Commissioner Butch Eley, Department of Finance & Administration
  - Lt. Governor Randy McNally
  - Speaker Cameron Sexton
- Governor's Remarks – Governor Bill Lee
- Report on Funds and Guidance
  - Director David Thurman, Department of Finance & Administration, Division of Budget
  - Tony Niknejad, Policy Director, Office of the Governor
- Review Potential Additional Stimulus Programs
  - Commissioner Butch Eley
  - Tony Niknejad
- Closing – Commissioner Butch Eley

# Federal Funds: Tennessee

## Federal COVID Funds - TENNESSEE

(Millions)

AGRICULTURE	\$ 5.2
AGING	22.2
ARTS COMMISSION	0.5
CHILDRENS SERVICES	5.4
HUMAN SERVICES	127.2
ECD	34.8
EDUCATION	398.6
FINANCE & ADMINISTRATION	2,378.1
HEALTH	202.1
HIGHER EDUCATION	193.0
LABOR	3,115.2
MENTAL HEALTH	2.8
SECRETARY OF STATE	8.6
DEPARTMENT OF TRANSPORTATION	70.1
TENNESSEE EMERGENCY MANAGEMENT AGENCY	2.0
TENNCARE	276.3
THDA	68.7
<b>TOTAL - TENNESSEE</b>	<b>\$ 6,910.8</b>

**69 Federal Awards** to be administered **by 17 State Agencies**

**Received Guidance / Notice of Award on 58 of the 69 Federal Awards**



# Federal Funds: Tennessee

## Federal COVID Funds - TENNESSEE Guidance/Notice of Awards

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### PROGRAM

Emergency Food Program (TEFAP)  
Congregate Meals and Home Delivered Meals  
Home and Community-Based Supportive Services  
Family Caregivers  
Aging and Disability Resource Centers  
Protection of Vulnerable Older Americans  
National Endowment for the Arts (NEA)  
Child Welfare Services  
Child Care and Development Block Grant  
Community Services Block Grant  
Child and Adult Food Care Program  
Summer Food Program  
Community Development Block Grant  
Education Stabilization Fund - K12  
Education Stabilization Fund - Governor's Fund  
Child nutrition  
Byrne Justice Assistance Grants (JAG)

Family Violence Prevention and Services Formula Grants  
Coronavirus Relief Fund  
Hospital Preparedness Program  
Grants to states, localities, and tribes  
Emerging Infections Program  
Telehealth and Rural Health Grants  
Community Health Centers  
Ryan White/AIDS  
ELC - Testing  
Education Stabilization Fund - Higher Education  
HBCU and PBI Funds  
SIP Funds  
National Science Foundation (RAPID) Grants  
UI administration  
Dislocated Workers Assistance  
UI Benefits - FPUC

UI Supplemental Budget  
UI Emergency Relief - Employer Reimbursement Funds  
Emergency Response Activities  
Suicide Prevention Programs  
LSTA State Grants  
Transit Infrastructure Grants - NonUrbanized Area  
Transit Infrastructure Grants - Growing States  
Grants-in-Aid to Airports  
Grants-in-Aid to Airports via Block Grant  
Emergency Management Performance Grants  
Enhanced FMAP  
100% payment Covid-19 testing costs - TennCare  
Low Income Home Energy Assistance Program  
Emergency Solutions Grants  
Tenant-Based Rental Assistance



# Federal Funds: Tennessee

## Federal Funds Awarded - to-Date

(Millions)

<b>PROGRAM</b>	<b>Funding</b>	<b>PROGRAM</b>	<b>Funding</b>
Coronavirus Relief Fund	\$ 2,363.5	Emergency Food Program (TEFAP)	\$ 5.2
UI Benefits - FPUC	1,593.5	Home and Community-Based Supportive Services	4.1
Enhanced FMAP	323.0	Transit Infrastructure Grants - Growing States	4.0
Education Stabilization Fund - K12 (ESSER Grant)	259.0	Community Health Centers	3.2
Education Stabilization Fund - Higher Education	158.9	Telehealth and Rural Health Grants	3.2
ELC - Testing	155.0	Emerging Infections Program	2.7
SNAP Contingency Reserve	91.8	Grants-in-Aid to Airports	2.6
Child Care and Development Block Grant	82.4	Family Caregivers	2.0
Child nutrition	76.0	Emergency Response Activities	2.0
UI Benefits - PUA	65.3	Grants-in-Aid to Airports via Block Grant	1.9
Education Stabilization Fund - Governor's Fund (GEER)	64.0	UI Benefits - PEUC	1.9
Transit Infrastructure Grants - NonUrbanized Area	28.8	Tenant-Based Rental Assistance	1.2
Grants to states, localities, and tribes - Health	26.0	Aging and Disability Resource Centers	1.1
UI administration	19.6	Ryan White HIV/AIDS	1.1
Community Services Block Grant	19.4	Child Welfare Services	1.0
Child and Adult Food Care Program	16.4	Family Violence Prevention and Services Formula Grants	0.7
HBCU and PBI Funds	16.2	Hospital Preparedness Program	0.6
Congregate Meals and Home Delivered Meals	14.6	LSTA State Grants	0.6
Byrne Justice Assistance Grants (JAG)	13.9	National Science Foundation RAPID Grants	0.5
Emergency Solutions Grants	11.1	National Endowment for the Arts (NEA)	0.5
Summer Food Program	9.0	Protection of Vulnerable Older Americans	0.4
Election Security Grants	8.0	UI Supplemental Budget	0.2
Dislocated Workers Assistance	6.0	SIP Funds	0.2
		National Endowment for the Arts (NEA) - South Arts Regional	0.1
		<b>TOTAL</b>	<b>\$5,421.5</b>



# ECD and TDOT Restricted Funds

- Appendixes 8 and 9 in report provide a report on:
  - ECD Community Development Block grant (CDBG) program
    - \$34.8M funded by US HUD CARES funds
    - Targeting Broadband, First Responder Assistance, Public Services (e.g., food banks, counseling), Main Street Business and Downtown Development, and Public Utility improvements
  - DOT COVID-19 transit relief grant fund
    - For public transit operators, funds all activities normally eligible under US DOT programs including planning, operating, and capital
    - Funded by US DOT CARES funds

# Coronavirus Relief Fund - Current

- **Beginning:** \$2.36B for COVID-19 expenses incurred March 1 - Dec 30
- **Business Relief**
  - \$200M to those required to close or who saw significant reduction in taxable sales.
- **Unemployment Trust Fund**
  - Transferred \$268M. Additional \$131M required for June (Totaling \$400M for FY20).
  - July through December projected to draw down trust fund to \$376 million (Requiring additional \$624M\* to remain above \$1 billion balance)
- **Remaining**
  - \$1.2B held for potential Congressional action re: revenue replacement.
  - Other priorities will need to be balanced against this potential option
  - Likelihood of Congressional action to remain unclear through June.

# Costs to State Government

- **Public Health**
  - COVID-19 Unified Command Group response (Est. \$127M to state)
  - Could be reduced as funds are attributed to other funding sources (e.g., FEMA, HHS)
- **Other Costs**
  - AWS, implementing COVID-19 leave policy under FFCRA, cleaning. (Est. \$100M to state)
  - \$227M estimated need for new cost increases
- **Health and Safety Payroll**
  - Updated guidance from Treasury
  - This could have significant beneficial fiscal impact to states and local governments.
  - State estimated expense won't exceed \$280M



# Outlook Ahead

- \$1B *projected* requirement to maintain UI Trust Fund
- \$200M for business relief
- \$1.16B remaining to address:
  - New costs incurred by State Govt (\$227M)
  - Replacement of lost tax revenue (if option provided by Congress)
  - Future priorities, such as:
    - Displacement of budgeted health and safety payroll (\$280M max estimate)
    - Additional business relief to other sectors of economy (non-profit, ag, targeted demographics)
    - Local government support

# Potential Additional Stimulus

- **Agriculture**
  - Several states providing specific relief for agricultural producers
  - USDA also spending funds requiring coordination of effort
  - Would reimburse losses or “cost of business interruption” due to reduced consumer demand
  - Costs incurred to temporarily increase processing capacity (stabilize food supply) would be eligible
- **Non-profits**
  - Some states including non-profits in business relief programs
  - Additional guidance needed to confirm what loss could be reimbursable. Treasury describes the “costs of business interruption”
  - Not all non-profits fall under state oversight. Would require new administrative processes and decisions on who to include
- **Diverse Business Enterprises**
  - Some states partnering or providing some additional technical assistance support
  - Others providing a reserve or set-aside of funds distributed for business grants (e.g., Arkansas 15% set-aside).

# Potential Additional Stimulus - Local Govt

- **Known ineligible expenses**
  - Revenue replacement
  - Capital improvements (must be a current response to pandemic)
  - Payroll or expenditures not related to COVID-19
- **Funds could support**
  - Reimbursement of costs of public health response (e.g., testing, tracing, temporary structures)
  - Costs associated with implementing COVID-19-related sick leave or similar policies
  - Reimbursement of payroll for health and safety
  - Costs incurred to sanitize public spaces or implement health guidelines
- **Current City and County Grant program includes COVID-19 but interest low**
  - Opened in April. \$358,000 of \$24.5 million in requests so far are COVID-related
  - F&A survey of Local Governments shows more interest at \$9.4M in reported expenditures (around 13% response rate so far, so expect figure to grow)

# CARES Act - Direct Airport Relief

- Full distribution in updated report (Appendix 6)
- \$121M provided by CARES Act to McGhee-Tyson, Tri-Cities, Chattanooga, Nashville, Memphis
- Additional 63 local airports received \$2.5M total
- Unlike Coronavirus Relief Fund, CARES Airport relief may be used for general operations and not limited to COVID-19-related expenses



THANK YOU