



FINANCIAL STIMULUS ACCOUNTABILITY GROUP

November 15, 2021

Agenda

- Welcome and Opening
- Tennessee Resiliency Plan - Updates
 - Review of 10/6 Recommendations
 - Summary of Public Comment
 - Recommended Amendments to TRP:
 - Health Capital Projects, Health Provider Staffing Assistance, Administrative Costs
 - FSAG Review of Additional Agency Proposals: THDA
 - Next Steps for the TRP
- Update: Sewer and Water Infrastructure
- Other Federal Funds Preview
 - Summary
 - Transportation Funding

Tennessee Resiliency Plan

- Released on October 6, the FSAG Tennessee Resiliency Plan recommended
 - \$1.85 billion for Water, Sewer, and Broadband Infrastructure;
 - \$628 million for improvements to Local and State Public Health facilities (*inclusive of \$300 million reserved for health capital planning*);
 - \$624 million for supporting economic recovery (*inclusive of \$275 million set aside for new requests*);
 - \$494 million fully unallocated.
- Today's session will review:
 - Recommendations for Capital Planning Reserve;
 - Recommended Amendments to TRP;
 - Agency Request: THDA.

Items Recommended on 10/6

Category	Purpose	Amount (M)
Infrastructure	<u>Improving Tennessee's Water and Wastewater Infrastructure & Broadband Connectivity and Adoption</u>	\$1,851
Public Health	<i>Reserved for Future State Managed Health Capital Projects planning</i>	\$300
Public Health	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
Public Health	Correction - Electronic Health Records and Supporting System Infrastructure	\$13
Affected Industries	<i>Reservation of Funds for New Requests</i>	\$275
Affected Industries	Support for Tourism, Agriculture, and Arts and Culture Industries (Multiple)	\$288
Affected Industries	Unemployment Insurance Tax and Benefits System	\$61
Administrative (Evaluation and Data Analysis)	F&A – Accelerating Program Inventory and Funding for Electronic Workpapers	\$3.3

Public Comment - Summary

127 total comments

83 were citizen comments, with 44 from representatives of business, non-profit or government sectors. Comment summary:

- 52 comments in support for Tennessee Arts Commission inclusion in plan
- 17 comments requesting more funding for various education programs
- 8 comments in support of broadband investments
- 9 comments in support of increased healthcare funding
- 4 comments in support of affordable housing investments
- 40 seeking some form of individual economic relief
- 7 opposing some or all spending/acceptance of federal funds

State Capital Expenses – Proposed Amendments

Tennessee Resiliency Plan includes:

- \$200,000,000 for State Public Health Laboratory
- Reserved \$300 million for Future Planning for State Managed Health Capital Projects.

Proposed Use of Remaining Capital Set-Aside:

- 1. DIDD Regional Seating & Positioning Clinic Replacement (\$181 million);
- 2. East TN Regional Health Lab (\$83 million)
(Details on both projects in Appendix)

This would leave approximately \$36 million to continue capital planning with FSAG (in addition to any other unallocated funds)

Amendments to Tennessee Resiliency Plan

(1) Health – Hospital Staffing Assistance

- TRP recommended (i) continuing the Hospital Staffing Assistance Program and (ii) expanding it to include a broader set of providers (SNF, LTC...) at a total cost of \$110 million.
- We recommend expanding the Hospital Staffing Assistance program to revert to broader criteria used in FY 2021. Additionally, payments will be retroactive to July 1 through December 30.
- After December 30, we will re-assess based on case conditions.
- Cost increase relative to recommendation is an additional **\$10 million**. This brings total for the Hospital, LTCF, SNF Provider Staffing Assistance Programs up from \$110 to \$120 million total.
 - *This is a much smaller difference than previously expected as case counts and hospitalizations have decreased from September projections.*

(2) Finance & Administration – Administrative Costs

- As we near the end of our CARES Act Coronavirus Relief Fund grant period, we will need begin applying F&A accounting and compliance costs to the Fiscal Recovery Fund.
- This will extend our current contract at an increased maximum cost of **\$30 million** for the period of the grant (through 2026).

The original Tennessee Resiliency Plan resulted in a balance of approximately \$494 million.

With these amendments the new remaining balance is \$454 million

Tennessee Resiliency Plan Recommendations (with 11/15 Additions)

Category	Purpose	Amount (M)
Infrastructure	<u>Improving Tennessee's Water and Wastewater Infrastructure</u>	\$1,351
Infrastructure	Broadband Connectivity and Adoption	\$500
Public Health	State Public Health Laboratory	\$200
Public Health	<i>DIDD Regional Seating and Positioning Clinics</i>	\$181
Public Health	<i>East TN Regional Health Lab</i>	\$83
Public Health	<i>Reserved for Future State Managed Health Capital Projects planning</i>	\$36
Public Health	Rebuilding, Renovating, and Improving Local County Department of Health Facilities	\$129
Public Health	<i>Staffing Assistance (Hospitals, SNF, LTCF)*</i>	\$120
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Affected Industries	Unemployment Insurance Tax and Benefits System	\$61
<i>Administrative (Technical / Compliance)</i>	<i>F&A Fiscal Recovery Fund Accounting and Compliance</i>	<i>\$30</i>
Administrative (Evaluation and Data Analysis)	F&A – Accelerating Program Inventory and Funding for Electronic Workpapers	\$3.3

Tennessee Resiliency Plan – Other Proposals

- Several agency proposals submitted in September were deferred for additional briefing and follow up by FSAG.

Today's presentation will be from THDA

THDA COVID-19 Rental Housing Subsidy Program

\$90M: Subsidize unprecedented cost increase of building supplies for affordable rental developments

- THDA survey of tax credit properties estimates a shortfall of >\$20K per unit
- Eligible developments = supported by THDA Housing Tax Credits or grants
- Financial information on hand means quick funding commitment
- Payments structured as a loan due on sale of property

Next Steps for FSAG Planning

- FSAG Meetings in December to review:
 - Additional detail on federal funding expected in 2022;
 - Additional agency initiatives for inclusion in the TRP;
 - Review of External Requests;
 - Additional updates on Infrastructure programs.
- Agency implementation of Tennessee Resiliency Plan initiatives to begin in January 2022.

Update: Water & Sewer Infrastructure

- TDEC thanks the many stakeholders that submitted written comments on the Draft Water Infrastructure Investment Plan.
- Initial plan proposed a county-based funding approach to encourage regional collaborations and provide a consistent framework for leveraging ARP funds.
- Based on feedback received, we are working to expand our distribution plan to accommodate cities who may lack a county partner for their project.
- TDEC staff are currently reviewing public comments and are prepared to issue a response to comment and a final investment plan in mid-December.
- Virtual townhalls, webinars, and grantmaking workshops scheduled to begin in December and January.

Preview of New Federal Funds

Policy Director Tony Niknejad
Commissioner Joe Galbato

New Infrastructure Funds Update

“Infrastructure Investment and Jobs Act” aka “the Bipartisan Infrastructure Funding (BIF)”

- Passed earlier this month
- CBO: \$256 billion added to projected federal deficits over next decade after approximately \$547B in spending pay-fors. Topline national figures are:
 - **Transportation:** \$302 billion
 - **Water:** \$55 billion
 - Amends the State Revolving Loan Fund program
 - **Broadband:** \$65 billion
 - \$42.4B in grants to states via the “Equity, Access and Deployment Program” administered by NTIA
 - \$100 million to each state, with remaining funds distributed by a formula of relative “unserved” and “high-cost”
 - **Energy & Power:** \$73 billion
 - **Environmental remediation:** \$21 billion
 - **Western water infrastructure:** \$8.3 billion
 - **Resiliency:** \$46 billion
 - Funding for storm and flood risk mitigation among other emergency programs.
- Programs are spread across various federal agencies. We will analyze deadlines and potential for overlap.

TN Transportation Funding Expected (Est.)

Federal Highway Administration (FHWA) - \$6.216 billion

State	Actual FY 2021	Est. FY 2022	Est. FY 2023	Est. FY 2024	Est. FY 2025	Est. FY 2026	Est. FY 2022- FY 2026 Total
Tenn.	925,079,936	1,119,497,252	1,141,888,715	1,164,728,007	1,188,024,084	1,211,786,080	5,825,924,138

State	National Highway Performance Program	Surface Transportation Block Grant Program	Highway Safety Improvement Program	Railway Highway Crossings Program	CMAQ Program	Metropolitan Planning	National Highway Freight Program	Carbon Reduction Program	PROTECT Formula Program	Apportioned Total
Tenn.	3,208,332,860	1,560,810,581	337,231,325	26,578,445	210,037,639	33,002,294	152,509,867	139,172,276	158,248,851	5,825,924,138
								Additional Federal Appropriations	Bridge Rehab	302,031,120
									Electric Vehicles	88,334,969
									Ferry Boats	563,430
									TOTAL	6,216,853,657

Federal Transit Administration (FTA) - \$632 million

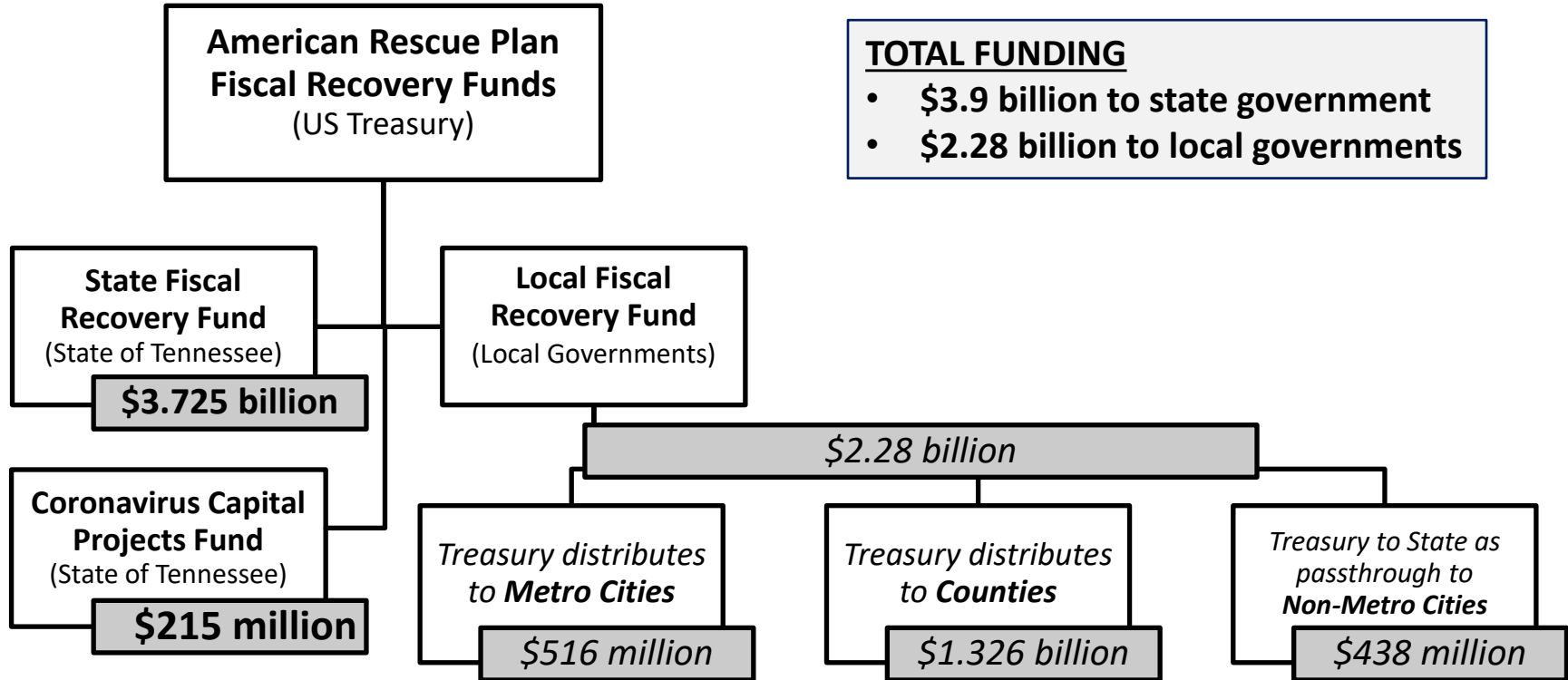
State	Actual FY 2021	Est. FY 2022	Est. FY 2023	Est. FY 2024	Est. FY 2025	Est. FY 2026	Est. FY 2022- FY 2026 Total
Tenn.	92,754,656	120,861,019	123,442,133	126,684,627	129,315,522	132,621,517	632,924,817



APPENDIX

American Rescue Plan (ARP) - Summary

State and Local Funding as of 11/4



Local Government Fiscal Recovery Funds

Non-Entitlement Units

- 319 of 327 eligible NEUs have confirmed and payments in process
 - 3 NEUs have declined funds, 5 are pending further documentation for processing.

Local Government Technical Assistance

- Last session of the 10-week program will be on November 17
- Over 300 local government representatives are regularly participating in the weekly webinar part of program representing 301 participating local governments.
- The next phase of planning will be Local Government Plan Review, which will begin on January 4.

New DIDD Regional Office Buildings

- Proposal is to build three new regional offices for DIDD in Nashville, Greeneville, and Arlington, which would include delivering health care services to thousands of adults and children with disabilities.
- \$180,600,000 total, utilizing existing DIDD-owned property
- Estimated completion: 2025
- Would house the three Seating and Positioning Clinics which provide direct services to children and adults with severe physical complexities, nursing and behavioral services, and services to improve the health outcomes of children and adults.

New DIDD Regional Office Buildings

- Adults and children with intellectual and developmental disabilities have been significantly impacted by the public health emergency—people with disabilities have a 3.5 times higher death rate from COVID-19 than the overall TN population.
- DIDD's Regional Offices provide access to needed health and behavioral services by those who specialize in support for people with intellectual and developmental disabilities including:
 - Seating and Positioning Services
 - Nursing services including COVID testing, vaccination and contact tracing
 - Direct crisis intervention for persons with mental health concerns
 - Therapeutic services

Project Prioritization

DIDD Regional Offices and Seating and Positioning Clinics



ID	Regional Office	City	County	Building Size (SF)	Est. Project Cost
◆	West Tennessee	Arlington	Shelby	68,200	\$54.2M
◆	Middle Tennessee	Nashville	Davidson	91,200	\$72.6M
◆	East Tennessee	Greenville	Greene	64,000	\$53.8M

East TN Regional Health Office (ETRHO) & Lab Replacement Facility

- The goal of this project is to replace the current public health facility located within The University Medical Center campus to another central location for the 15-county area that it serves
- The lab component provides mutual redundancy with the Nashville Lab for certain functions and requires infrastructure to support 24/7 operations
- The Regional Health Operations Center (RHOC) & Emergency Preparedness component serves as an incident command center working directly with Emergency Preparedness for the same 15-county area
- Approx. \$85M Total Project Cost
- 31 months design & construction duration
- No temporary employees are anticipated for this project

East Tennessee
Regional Health Office and Laboratory

University of Tennessee Medical Center Campus



TN

Other Treasury Funds Update

Coronavirus Capital Projects Fund (CCPF) - \$215 million

- Released by US Treasury on September 23; 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 CCPF expense, 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.
- We are continuing to evaluate the CCPF guidelines and will apply for funds prior to deadline. We will begin grant-planning process in January with presentation to FSAG prior to finalizing state plan.