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## **Summary and Recommendations: Improving the Post-Award Phase of State-Administered Grant Programs, While Maintaining Accountability and Transparency over Funding**

State-administered grant programs—including those that are federally funded—provide hundreds of millions of dollars to local governments in Tennessee each year. At their best, these programs are mutually beneficial: They help local governments achieve local, state, and national objectives that any one level of government may be unable to undertake on its own, whether, for example, building a park, expanding an intersection, buying a firetruck, or feeding schoolchildren. But these programs can also be a source of frustration for grantor and grantee alike when verifying that projects comply with grant requirements. Local governments, in particular, can often cite a litany of delays and costs resulting from efforts to comply with state and federal requirements during the post-award phase of various grant programs, some of which have led them to consider turning down grant funding. But these same requirements help ensure taxpayer funding is used in ways that are accountable and transparent.

In response to a request from TACIR Chairman Yager (see appendix A), the Commission at its June 2021 meeting directed staff to review the post-award phase of state grants to local governments and identify any changes warranted to streamline grant processes so that grant funds may be more effectively utilized. Based on practices already adopted by some state agencies and interviews with state staff, local officials, and entities that assist local governments with grant management, the Commission has identified alternatives for improving the post-award phase of state grant programs, while maintaining accountability and transparency over the use of taxpayer funds.

### ***The post-award phase includes grant requirements that help ensure the accountable and transparent use of taxpayer funds.***

The post-award phase is the stage in a grant's lifecycle when the activities for which funding has been awarded are carried out. Both the grantor and the grantee have responsibilities during the post-award phase (see appendix G). These responsibilities, in large part, involve complying with grant requirements, which vary across grant programs and by funding source, with federal funding triggering federal requirements for both the state agency serving as the pass-through entity for funding and the local government grantee.

Regardless of whether they are state or federal in origin, grant requirements help ensure accountability and transparency over the use of taxpayer funds during the post-award phase—that is, they help ensure grantees did what they said they would do, how they

said they would do it, and followed proper procedures for using taxpayer funds. They exist to ensure, for example, that funding for a new firetruck is not spent on a personal vehicle, a new sidewalk meets the requirements of the Americans with Disabilities Act, or that property owners are compensated fairly for land taken to expand a highway. In short, grant requirements are essential components of good stewardship.

But good stewardship of taxpayer funds includes more than accountability and transparency; it also means ensuring that funding is successful and useful for communities. When writing about federal grant requirements, the US Advisory Commission on Intergovernmental Relations (USACIR) in 1977 observed that the objectives behind grant requirements “are laudable,” and in meeting them, grantors and grantees alike “are supposed to keep the administration of their programs simple, inexpensive, and effective.” But given the complexities of the processes adopted, “grant recipients have good reason to wonder whether or not they can comply with [a grant’s] requirements . . . and still benefit from the program.”

***Some grant requirements and processes contribute to project delays, cost increases, and frustration for grantees.***

Project delays and cost increases, regardless of their cause, are common sources of frustration that can affect grantees’ ability to use grant funds effectively. Project delays, for example, lead to frustration not only because officials and the public question why projects aren’t completed in a timely manner, but also because delays lead to cost increases through inflation. Although it doesn’t appear that grantees or the state systematically track the effects of project delays on cost, grantees cited anecdotal examples, including a project where overall costs increased by 50% as a result of delays and another where costs more than doubled. Grantees shoulder the burden of covering these cost increases if additional grant funds are unavailable. The cost of complying with some requirements is also cited as a source of frustration. As with delays, grantees and the state don’t appear to track these costs, but a 2014 US Government Accountability Office report on federal transportation projects found that federal grant projects generally cost more because of “the additional documentation preparation, reviews, and compliance associated with federal requirements.”

As a result, local officials and those who assist them with grants report that local governments are becoming more selective about the grants they apply for, with some saying smaller grants simply aren’t worth it. The extent to which this might affect large and small communities unequally isn’t fully clear from state data—counties and cities with greater populations do tend to receive more grant funds overall but not after adjusting for population differences. But interviewees point out that especially for communities that can’t fund projects on their own, forgoing grant opportunities means

projects likely won't be completed. Ultimately, these interviewees say that some grant requirements—including the processes for complying with them—hinder grantees' ability to carry out projects effectively.

To identify requirements and processes that create issues for grantees, Commission staff interviewed local officials and staff, development districts and consulting firms that help local governments with grant management, and state grant management staff; the Commission also held panel discussions at its January 2022 and June 2022 meetings. But these interviews and panels highlighted some of the difficulties involved in finding solutions: For example, federal requirements—in particular, requirements and processes for complying with the National Environmental Policy Act (NEPA)—were commonly cited as sources of delay and frustration, and there was general agreement that grants subject to federal requirements have more requirements and can be more frustrating to manage than grants subject only to state requirements. But failure to comply with federal requirements may result in loss of funds and may make a project ineligible for future federal funding. Although state agencies already negotiate agreements, known as programmatic agreements, with the federal agencies that oversee their grant funding to help streamline federal requirements by establishing what is necessary for compliance, these agreements can take years to negotiate.

Additionally, the causes of delays are not always clear. State staff interviewed indicated that agencies are generally not tracking the causes of project delays, and both grantors and grantees tend to perceive the other as the source of delays. Although many interviewees said staff capacity at both the state and local levels can be impediments to effective grant management given the complexity of state and federal requirements and processes, they did not provide firm recommendations for what specific staffing increases might be needed.

***Ways to improve the post-award phase of state-administered grant programs already exist.***

Many local officials and those who assist them with grant management said some frustrating requirements and processes—regardless of whether they are state or federal—appear to be made without input from or consideration for their practical effect on grantees. But some state agencies have established grant advisory boards to solicit guidance from grantees for making changes to their grant programs. For example, the Tennessee Department of Economic and Community Development (ECD) has established an advisory board, which meets regularly and includes local officials and those who assist them with grant management, for its Community Development Block Grant program. ECD staff said the board helps them identify and make specific improvements to grant processes to assist grantees. Other agencies reported using their

boards to adjust program requirements or create new grant programs to meet stakeholders' needs. Individuals who sit on these boards said they find them useful and recommend more agencies use them. Staff for one agency have also expressed potential interest in creating a state-level working group for agencies to share best practices with each other.

Another practice that some agencies have adopted can help reduce the time it takes local governments with grants from multiple agencies to satisfy the requirements of Title VI of the federal Civil Rights Act. Title VI prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives federal funding; state law also requires that agencies comply with Title VI. Compliance requires grantees to take training annually, and some agencies require grantees to take agency-specific training, meaning those with grants from multiple agencies might have to take multiple trainings. Local officials said they find this frustrating because in their experience the trainings appear to be very similar to each other. But some agencies permit grantees to satisfy compliance with Title VI by allowing them to use training completed for other agencies.

Several representatives for grantors, grantees, development districts, and consultants recommended the state adopt a single grant management system (GMS) to be used by all state agencies. A GMS is a software system that allows for the end-to-end management of grant programs and projects. Proponents say these systems can be beneficial for the post-award phase because they can help grantor and grantee staff track a project's progress, while maintaining a record of communication between grantor and grantee, as well as all documents submitted, revisions, approvals, reimbursement requests, and how much funding is left in a project's budget. A single, statewide GMS could have the added benefits of being a one-stop-shop for grantees to view and manage all of their grants regardless of agency and could also allow them to search for grant opportunities across agencies. The Tennessee Department of Finance and Administration has procured a single GMS for use by other state agencies, though use of the system is not required. So far, one agency is using the system, and the Department of Finance and Administration is working with several other agencies that have expressed interest in using it. Department staff said grantees will be able to use the system as long as they have access to the internet and will not need to purchase specific software. Mandating a statewide GMS—as Arizona has done—comes with several considerations. Among them, several stakeholders stressed that for a statewide GMS to be effective, it would need to be user friendly, and there is general agreement that these systems come with a learning curve. Department of Finance and Administration staff also said that although the GMS procured by the department is flexible, it may not meet the needs of every agencies' grant programs and processes.

Each of these approaches offers a pathway to improve state processes for managing the post-award and implementation phase of grants to local governments. While ensuring grant funds are used accountably and transparently is an indispensable component of grants management, so too is ensuring that grant processes support local governments' ability to carry out projects effectively. They are essential if state and local governments are to be good stewards of the taxpayer dollars used to fund grants. As the USACIR concluded in 1977, grantors and grantees "need to work together with reasonable awareness of and feeling for each other's capabilities and roles."

For these reasons, the Commission makes two recommendations for specific changes to state processes:

- **The state should require agencies to use a single, statewide grant management system to promote a more uniform, user-friendly experience across agencies for grantees, with exceptions provided for agencies that can demonstrate the system won't support functions necessary for their grant programs.**
- **State agencies should accept Title VI training provided by other agencies when verifying compliance with federal and state law—unless they can demonstrate other agencies' trainings are inadequate for their programs—to eliminate the need for grantees to take multiple trainings when they have grants with multiple agencies.**

And the Commission makes two general recommendations to promote good stewardship of grant funds through the identification and adoption of best practices:

- **State agencies should regularly convene grant advisory boards made up of representatives for local governments and the entities that assist them with carrying out grant projects—similar to the boards already established by ECD and other agencies—to solicit feedback for improving grant requirements and processes and to prioritize issues of importance to grantees, for example when considering new programmatic agreements with federal partners.**
- **The state could consider establishing an interagency working group for sharing lessons learned from agencies' efforts to improve grant requirements and processes to promote the adoption of best practices across grant programs.**

DRAFT



## **Analysis: The Post-Award Phase of State-Administered Grant Programs**

State-administered grant programs—including those that are federally funded—have become central to the fabric of federalism in the US. At their best, these programs are mutually beneficial: whether used, for example, to build a park, expand an intersection, buy a firetruck, or feed schoolchildren, they help local governments achieve local, state, and national objectives that any one level of government may be unable to undertake on its own. But they can also be a source of frustration. This is true both for grantors and grantees, especially when verifying that projects comply with grant requirements. Local governments, in particular, can often cite a litany of delays and costs resulting from efforts to comply with state and federal requirements during the post-award phase of various grant programs, some of which have led them to consider turning down grant funding. But these same requirements help ensure taxpayer funding is used in ways that are accountable and transparent.<sup>1</sup>

In response to a request from TACIR Chairman Yager (see appendix A), the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) at its June 2021 meeting directed staff to review the post-award phase of state grants to local governments and identify any changes warranted to streamline grant processes so that grant funds may be more effectively utilized. Based on practices already adopted by some state agencies and interviews with state staff, local officials, and entities that assist local governments with grant management, the Commission has identified alternatives for improving the post-award phase of state-administered grant programs, while maintaining accountability and transparency over the use of taxpayer funds.

### ***State-administered grant programs benefit Tennessee's communities.***

There is general agreement that state-administered grants are helpful to local governments. Local officials interviewed, as well as the development districts and consulting firms that help local governments manage grants, cited a variety of state agencies whose grant programs they find beneficial. These programs help local governments build parks, roads, bridges, and sidewalks. They fund economic development projects, public safety services, and emergency medical services.<sup>2</sup> Importantly, for some communities, these state-administered grant programs are a necessity if projects are to be completed. Several interviewees reported that their communities or communities they work with rely on grants and would not otherwise

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<sup>1</sup> Interviews with local officials, development districts, consulting firms, and state staff.

<sup>2</sup> Interviews with local officials, development districts, and consulting firms.

be able to do the projects that grants fund. Grants “are a necessity for many counties,” according to one county mayor, who said “this is especially true for rural counties.” Similarly, staff with one of the state’s development districts observed that larger cities “can cashflow projects and so can complete them with or without getting a grant,” but smaller cities “really need the grants.”<sup>3</sup>

State-administered grant programs provide hundreds of millions of dollars to local governments in Tennessee each year. Based on data provided by the Tennessee Department of Finance and Administration, Commission staff estimate the state made a total of \$2.3 billion in grant payments to local governments from fiscal year 2017-18 through 2020-21—\$1.4 billion for counties and \$0.9 billion for cities—this includes federally funded, state-administered grants (see table 1 and appendix B).<sup>4</sup> These estimates likely include some payments that are not for grants—for example, payment in lieu of tax revenue shared with local governments—because the state’s data combines grants with other subsidies to counties and cities.<sup>5</sup> Department of Finance and Administration staff and Commission staff attempted to remove payments that were likely not grant payments from the data, including payments to counties that were passed through to entities operating private correctional facilities that house state prisoners.<sup>6</sup> The estimates exclude payments for grants to school systems, which are coded differently in the department’s data.<sup>7</sup>

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<sup>3</sup> Interviews with local officials, development district staff, and consulting firms.

<sup>4</sup> TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

<sup>5</sup> Interview with Mike Corricelli, chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, and Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, April 1, 2022.

<sup>6</sup> Under Tennessee Code Annotated, Section 41-24-103(c), the state is authorized to contract directly with a private entity for the operation of only one prison in the state. But some local governments contract with private entities to operate correctional facilities and then contract with the state to house state prisoners at those facilities. In the data provided by the Tennessee Department of Finance and Administration, some of the payments to counties appear to be for housing state prisoners at these facilities. Commission staff excluded them from our estimates because the payments are passed through by the counties to the private entities and are more akin to fee-for-service contracts than grants.

<sup>7</sup> Interview with Mike Corricelli, chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, and Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, April 1, 2022.

**Table 1. State-Administered Grants to Local Governments: Payments Approved by Fiscal Year**

	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Counties	\$ 296,334,728	\$ 299,098,833	\$ 310,370,617	\$ 539,096,910	\$ 1,444,901,088
Cities	167,517,377	187,659,788	218,749,235	310,126,167	884,052,568
<b>Total</b>	<b>\$ 463,852,105</b>	<b>\$ 486,758,622</b>	<b>\$ 529,119,852</b>	<b>\$ 849,223,077</b>	<b>\$ 2,328,953,656</b>

Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Note: Columns and rows may not sum because of rounding.

State agencies responsible for the greatest amount of payments to local governments from fiscal year 2017-18 through 2020-21 are the Tennessee Department of Transportation (TDOT) at \$725 million, the Tennessee Department of Finance and Administration at \$382 million, the Tennessee Department of Health at \$350 million, and the Tennessee Department of Economic and Community Development (ECD) at \$213 million. Counties receive most of their grant money from the Department of Health and TDOT. Cities receive most of theirs from TDOT and ECD.<sup>8</sup> See appendixes B, C, and D.

The total amount of grant payments to individual local governments varies widely. For counties, total payments from fiscal year 2017-18 through 2020-21 range from \$3.6 million for Pickett County to \$237.0 million for Shelby County (see appendix E). For cities—excluding those that are part of metropolitan governments, which are treated as counties in this analysis—total payments range from \$0 for Burlison and Braden to \$77.9 million for Memphis (see appendix F).<sup>9</sup> Commission members expressed concern at their June 2022 meeting that there may be bureaucratic barriers that prevent smaller communities from taking advantage of grants. The data provided by the Tennessee Department of Finance and Administration don’t directly address this question; although they do show that counties and cities with larger populations tend to receive more grant payments in total than those with smaller populations, this trend disappears after adjusting for population differences, with many of the state’s least populous

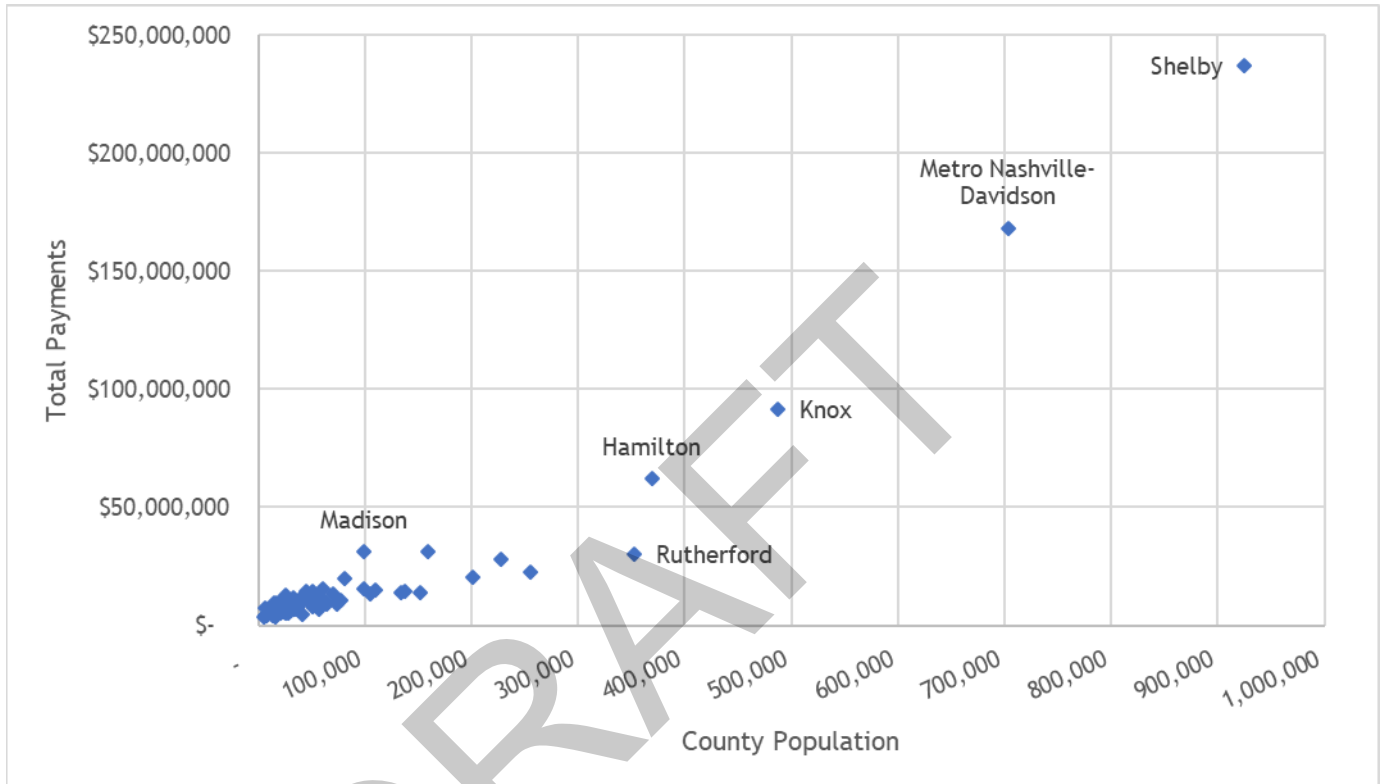
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<sup>8</sup> TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022. Note that the Department of Finance and Administration’s payments to local governments appear to have increased as a result of federal pandemic relief programs.

<sup>9</sup> Ibid.

communities receiving larger amounts of grant payments per resident (see figures 1, 2, 3, and 4).<sup>10</sup>

**Figure 1. Total State-Administered Grant Payments Approved for Each County, Fiscal Year 2017-18 through 2020-21**

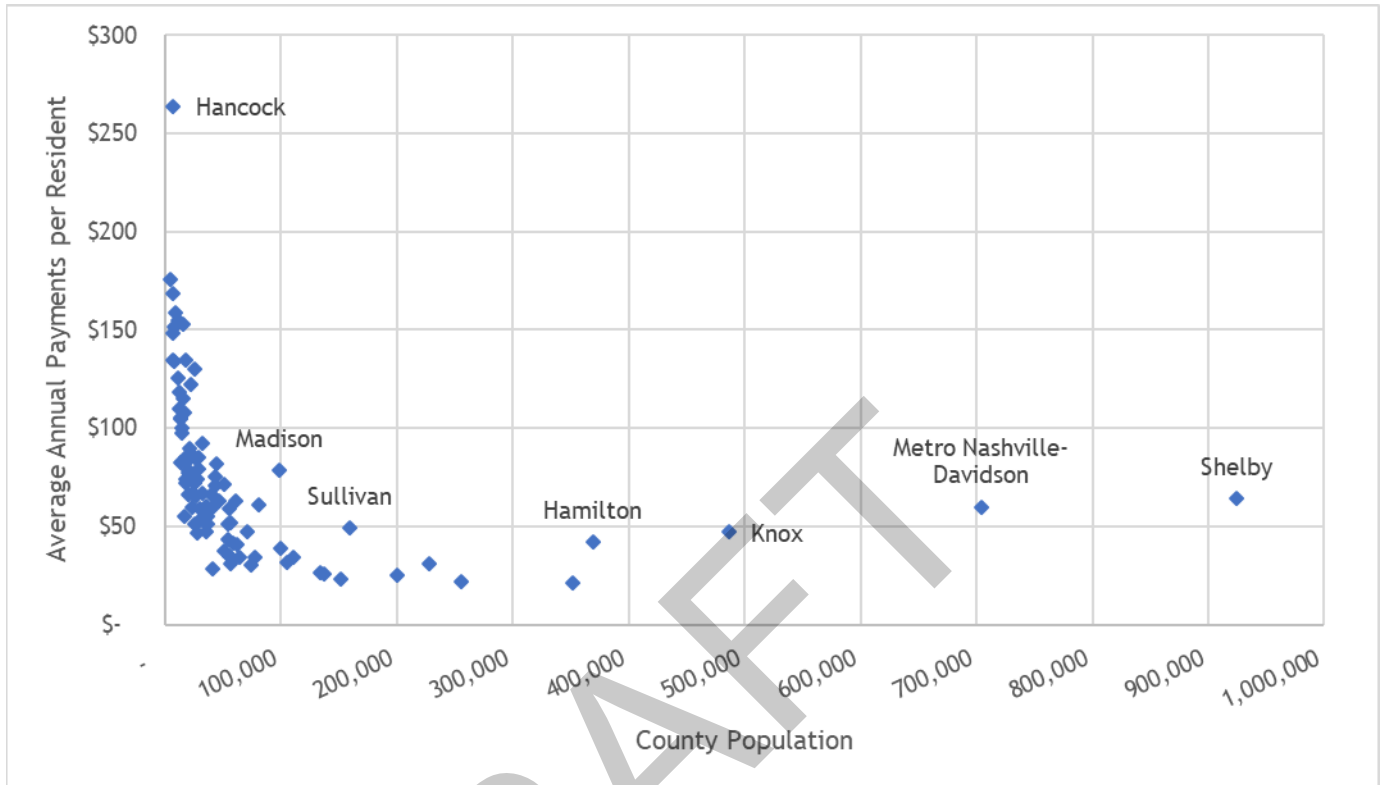


Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Note: Metropolitan governments treated as counties for this analysis.

<sup>10</sup> Ibid.

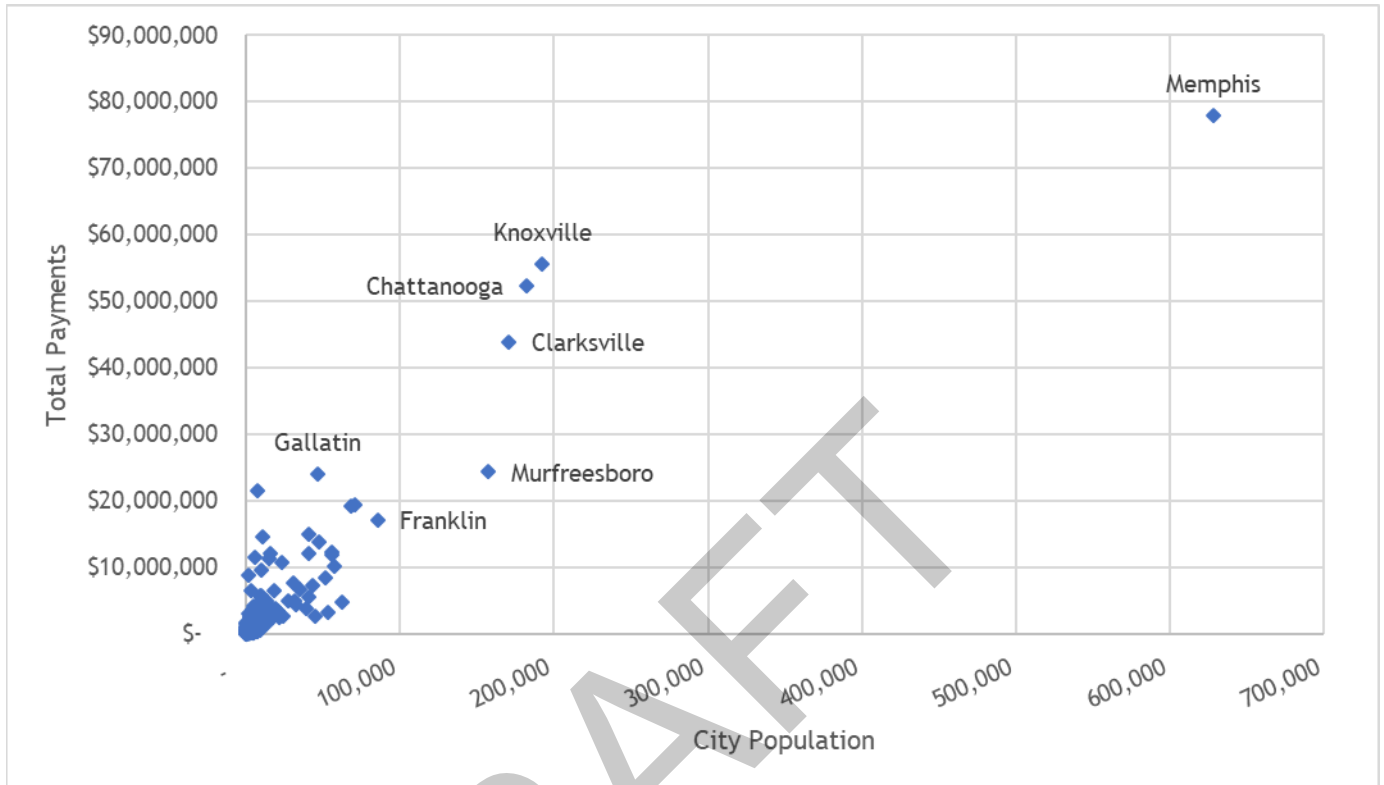
**Figure 2. Average Annual State-Administered Grant Payments Approved for Each County, Adjusted for Population, Fiscal Year 2017-18 through 2020-21**



Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Note: Metropolitan governments treated as counties for this analysis.

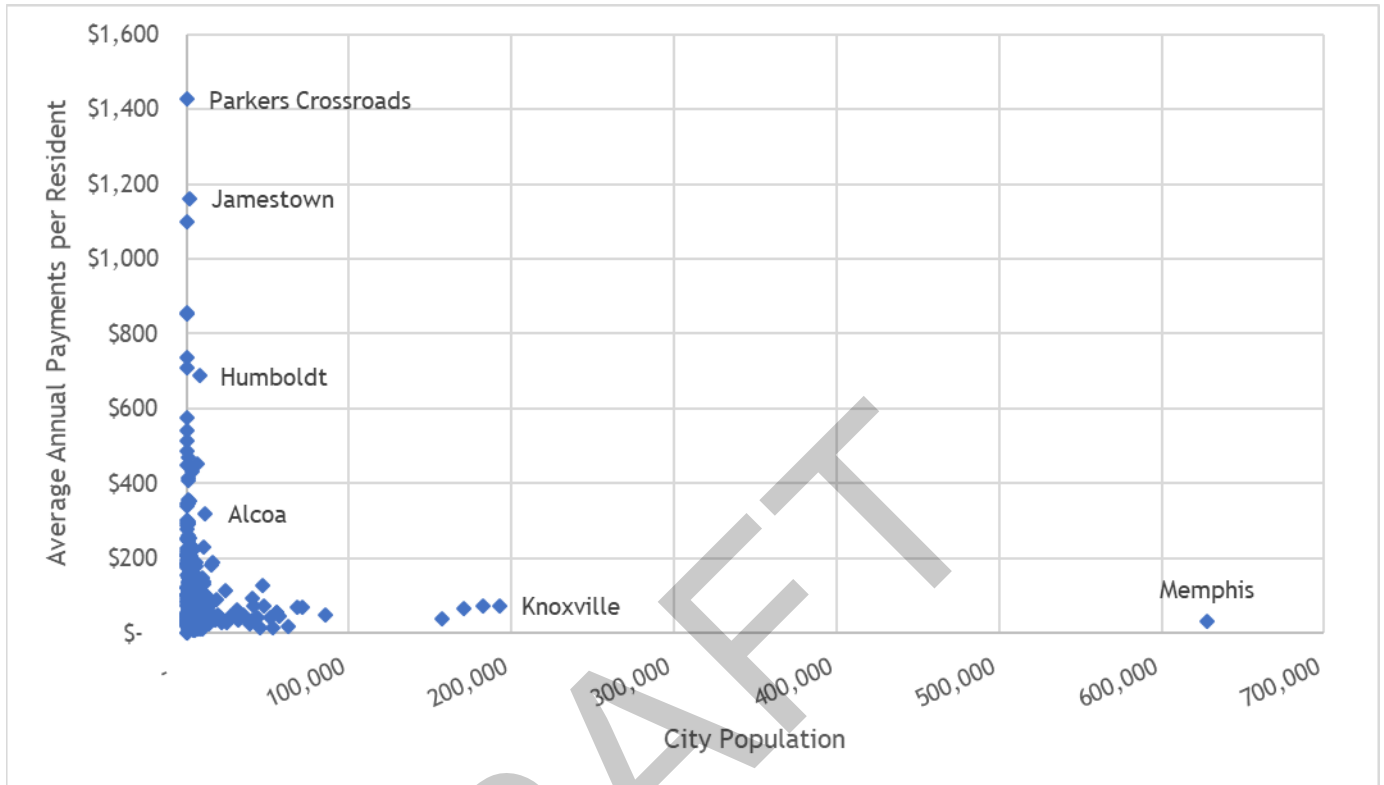
**Figure 3. Total State-Administered Grant Payments Approved for Each City, Fiscal Year 2017-18 through 2020-21**



Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Note: Metropolitan governments treated as counties for this analysis.

**Figure 4. Average Annual State-Administered Grant Payments Approved for Each City, Adjusted for Population, Fiscal Year 2017-18 through 2020-21**



Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Note: Metropolitan governments treated as counties for this analysis.

***The post-award phase is the stage in a grant’s lifecycle when the activities for which funding has been awarded are carried out.***

The lifecycle of a grant can be broken into several phases. Generally, these include the pre-award phase—including the announcement of the program and submission and review of applications—the award of funding to recipients, the post-award phase, and grant closeout with submission of final reports, according to the US Government Accountability Office (GAO). But the GAO also acknowledges “there is substantial variation among grants.”<sup>11</sup> For example, some programs, including but not limited to Tennessee’s litter grant program and its state-aid road and bridge programs, award funding by formula annually to local governments rather than through competitive

<sup>11</sup> US Government Accountability Office 2006.

application processes.<sup>12</sup> Ultimately, the post-award phase is when the activities for which funding has been awarded are carried out in compliance with the terms and conditions of the grant. See appendix G.

**Requirements applied during the post-award phase help ensure taxpayer funding is used in accountable and transparent ways.**

Both the grantor and the grantee have responsibilities during the post-award phase (see appendix G). These responsibilities, in large part, involve complying with grant requirements, which vary across grant programs and by funding source, with federal funding triggering federal requirements for both the state agency serving as the pass-through entity for funding and the local government grantee.<sup>13</sup>

Regardless of whether they are state or federal in origin, grant requirements help ensure accountability and transparency over the use of taxpayer funds during the post-award phase. They exist to ensure, for example, that

- funding for a new firetruck is not spent on a personal vehicle;<sup>14</sup>
- the surface for a new playground is cushioned to lessen the likelihood a child suffers a serious head-injury if she falls off a play structure;<sup>15</sup>
- a new sidewalk meets the requirements of the Americans with Disabilities Act (ADA);<sup>16</sup>
- property owners are compensated fairly for land taken to expand a highway;<sup>17</sup> or to ensure that

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<sup>12</sup> Tennessee Department of Transportation 2022b; interview with Tennessee Department of Transportation staff, February 11, 2022; and Tennessee Code Annotated, Section 54-4-103.

<sup>13</sup> Interviews with state staff; US Government Accountability Office 2006; Grants.gov “The Grant Lifecycle”; and Grants.gov “Post Award Phase.” Note that federal requirements also apply to the local government grantee for direct federal-to-local grants; however, direct federal-to-local grants were not analyzed as part of this study.

<sup>14</sup> For example, though not specific to firetrucks, some state-administered grant programs require grantees to submit canceled checks or other proof of payment for eligible expenses when requesting reimbursements under their grants; see interviews with Tennessee Department of Environment and Conservation staff, May 4, 2022, and Tennessee Department of Transportation staff, February 11, 2022.

<sup>15</sup> Interviews with Tennessee Department of Environment and Conservation staff, September 7, 2021, and May 4, 2022.

<sup>16</sup> Tennessee Department of Transportation 2019; and Tennessee Department of Transportation 2022a.

<sup>17</sup> Interview with Tennessee Department of Transportation staff, May 4, 2022; and US Government Accountability Office 2014.



- a community’s water supply won’t be affected by runoff from a new baseball complex.<sup>18</sup>

In interviews, state staff cited examples to show the importance both of grant requirements and following grant procedures. In one case, state staff said a grantee constructed an entire project without submitting any documentation prior to requesting reimbursement, only to find the project didn’t comply with grant requirements and had to be ripped up; state staff said the mistakes made would have been caught and remedied prior to construction had documentation been submitted in accordance with proper procedures.<sup>19</sup> In other instances, state reviews have found grantees not properly compensating property owners for the acquisition of property. In one of these cases, a grantee had used temporary construction easements for three years while only compensating property owners for one or two years of use as a result of a mistake by a property appraiser.<sup>20</sup>

State staff also provided examples of requirements and procedures that have been added as a result of issues encountered with grant projects. In one of these, a state agency began requiring more documentation that grantees’ requests for proposals for subcontracting work on grant projects had been advertised in compliance with procurement policies after finding that a newspaper had failed to run an advertisement paid for by a local government resulting in it receiving only one bid.<sup>21</sup> Other examples include but are not limited to requirements to submit designs for construction prior to beginning work so that they could be reviewed for ADA compliance; staff for one agency estimated that less than 10% of the initial project designs they receive are compliant with the ADA, which applies regardless of whether grant projects are state- or federally funded.<sup>22</sup>

In short, grant requirements are essential components of good stewardship. As summarized by staff with the Tennessee Department of Health, grant requirements—and the procedures and processes for complying with them—allow grantors to demonstrate that “grantees did what they said they would do, how they said they

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<sup>18</sup> For example, through environmental reviews required under federal or state law.

<sup>19</sup> Interview with Tennessee Department of Environment and Conservation staff, September 7, 2021.

<sup>20</sup> Interview with Tennessee Department of Transportation staff, May 4, 2022; and letter from Paul Degges, deputy commission and chief engineer, Tennessee Department of Transportation to Pamela Kordenbrock, division administrator, Federal Highway Administration, February 8, 2021.

<sup>21</sup> Interview with Tennessee Department of Environment and Conservation staff, September 7, 2021.

<sup>22</sup> Interview with Tennessee Department of Environment and Conservation staff, May 4, 2022.

would do it, and followed proper procedures” for using taxpayer funds.<sup>23</sup> But good stewardship of taxpayer funds includes more than accountability and transparency.

***Project delays, cost increases, and frustration with grant requirements and processes are issues for local governments.***

Good stewardship of taxpayer funds also includes ensuring that funding is successful and useful for communities. When writing about federal grant requirements, the US Advisory Commission on Intergovernmental Relations (USACIR) in 1977 observed that the objectives behind grant requirements “are laudable,” and in meeting them, grantors and grantees alike “are supposed to keep the administration of their programs simple, inexpensive, and effective.” But given the complexities of the processes adopted, “grant recipients have good reason to wonder whether or not they can comply with [a grant’s] requirements . . . and still benefit from the program.”<sup>24</sup> Almost a half century later, local officials and those who assist them with grant management expressed similar sentiments about state-administered grants in interviews with TACIR staff. They cited project delays and cost increases—regardless of their cause—as sources of frustration that can affect their ability to use grants effectively.

**Project Delays**

Project delays lead to frustration. As one county mayor put it, “the frustration with state-administered grants is that everything takes so long.”<sup>25</sup> In part, this is a matter of expectations. Some local officials interviewed acknowledged that the public sector simply works differently than the private sector.<sup>26</sup> But in other cases, community members who may have also contributed part of the funding for a project question why projects aren’t progressing in a timely manner.<sup>27</sup>

Moreover, project delays lead to frustration because delays can lead to cost increases through inflation. GAO reviews of federal transportation programs have found that “longer project time frames may lead to inefficiencies through increased project cost as the cost of property, materials, and labor may go up”<sup>28</sup> and that “inflation that occurs

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<sup>23</sup> Interview with Tennessee Department of Health staff, March 9, 2022.

<sup>24</sup> US Advisory Commission on Intergovernmental Relations 1977.

<sup>25</sup> Interviews with local officials.

<sup>26</sup> Interviews with local officials.

<sup>27</sup> Interviews with local officials; and email from Tennessee Department of Environment and Conservation staff, October 2, 2021.

<sup>28</sup> US Government Accountability Office 2014.

during project delays reduces the purchasing power of federal funds allocated to the states.”<sup>29</sup> Although it doesn’t appear that grantees or the state systematically track the effects of project delays on cost, TDOT staff interviewed said that because of inflation, “keeping grant projects moving forward is important. . . . Each day you’re not working on finishing a project you’re losing buying power.”<sup>30</sup>

Grantees interviewed provided staff with anecdotal examples of the effect of delays on project costs. As described by one local official, the cost of one project “increased by approximately 50% as a result of delays, because it dragged on for so much time, and the cost of the services provided increased with inflation.”<sup>31</sup> Another official described a sidewalk project that has more than doubled in cost from \$1 million when the grant was awarded to \$2.5 million as a result of delays and inflation. Others described similar issues, including one case where overall project costs increased by 25% and another where the cost of one phase of a larger project almost doubled, having increased by \$1 million.<sup>32</sup>

Grantees shoulder the burden of covering these cost increases if additional grant funds are unavailable. According to one official, cost increases resulting from delays on one project could more than triple the local government’s contribution to the project—from approximately \$0.4 million to \$1.4 million—unless the state agrees to amend the grant contract to share in the additional costs.<sup>33</sup> The maximum amount of project costs the state will reimburse are generally set under the terms and conditions of the grant contracts local governments enter into with the state for individual grant projects.<sup>34</sup> Even comparatively small cost increases can cause issues: A consultant who assists local governments with grant management provided an example of a project where bids came in \$50,000 over budget, which they attributed to the two-year delay between when the grant was announced and when bids were solicited. They said it was unreasonable to expect the grantee—in this case a smaller city—to pay for this increase.<sup>35</sup>

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<sup>29</sup> US Government Accountability Office 2008.

<sup>30</sup> Interview with Tennessee Department of Transportation staff, April 26, 2022.

<sup>31</sup> Interview with local official, December 6, 2021.

<sup>32</sup> Interviews with local officials.

<sup>33</sup> Interview with local official, December 17, 2021.

<sup>34</sup> Comprehensive Rules and Regulations of the Tennessee Department of General Services, Central Procurement Office, Chapters 0690-03-01-.17(2)(b), 0690-03-01-.16(1)(b), and 0690-03-01-.15(2); also see the terms and conditions included in Tennessee Department of General Services 2021.

<sup>35</sup> Interview with local official and consultants, September 29, 2021.

The ultimate result of these delays is an inefficient use of funds, according to grantees. One local official described it as “a waste of taxpayer dollars,” when describing a sidewalk project that still isn’t completed approximately eight years after they applied for the grant.<sup>36</sup> Speaking about a different project, another local official observed that they could have potentially done the entire project themselves for the same cost that they will end up paying with the grant because of the cost increases.<sup>37</sup>

### **Cost of Requirements**

The cost of complying with some requirements is also cited as a source of frustration. As with delays, grantees and the state don’t appear to track the cost of complying with grant requirements, but local officials provided some anecdotal examples. According to one official, a requirement to hire outside consultants to review project activities and ensure federal requirements were met is going to cost approximately \$800,000 on a project to modernize traffic signals, almost one-seventh of the project’s \$6 million total cost.<sup>38</sup> Officials from another community cited an example where approximately 25% of a road-widening project’s \$4 million total cost will go toward design, right-of-way acquisition, oversight over construction and engineering, and complying with related requirements.<sup>39</sup>

A 2014 GAO report on federal transportation projects found similar issues. As part of the report, the GAO compared two similar road projects in Florida—one locally funded, the other funded through a federal grant. The GAO found that that the federally funded project cost more than double overall and five times as much in terms of local staff time and that even unit costs for construction were greater for the federally funded project. In both cases, the GAO found that federal requirements contributed to these costs. According to the GAO,

Local agency officials consistently told us that federal-aid projects cost more and take longer than comparable locally or state-funded projects because of compliance with federal requirements. . . . Officials from one local agency with whom we spoke identified two projects that were comparable in scope, but one was locally funded and the other was funded through federal-aid highway funds, and the two projects had significant differences in project duration and cost. . . . While these two

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<sup>36</sup> Interview with local officials, December 15, 2021.

<sup>37</sup> Interview with local official, December 6, 2021.

<sup>38</sup> Interview with local officials, October 1, 2021.

<sup>39</sup> Interview with local officials, November 19, 2021.

projects are very similar, the federal-aid project took three times as long and cost more than double that of the locally funded project. . . .

The two projects showed two main areas of cost differences: (1) labor costs by county engineers to design, manage, and oversee the projects, and (2) construction cost, including unit prices for construction materials. On the locally funded project, the county labor cost was \$11,684 for 312 hours of employee time while on the federal-aid project the cost was \$54,333 for 1,536 hours of employee time for the same group of employees. According to Highlands County officials, the additional time on the federal-aid project reflects the additional documentation preparation, reviews, and compliance associated with federal requirements. Similarly, a comparison of unit prices between the two projects identified higher unit prices on the federal-aid project. For example, the unit price for a four-inch concrete sidewalk was \$13.25 per foot on the local project and \$17.10 per foot on the federal-aid project. According to Highlands County officials, contractors charge more on federal-aid projects because of greater documentation requirements.<sup>40</sup>

The costs and delays associated with grants can affect their usefulness for grantees.

### **Effect of Delays and Cost Increases on Grantees**

As a result of issues related to delays and cost increases, local officials and those who assist them with grants reported that local governments are becoming more selective about the grants they apply for, with some saying smaller grants simply aren't worth it.<sup>41</sup> Development districts and consultants interviewed by Commission staff cited several communities they work with that would have applied for certain grants but for concerns about costs.<sup>42</sup> Other interviewees, including local officials, said either their community or other communities they know of keep general cost thresholds in mind when deciding whether to apply for grants. Depending on the grant program and community, these thresholds might be a few hundred thousand dollars or even a few million dollars, but in either case, interviewees said their experience is that it likely isn't cost effective to fund projects using grants below these thresholds because of the costs in time and money associated with grant management.<sup>43</sup> The GAO's 2014 study of

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<sup>40</sup> US Government Accountability Office 2014.

<sup>41</sup> Interviews with local officials, development districts, and consultants.

<sup>42</sup> Interviews with development districts and consultants.

<sup>43</sup> Interviews with local officials and development districts.

federal transportation programs also found that “some local agencies no longer pursue federal funding for projects under certain dollar thresholds—citing figures between \$50,000 and \$200,000—because the cost involved outweighs the benefits.”<sup>44</sup>

Some local officials and those who assist them with grant management report that local governments are turning in grants they’ve been awarded after finding that grant processes and requirements will make those projects less cost-effective.<sup>45</sup> In one example described to Commission staff, city officials estimated that complying with grant requirements for a sidewalk project would have cost between \$70,000 and \$90,000—approximately half of the \$150,000 to \$180,000 they had budgeted for the project’s total cost. Rather than proceed, the city decided to decline the grant it had been awarded for the project.<sup>46</sup> In other cases, communities have decided to turn in grants because they found they wouldn’t be able to finance their projects while waiting for the state to reimburse them for project costs. According to staff with a development district, one mayor turned in a grant after determining he would rather do the project at half the cost and half the time on his own.<sup>47</sup> And one local official quipped in an interview with Commission staff that in hindsight, it would have been cheaper to send funding back to the state than go through the grant processes required for one of its projects.<sup>48</sup>

The extent to which the effects of delays and cost increases on grant projects might affect large and small communities unequally isn’t fully clear from state data. As discussed above, counties and cities with greater populations do tend to receive more grant funds overall but not after adjusting for population differences.<sup>49</sup> But interviewees pointed out that especially for communities that can’t fund projects on their own, forgoing grant opportunities means projects likely won’t be completed.<sup>50</sup>

Despite their frustrations, many local officials also stressed the importance of grants to their communities. As discussed above, there is general agreement that state-administered grants are helpful to local governments, some of which rely on grants and

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<sup>44</sup> US Government Accountability Office 2014.

<sup>45</sup> Interviews with local officials and development districts.

<sup>46</sup> Interview with local officials, November 19, 2021; and email to TACIR staff, November 22, 2021.

<sup>47</sup> Interview with development district, December 13, 2021.

<sup>48</sup> Interview with local official, May 21, 2021.

<sup>49</sup> TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

<sup>50</sup> Interview with local officials and development districts.

couldn't do all the projects they do without them. One local official further noted that the public would be upset if it found out local officials were not pursuing grant opportunities.<sup>51</sup> The GAO received similar responses from local officials in a 2014 review of federal transportation projects:

Despite the noted challenges, local public agency officials told us that the benefits of federal funding for local infrastructure outweigh the challenges. Federal funding is important to local agencies because they may not have sufficient funds to implement needed infrastructure improvements. For example, officials from one local agency told us that they could only construct one mile of sidewalk per year with their own funds, but with federal funding the local agency was able to build 17 miles of sidewalk in a year. Local agency officials we interviewed consistently told us that without federal funding their projects would be deferred, and some would likely never get done.<sup>52</sup>

Ultimately, those interviewed by Commission staff said that some grant requirements—including the processes for complying with them—hinder grantees' ability to carry out projects effectively. As the GAO found in a 2013 review of federal grant programs, it is

important to design and implement grants management policies that strike an appropriate balance between ensuring accountability for the proper use of federal funds without increasing the complexity and cost of grants administration for agencies and grantees. Duplicative, unnecessarily burdensome, and conflicting grants management requirements result in resources being directed to nonprogrammatic activities, which could prevent the cost-effective delivery of services at the local level. Streamlining and simplifying grants management processes is critical to ensuring that . . . funds are reaching the programs and services . . . intended.<sup>53</sup>

***Some requirements and processes contribute to delays, costs, and frustration, but finding solutions can be challenging.***

To identify requirements and processes that create issues for grantees, Commission staff interviewed local officials and staff, development districts and consulting firms that

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<sup>51</sup> Interviews with local officials; and panel discussion at January 21, 2022, TACIR Commission meeting.

<sup>52</sup> US Government Accountability Office 2014.

<sup>53</sup> US Government Accountability Office 2013.

help local governments with grant management, and state grant management staff; the Commission also held panel discussions at its January 2022 and June 2022 meetings. Based on the experiences of grantors and grantees, there is general agreement that projects involving construction are more difficult to manage and result in more frustration related to requirements and processes than those that don't involve construction.<sup>54</sup> While the Commission has identified potential alternatives to address some of the issues raised (see below), the interviews and panels conducted also highlighted some of the difficulties involved in finding solutions to other issues, including but not limited to

- federal requirements—in particular, environmental review processes required under the National Environmental Policy Act (NEPA);
- processes for reimbursing grantees for project costs; and
- state and local capacity and the amount of time it takes to review grant documents.

Additionally, the causes of some delays are not always clear. State staff interviewed indicated that agencies are generally not tracking the causes of project delays.<sup>55</sup>

### **Federal Requirements**

Federal requirements, which as noted above apply to all federally funded grants including those administered by the state, were commonly cited as sources of delay and frustration. There was also general agreement that grants subject to federal requirements have more requirements and can be more frustrating to manage than grants subject only to state requirements.<sup>56</sup>

*Federal funding comes with more requirements in general.*

To help illustrate some of the differences for grant programs subject to federal requirements, ECD provided a comparison of the requirements applied to the state's Site Development program and the Community Development Block Grant (CDBG) program, which ECD administers for the federal government (see table 2). The Site Development program is state-funded, but CDBG is federally funded. Both programs fund similar types of projects, according to ECD staff, including projects involving construction. And several requirements are common to both programs—including but

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<sup>54</sup> Interviews with local officials, development districts, consultants, and state staff.

<sup>55</sup> Interviews with state staff.

<sup>56</sup> Interviews with local officials, development districts, consultants, and state staff; and panel discussions at January 21, 2022, and June 15, 2022, TACIR Commission meetings.



not limited to compliance with non-discrimination provisions in Title VI of the federal Civil Rights Act, state procurement guidelines, local matching requirements set by ECD, and requirements to submit monthly reports to ECD. But ECD's comparison highlights several differences as well:

- Although both programs are subject to monitoring requirements during the post-award phase as well as closeout requirements, ECD staff said that the processes are more intensive for the federally funded CDBG program, including, at least in the past, more onsite visits for monitoring.
- CDBG grants are subject to federal requirements that Site Development grants are not, including compliance with
  - NEPA;
  - the Davis-Bacon Act, which sets minimum wage requirements for federally funded projects;
  - Section 3 of the US Housing and Urban Development Act of 1968, which sets requirements for making training and jobs available to low-income workers for projects funded through the US Department of Housing and Urban Development; and
  - the Uniform Relocation Act; which sets requirements for property acquisition.
- Even during the pre-award phase, ECD staff said the CDBG program's requirements to both perform surveys showing that a project will achieve national objectives and review applications for federal compliance is time consuming.<sup>57</sup>

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<sup>57</sup> Email from Kent Archer, director of community infrastructure, Community and Rural Development, Tennessee Department of Economic and Community Development, May 2, 2022.

**Table 2. Comparing Grant Requirements for the Community Development Block Grant Program (CDBG) and the Site Development Program**

	Grant Program	
	CDBG	Site Development
<u>Funding Source</u>	Federal	State
<u>Qualifications</u>		
- Project must have national objective	Yes	No
- Local government or non-profit eligible	Yes	Yes
<u>Application</u>		
- Perform survey to show national objective	Yes	No
- Public hearing required	Yes	No
<u>Application Review</u>		
- Review, score, and rank applications	Yes	Yes
- Check for federal compliance	Yes	No
<u>Contract</u>		
- Title VI compliance documentation	Yes	Yes
- Federal Award Worksheet	Yes	No
- Supplemental Terms and Conditions	Yes	No
- Grantee set-up (e.g. direct deposit, W-9 forms)	Yes	Yes
<u>Compliance</u>		
- National Environmental Policy Act (NEPA)	Yes	No
- Davis-Bacon Act	Yes	No
- Section 3 of US Housing and Urban Development Act	Yes	No
- Uniform Relocation Act	Yes	No
- SAM.gov registration	Yes	No
<u>Procurement</u>		
- Follow state guidelines	Yes	Yes
<u>Finance</u>		
- Engineer reviewed requests for payment	Yes	Yes
- Signature authority	Yes	Yes
- Match required	Yes	Yes
<u>Monitoring</u>		
- Desk review or onsite visits	Yes	Yes
- Federal compliance	Yes	No
<u>Closeout</u>		
- Federal compliance	Yes	No
- Public hearing	Yes	No

<u>Other items</u>		
- Tracked in customer relationship management system	Yes	Yes
- Audit review	Yes	Yes
- Risk assessment	Yes	Yes
- Accrued liability reporting	Yes	Yes
<u>Reporting</u>		
- Monthly reports to ECD	Yes	Yes
- Federal compliance reporting	Yes	No

Source: TACIR staff, based on email from Kent Archer, director of community infrastructure, Community and Rural Development, Tennessee Department of Economic and Community Development, May 2, 2022.

*The National Environmental Policy Act (NEPA) is a particular source of delay and frustration.*

Processes for complying with NEPA, in particular, were among the most cited sources of delay and frustration among local officials, those who assist them with grant management, and state staff.<sup>58</sup> As described by the US Environmental Protection Agency, NEPA

requires federal agencies to assess the environmental effects of their proposed actions prior to making decisions. The range of actions covered by NEPA is broad and includes:

- making decisions on permit applications,
- adopting federal land management actions, and
- constructing highways and other publicly-owned facilities.

Using the NEPA process, agencies evaluate the environmental and related social and economic effects of their proposed actions. Agencies also provide opportunities for public review and comment on those evaluations.<sup>59</sup>

Compliance includes conducting environmental studies—which because of their technical nature often necessitate local governments contracting with consultants (some programs require the use of consultants in certain cases)—and submitting the

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<sup>58</sup> Interviews with local officials, development districts, and consultants.

<sup>59</sup> US Environmental Protection Agency 2021.

information for review by various state and federal agencies.<sup>60</sup> According to TDOT, for example, the average amount of time to complete the NEPA phase of locally managed transportation projects in fiscal year 2020-21 was 440 days,

- 47% of which corresponds to the time taken for local governments to hire consultants—which are required for TDOT’s programs—and conduct and submit necessary environmental studies,
- 31% corresponds to the time taken to have those studies reviewed by applicable agencies and produce a draft NEPA document that outlines the project’s effect on the environment, and
- 22% corresponds to the time taken to revise and receive final approval for the NEPA review.<sup>61</sup>

To complicate matters, some stakeholders said NEPA reviews vary across programs, which some attributed to the particular goals of whichever federal agency is overseeing a grant program’s funding.<sup>62</sup> While this means the data provided by TDOT aren’t necessarily transferrable to other agencies—some stakeholders said the NEPA processes adopted for federally funded transportation programs are more difficult than those for other federal programs<sup>63</sup>—the data do show that NEPA processes can take considerable time to complete.

Although grantees and those who assist them with grant management acknowledged that environmental reviews are necessary, they expressed frustration at the amount of time it takes to complete the many steps in the NEPA process.<sup>64</sup> Some focused on the steps themselves.<sup>65</sup> According to one local official,

You have to go through [the NEPA process] before anything, even if you only want to dig a hole. You have to contact [tribal organizations] and give them 120 days to respond. . . . You have to go through a historical

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<sup>60</sup> Interview with local officials; interviews and email correspondence with state staff; and Tennessee Department of Transportation 2019.

<sup>61</sup> Email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 18, 2022; email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 24, 2022; and email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 27, 2022.

<sup>62</sup> Interviews with development districts and state staff.

<sup>63</sup> Interview with state staff.

<sup>64</sup> Interviews with local officials, development districts, and consultants.

<sup>65</sup> Interviews with local officials.

preservation review and a review that looks at any effect on streams or water or other environmental aspects. There's nothing to be done about it.<sup>66</sup>

Others focused specifically on the amount of time it takes to get NEPA documents reviewed and approved,<sup>67</sup> with one saying that

our biggest frustration has been the NEPA process. It is understandable that environmental reviews are necessary. But when you submit your NEPA review documents they sit with the state; then you get feedback and resubmit to the state, where they sit again. Once the state approves them, the NEPA documents are sent to the federal government for its review.<sup>68</sup>

State staff agreed with at least some of the assessments of grantees. They agreed that the steps in the NEPA process take time and that the need for an additional environmental study or a shift in the boundaries of a project—for example if a sidewalk project is shifted to the other side of a street or more right-of-way is needed—can result in delays. They acknowledged that environmental document reviews by state and federal agencies can take time too, but they also said that having grantee staff or consultants who are experienced with NEPA can help speed up the process.<sup>69</sup> Regardless, the following statement of a staff person with one local government summarizes most of the sentiments expressed by stakeholders regarding NEPA: “A lot of time is spent in the environmental review process.”<sup>70</sup>

*Although state agencies are making efforts to address difficulties stemming from federal requirements, the options available to them are limited.*

Addressing the concerns raised by stakeholders when it comes to NEPA specifically and federal requirements in general isn't necessarily straightforward. For NEPA, for example, state staff explained that NEPA itself is less a specific set of environmental requirements than a process for ensuring compliance with a host of federal environmental requirements—including but not limited to the Clean Air Act and the National Historic Preservation Act—some of which, such as the Clean Water Act, also

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<sup>66</sup> Interview with local official, December 7, 2021.

<sup>67</sup> Interviews with local officials.

<sup>68</sup> Interview with local official, October 1, 2021.

<sup>69</sup> Interviews with state staff.

<sup>70</sup> Interview with local official, November 19, 2021.

have state counterparts. Eliminating NEPA wouldn't eliminate the need to comply with these other federal requirements; and eliminating the federal requirements wouldn't eliminate the need to comply with state requirements.<sup>71</sup> See appendix H.

More broadly, when it comes to federally funded grant programs, the state's role is to ensure compliance with federal requirements. The GAO in its 2014 review of federal transportation programs described the relationship this way:

FHWA [the Federal Highway Administration] is accountable for ensuring that the federal-aid highway program is delivered effectively, efficiently, and in compliance with established federal law. FHWA conducts oversight of state departments of transportation (state DOT) to ensure that projects comply with federal statutes and regulations, including regulations governing property acquisition, contracting, and civil rights matters, among others. . . . State DOTs may designate funding for projects to be administered by a "subrecipient," such as a local public agency. . . . States' designation of funding for local projects does not relieve the state of its responsibility to assure that federal funds are spent properly. *When local public agencies administer projects, the state DOT is responsible for ensuring that those agencies have adequate systems and sufficient controls in place to manage funding and deliver projects in accordance with federal requirements. This includes the responsibility for ensuring that federal regulations are met.*<sup>72</sup> (emphasis added)

As the GAO described later in the same report,

State DOTs are responsible for ensuring that federal-aid funds administered by local public agencies are expended according to applicable federal statutes and regulations. This requires, for example, that:

- projects go through an environmental review process, established under the National Environmental Policy Act of 1969;
- highway contractors pay their employees at least the prevailing wage;

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<sup>71</sup> Interviews with state staff; and email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 18, 2022. Also see US Government Accountability Office 2008.

<sup>72</sup> US Government Accountability Office 2014.

- small businesses owned and controlled by socially and economically disadvantaged individuals have the opportunity to compete for certain contracts for which DOT provides financial assistance;
- projects incorporate American-made iron and steel to comply with the Buy America Act;
- projects adhere to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- projects adhere to applicable federal design and construction standards for roadways on the NHS [National Highway System] and state design and construction standards for roadways that are not on the NHS; and
- projects adhere to applicable federal requirements regarding the advertisement of competitive bids, awarding of contracts, and construction administration.<sup>73</sup>

According to state staff, state processes adopted for ensuring compliance with federal requirements are reviewed for approval by the federal agency overseeing the funding. Failure to comply with federal requirements may result in loss of funds and may make a project, or later phases of it, ineligible for future federal funding. And federal agencies can and do audit state processes; for example, staff with TDOT's environmental division reported that FHWA audits approximately 20% to 25% of TDOT's environmental reviews each year to ensure all procedures are followed correctly.<sup>74</sup>

Federal requirements and processes also don't necessarily differ based on projects' size or complexity. Local officials and those who assist them with grants expressed frustration that projects they consider relatively small, such as sidewalks or walking paths, appear to follow the same processes as far more complicated projects, such as highway interchanges.<sup>75</sup> But state staff said that regardless of a project's size or complexity, the process for ensuring compliance with federal requirements is the same and takes just as much time for state staff, with staff for one agency saying that "when it

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<sup>73</sup> Ibid.

<sup>74</sup> Interviews with state staff.

<sup>75</sup> Interviews with local officials.

comes to federal requirements a \$5 million project is just as much work to manage and maintain compliance as a \$5,000 project from the state's perspective."<sup>76</sup>

Despite the limited options available to them, some state agencies are making efforts to address issues raised regarding federal requirements. For NEPA in particular, the Tennessee Department of Environment and Conservation (TDEC) has adopted a process intended to streamline early stages of environmental reviews for some of its grant programs. TDEC has contracted with a consulting firm to perform preliminary environmental reports based on reviews of project sites to help identify whether more detailed environmental studies are likely needed to satisfy federal and state environmental requirements. TDEC staff said the new process has helped reduce the amount of time environmental reviews take for state staff and grantees, because it collects much of the information the state and grantees would otherwise collect on their own, though they cautioned that the process has only been in place for one grant cycle. They said it costs the state approximately \$75 per report.<sup>77</sup>

State agencies also negotiate agreements, known as programmatic agreements, with the federal agencies that oversee their grant funding to help streamline federal requirements by establishing what is necessary for compliance. For example, TDOT recently reached an agreement with FHWA and other state and federal agencies to reduce the amount of review necessary for certain projects under NEPA. Under the agreement, road resurfacing projects without any ground disturbance no longer require environmental studies or review by other agencies to satisfy NEPA requirements. TDOT environmental division staff said they are continually looking for other ways to streamline federal processes and provided the Commission with a list of TDOT's other environmental programmatic agreements (see appendix I).<sup>78</sup>

Establishing programmatic agreements to streamline federal processes is considered a best practice. The GAO in a 2008 report on federal transportation programs found that "state transportation officials told us that they can save time by entering into agreements with FHWA and resource agencies to spell out broad categories of projects that can be advanced under pre-agreed conditions, with little or no need for individualized review."<sup>79</sup> Similarly, a 2011 study by the National Cooperative Highway

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<sup>76</sup> Interviews with state staff.

<sup>77</sup> Interviews and emails with Tennessee Department of Environment and Conservation staff.

<sup>78</sup> Interview with Tennessee Department of Transportation staff, March 29, 2022; and email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 18, 2022.

<sup>79</sup> US Government Accountability Office 2008.



Research Program—a joint effort of federal agencies, state departments of transportation, and non-profit organizations created in 1962 to research transportation issues—found that “agreements were reported to reduce the financial burden to local agencies, to minimize federal environmental review, and to reduce the total time to completion for smaller projects.”<sup>80</sup>

Although considered a best practice, programmatic agreements can take considerable time to negotiate. TDOT environmental staff said it took approximately 2.5 years to establish the agreement for road resurfacing projects described above.<sup>81</sup>

In some cases, state efforts to streamline processes for meeting requirements have not had the desired effect. For example, TDOT, with FHWA approval, established an alternative grant management process for local governments to address concerns with the speed of the traditional process. Under the traditional process, grant projects proceed in phases—e.g. the environmental review (NEPA) phase, design and engineering, right-of-way acquisition, and construction. Local governments must get approval from TDOT before beginning work in each phase, and work completed in each phase is reviewed for compliance with state and federal requirements by TDOT and, for federal requirements, FHWA. Under the alternative process, local governments can proceed through the phases on their own, documenting their compliance with requirements, and request reimbursement for the project once it is completed. But TDOT staff said during a panel discussion at the June 2022 Commission meeting that few local governments had used the alternative process, explaining that it ends up placing the risk of noncompliance on the local government. The process doesn’t eliminate the need to comply with federal requirements; rather, it allows local governments to move at their own pace through the project phases.<sup>82</sup>

*Some agencies have adopted federal requirements for state-funded programs.*

Although federal requirements can be frustrating for grantees, some agencies have adopted them or modified versions of them for state-funded programs. TDOT, for example, has adopted federal requirements for many of its state-funded programs, citing these requirements as best practices—the GAO has found that it is not uncommon for state transportation departments to adopt requirements that are similar

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<sup>80</sup> National Cooperative Highway Research Program 2011.

<sup>81</sup> Interview with Tennessee Department of Transportation staff, March 29, 2022.

<sup>82</sup> Interview with Tennessee Department of Transportation staff, April 26, 2022; and panel discussion at June 15, 2022, TACIR Commission meeting.

to if not the same as federal requirements.<sup>83</sup> In particular, TDOT staff said federal requirements for property acquisition help ensure property owners are compensated fairly, uniformly, and consistently when the government acquires their property either temporarily for construction easements or permanently for right-of-way; they said these federal requirements have been adopted in both TDOT's program rules and state law.<sup>84</sup> As discussed above, TDOT staff also pointed out that following federal requirements on state-funded projects ensures those projects remain eligible for federal funding if it is needed or becomes available later, noting that if a section of road is widened using state funds without following the federal requirements for right-of-way acquisition, then if you later want to use federal funds to repave it you won't be allowed to.<sup>85</sup> TDOT staff said these federal requirements, in particular those for property acquisition, are best practices.<sup>86</sup> Additionally, staff with TDOT and other agencies said that applying federal requirements to state-funded programs that fund similar types of projects can make compliance easier for state staff and grantees by having one set of grant processes rather than several.<sup>87</sup>

In some cases, state agencies modify federal requirements when applied to state-funded grants. TDEC doesn't require grantees in its state-funded Local Parks and Recreation Fund program to compile a full NEPA document—including results of all environmental studies and the responses of state and federal agencies that review those studies—which would be required for federally funded programs, such as the Land and Water Conservation Fund or the Recreation Trails program (see appendix J).<sup>88</sup> And TDOT staff said environmental reviews for its state-funded programs don't require grantees to demonstrate compliance with Section 4(f) of the US Department of Transportation Act and, for some projects, Section 106 of National Historic Preservation Act. The former requires federally funded grantees to consider effects on park and recreational lands, wildlife and waterfowl refuges, and historic sites in transportation

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<sup>83</sup> US Government Accountability Office 2014.

<sup>84</sup> Interview with Tennessee Department of Transportation staff, May 4, 2022; Comprehensive Rules and Regulations of the Tennessee Department of Transportation, Chapter 1680-06-02-.01 et seq.; and Tennessee Code Annotated, Sections 13-11-101 et seq. and 29-17-101 et seq.

<sup>85</sup> Interview with Tennessee Department of Transportation staff, May 4, 2022; also see US Government Accountability Office 2008.

<sup>86</sup> Interviews with Tennessee Department of Transportation staff.

<sup>87</sup> Interviews with state staff.

<sup>88</sup> Interview with Tennessee Department of Environment and Conservation staff, May 4, 2022; and email from April Johnson, PARTAS manager, Recreation Resources Division, Tennessee Department of Environment and Conservation, May 16, 2022.

project development, and the latter requires grantees to evaluate effect on historic properties.<sup>89</sup> TDOT also allows for greater flexibility when determining the prevailing wages for state-funded projects than those allowed under the federal Davis-Bacon Act, which sets standards for hourly wages for federal projects.<sup>90</sup>

## **Reimbursement Processes**

The amount of time it takes grantees to be reimbursed for project costs can be problematic for some local governments. Although some cities and counties have the resources to fund projects while awaiting reimbursement, others do not.<sup>91</sup> According to one local official, some communities “don’t have a large fund balance for [covering] payments, and this makes grants not useable for those counties, as they can’t afford to front the money for these grants and wait to get reimbursed at the end.”<sup>92</sup> Staff for one of the state’s development districts reported that communities they serve have in some cases turned down grants they’ve been awarded because they could not cashflow the project while waiting for reimbursement.<sup>93</sup> While there doesn’t appear to be a consensus threshold beyond which a delay in reimbursement becomes problematic, no interviewees said delays of more than six weeks would be acceptable. Some reported experiencing months long delays for some grant programs.<sup>94</sup>

But it isn’t always clear what causes delays in the reimbursement process or whether delays that do occur are reflective of systemic issues or one-off problems. Data provided by the Tennessee Department of Finance and Administration show that the median amount of time between when an invoice for reimbursement is created and when the state approves payment is less than 30 days for almost every agency.<sup>95</sup> Although the data provided don’t show how much time in the review process is occurring at the programmatic level within individual agencies or with the Department of Finance and Administration before final approval of payment, department staff said the state implemented new reporting requirements for agencies in the spring of 2022

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<sup>89</sup> Interview with Tennessee Department of Transportation staff, March 29, 2022; and email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 27, 2022.

<sup>90</sup> Interview with Tennessee Department of Transportation staff, February 11, 2022.

<sup>91</sup> Interviews with local officials and development districts.

<sup>92</sup> Interview with local official, December 8, 2022.

<sup>93</sup> Interview with development district, December 13, 2022.

<sup>94</sup> Interviews with local officials and development districts.

<sup>95</sup> TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

that could eventually allow one to assess where most time is spent in the review process. Regardless, the data collected by the department don't show *why* delays occur.<sup>96</sup>

State staff reported that at least some delays in the reimbursement process are outside the state's control. According to state staff, lack of appropriate documentation from grantees to support a reimbursement request can lead to delays, with staff for one agency saying it is the most common cause of delay. Others said that delays can occur if state staff find revisions are needed to a reimbursement request. And in some cases, state staff said they've received reimbursement requests that are several hundred pages, which take time to review.<sup>97</sup> Some agencies require grantees to submit reimbursement requests at least once per quarter, and standard language in the state's grant contracts with local governments prohibits seeking reimbursement more frequently than monthly.<sup>98</sup>

### **Capacity and Timeliness of Document Review**

Disagreements over the cause of delays in the reimbursement process highlight a broader issue with delays for state-administered grants and the difficulty in addressing them: both grantors and grantees tend to perceive the other as the source of delays, particularly when it comes to the timeliness of submitting and reviewing documents. This trend was consistent throughout interviews conducted by Commission staff, and examples provided by interviewees suggest both groups' perceptions are reasonable.

But identifying the specific causes of delays and solutions to them proved elusive. As noted above, neither the state nor local governments appear to be tracking delays systematically. And while some local officials and those who assist them with grant management said grantees would benefit from agencies establishing a fast lane for reviewing documents that either are short or had only few revisions requested to them,<sup>99</sup> state staff for one agency said establishing an objective way to determine which reviews fall under the fast lane could be challenging.<sup>100</sup>

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<sup>96</sup> TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022; and interviews with Tennessee Department of Finance and Administration staff.

<sup>97</sup> Interviews with state staff.

<sup>98</sup> Tennessee Department of Transportation 2019; Tennessee Department of Environment and Conservation 2020; and Tennessee Department of General Services 2021.

<sup>99</sup> Interviews with local officials, development districts, and consultants.

<sup>100</sup> Interview with state staff.

Moreover, although many interviewees said staff capacity at both the state and local levels can be impediments to effective grant management given the complexity of state and federal requirements and processes—citing both high turnover that reduces institutional knowledge of grant processes and a simple lack of enough staff—they did not provide firm recommendations for what specific staffing increases might be needed.<sup>101</sup> Several state agencies shared staffing ratios, which varied widely:

- TDOT’s local programs office has approximately a dozen staff members overseeing a total of 600 ongoing projects;
- TDOT’s environmental division has four staff and approximately 150 environmental reviews ongoing each year;
- TDEC’s recreation resources division has approximately five staff and more than 120 open grant projects;
- ECD has six staff and more than 150 open grants for the CDBG program; and
- the Office of Criminal Justice Programs has 31 staff and 600 open grants.<sup>102</sup>

Similarly, some local officials said they either had or were considering hiring additional staff to coordinate grant management for them, while others contract with development districts or other consultants to assist with grant management because they don’t have the resources or ability to manage grants on their own.<sup>103</sup>

***The Commission identified several existing ways to improve the post-award phase of state-administered grant programs.***

Despite some of the challenges described above, pathways for improving the post-award phase of state-administered grant programs are available. Although the alternatives the Commission has identified may not be suitable for every grant program, interviews with stakeholders and reviews of other studies show they can be beneficial. Alternatives identified include

- establishing advisory boards made up of representatives for local governments and the entities that assist them with carrying out grant projects, as well as interagency working groups for sharing best practices;

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<sup>101</sup> Interviews with local officials, development districts, consultants, and state staff.

<sup>102</sup> Interviews with state staff.

<sup>103</sup> Interviews with local officials and development districts.

- reducing duplication of effort when certifying compliance with Title VI of the federal Civil Rights Act for local governments with grants from multiple agencies; and
- promoting a more uniform, user-friendly experience across agencies for grantees through the adoption of a single, statewide grant management system.

Each of these approaches offers a pathway to improve state processes for managing the post-award and implementation phase of grants to local governments. While ensuring grant funds are used accountably and transparently is an indispensable component of grants management, so too is ensuring that grant processes support local governments' ability to carry out projects effectively. They are essential if state and local governments are to be good stewards of the taxpayer dollars used to fund grants. As the USACIR concluded in 1977, grantors and grantees "need to work together with reasonable awareness of and feeling for each other's capabilities and roles."<sup>104</sup>

### **Grant Advisory Boards and Interagency Working Group**

Many local officials and those who assist them with grant management said some frustrating requirements and processes—regardless of whether they are state or federal—appear to be made without input from or consideration for their practical effect on grantees. "Requirements don't always consider local circumstances, and one size doesn't necessarily fit all," according to one local official, who noted that federal minimum wage requirements under the Davis-Bacon Act sometimes result in wages that are higher than the prevailing wages in a community. Others acknowledged the important purposes behind some requirements but noted the unintended consequences of their effects on local governments. Although TDEC's requirement that parks projects be included in a community's master plan to be eligible for funding under its Local Parks and Recreation Fund program helps ensure that funded projects are in a community's interest, some county officials said this is a barrier.<sup>105</sup> According to one official, the requirement "makes it more difficult and less accessible for counties. [It] can be a big deal for counties to develop one of these plans, but [it's understandable] that TDEC doesn't want to necessarily support random park projects."<sup>106</sup> Another official said smaller communities may not be able to afford to have a master plan prepared.<sup>107</sup> Similarly, a requirement that placed limits on grant funding a city could

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<sup>104</sup> US Advisory Commission on Intergovernmental Relations 1977.

<sup>105</sup> Interviews with local officials and state staff.

<sup>106</sup> Interview with local official, December 8, 2021.

<sup>107</sup> Email from local official, September 21, 2021.

receive unless its city recorder became a certified municipal officer was intended to ensure proper management of funds. But according to development district staff, “the unintended consequence has been to limit funds to communities that need the money.”<sup>108</sup>

Interviewees also provided examples where state agencies had worked to modify policies or proposed policies once informed of their effect on local governments. A proposed change to TDOT’s State-Aid Road program—which provides funding to counties for maintaining county roads connecting to state highways, federal interstates, or other county roads that connect to state highways or federal interstates—would have required counties to collect and report data rating each mile of road and then rank them to determine which roads to prioritize for work each year. Although the proposed change was intended in part to demonstrate whether additional funding for the program was warranted to meet local needs, the practical effect, according to highway officials, would have resulted in “taking away from the funding that these counties would otherwise use on actual road improvements” because of the cost of collecting the data. After local officials raised these concerns with TDOT, the Department removed the new policy from its proposed changes to the program.<sup>109</sup>

Rather than an ad hoc approach, some state agencies have established grant advisory boards to solicit guidance from grantees for making changes to their grant programs. For example, ECD has established an advisory board, which meets regularly and includes local officials and those who assist them with grant management, for its CDBG program.<sup>110</sup> ECD staff said the board helps them identify and make specific improvements to grant processes to assist grantees and “has been beneficial in part because it helps people understand ECD’s decision making and helps them feel invested in the process.”<sup>111</sup> According to ECD staff, “the engineers [who sit on the board] do a good job of explaining what processes are confusing, the grant administrators will explain where they’re having difficulty getting steps completed, and ECD staff can work with them on a solution while explaining what type of information or requirements are needed.”<sup>112</sup> In some cases, this has given ECD staff an opportunity

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<sup>108</sup> Interview with development district, December 13, 2021.

<sup>109</sup> Interviews with local officials, the Tennessee County Highway Officials Association, and Tennessee Department of Transportation staff; and panel discussion at January 21, 2022, TACIR Commission meeting.

<sup>110</sup> Interviews with Tennessee Department of Economic and Community Development staff October 29, 2021, and April 25, 2022.

<sup>111</sup> Interview with Tennessee Department of Economic and Community Development staff, April 25, 2022.

<sup>112</sup> Ibid.

to explain to stakeholders why changes desired by some grantees aren't workable, while also providing an opportunity to discuss other potential solutions. In others, the board has helped evaluate the effects of a proposed change, such as evaluating the use of a 10-year average or one year of data for various metrics to see what effect each would have on community eligibility for grants.<sup>113</sup>

Other agencies reported using their boards to adjust program requirements or create new grant programs to meet stakeholders needs. The Tennessee Office of Criminal Justice Programs (OCJP) meets annually with stakeholders, including criminal justice professionals and victims' advocates, as part of its five-year strategic planning process. OCJP staff said that as a result of feedback from these meetings, OCJP created a new grant for local governments to help fund safe spaces in courthouses for victims of crime where they won't have to interact with and potentially be intimidated by those they've accused.<sup>114</sup> The Tennessee Department of Agriculture uses the advisory group for its Agriculture Enterprise Fund program in part to solicit feedback on new types of farm equipment that could be made eligible for grant funding. Department of Agriculture staff said this has been beneficial because staff don't always have time to research the new types of equipment that are being developed.<sup>115</sup> TDEC staff said they are reconstituting an advisory board for grant programs administered by the Recreation Resources Division.<sup>116</sup>

Individuals who sit on these boards said they find them useful and recommend more agencies use them.<sup>117</sup> One interviewee said these boards help give "a dose of reality to those coming up with the guidelines or changes."<sup>118</sup> And another noted that ECD's board for the CDBG program, in particular, "has really helped the program."<sup>119</sup> One local official provided specific examples of improvements, saying that changes made as a result of recommendations from one advisory board helped streamline reporting procedures for a grant by "taking sections of reports that had to be filled in as narratives

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<sup>113</sup> Interviews with Tennessee Department of Economic and Community Development staff October 29, 2021, and April 25, 2022.

<sup>114</sup> Interview with Tennessee Office of Criminal Justice Programs staff, May 10, 2022.

<sup>115</sup> Interview with Tennessee Department of Agriculture staff, April 29, 2022.

<sup>116</sup> Panel discussion at June 15, 2022, TACIR Commission meeting.

<sup>117</sup> Interviews with local officials, development districts, and consultants; and panel discussion at January 21, 2022, TACIR Commission meeting.

<sup>118</sup> Interview with development district, December 13, 2021.

<sup>119</sup> Interview with development district, January 28, 2022.



and simplifying them so that they could be completed using check boxes.”<sup>120</sup> And given the amount of time that negotiating programmatic agreements with federal agencies can take, it could be beneficial to use grant advisory boards to identify those changes that grantees find most important.

A 2006 GAO analysis of federal grant programs underscores the potential benefits of grant advisory boards as a tool for improving grant processes. The GAO found that inadequate communication between grantors and grantees hindered efforts to streamline federal grants. According to the GAO, grantees reported that “inadequate ongoing communication with grantees before decisions on changes were made resulted in poor implementation and prioritization of initiatives,” and grantees “would like to have more communication with work groups before decisions about grant administration changes are made to better prioritize and implement initiatives.”<sup>121</sup> In particular, the GAO found that “grantees experienced problems stemming from policies and technologies that are inconsistent with grantees’ business practices and these have caused inefficiencies in their administration of grants. These issues may have been addressed, or addressed sooner, if greater communication, before implementation, existed between grantees and the cross-agency work groups.”<sup>122</sup>

Similarly, the GAO found in a 2021 review of federal programs that

the collecting and sharing of lessons learned from previous programs or projects provides organizations with a powerful method for sharing ideas for improving work processes. In particular, we found that collecting and sharing lessons learned from an interagency effort is valuable since one agency can share lessons it has learned with other agencies that may benefit from the information. Furthermore, organizations that identify and apply lessons learned can ensure they factor beneficial information into planning for future efforts and limit the chance of the recurrence of challenges that can be anticipated in advance.<sup>123</sup>

TDEC staff have expressed potential interest in creating a state-level working group for agencies to share best practices with each other.<sup>124</sup>

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<sup>120</sup> Interview with local official, January 24, 2022.

<sup>121</sup> US Government Accountability Office 2006.

<sup>122</sup> Ibid.

<sup>123</sup> US Government Accountability Office 2021.

<sup>124</sup> Email from Anne Marshall, director, Recreation Resources Division, Tennessee Department of Environment and Conservation, July 22, 2022.

## Title VI Training

Another practice that some agencies have adopted can help reduce the time it takes local governments with grants from multiple agencies to satisfy the requirements of Title VI of the federal Civil Rights Act. Title VI “prohibits discrimination on the basis of race, color, and national origin in programs and activities receiving federal financial assistance.”<sup>125</sup> Recipients of federal funding that violate Title VI can have their funding terminated.<sup>126</sup> Tennessee Code Annotated, Section 4-21-101 et seq., also requires state agencies to comply with Title VI. Compliance with federal and state law requires grantees to take training annually.<sup>127</sup>

Some agencies require grantees to take agency-specific training.<sup>128</sup> As a result, those with grants from multiple agencies might have to take multiple trainings. Local officials and those who assist them with grant management said they find this frustrating because in their experience the trainings appear to be very similar to each other.<sup>129</sup> According to one local official,

Title VI is good and isn’t the problem. Instead the problem is that each state agency requires grantees to go through that specific agency’s training and certification process for Title VI. . . . The certification test is pretty much the same for each. . . . For smaller towns where the mayor or recorder is the Title VI coordinator, the time that this multi-agency process takes is a problem.<sup>130</sup>

Another local official said that “it would be nice if you could update [Title VI compliance information] annually and have a place to upload that information to prove it has been completed for any agency that needed to see that you have completed it.”<sup>131</sup>

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<sup>125</sup> 42 US Code 2000d et seq.; and US Department of Justice “Title VI of the Civil Rights Act of 1964.”

<sup>126</sup> US Department of Justice “Title VI of the Civil Rights Act of 1964.”

<sup>127</sup> Interview with Tennessee Human Rights Commission staff, June 8, 2022.

<sup>128</sup> Interviews with local officials, development districts, and consultants; panel discussion at January 21, 2022, TACIR Commission meeting; interview with Tennessee Department of Transportation staff, April 11, 2022; and email from Tennessee Department of Transportation staff, August 18, 2022.

<sup>129</sup> Interviews with local officials, development districts, and consultants; and panel discussion at January 21, 2022, TACIR Commission meeting.

<sup>130</sup> Interview with local official, September 27, 2021.

<sup>131</sup> Interview with local official, December 6, 2021.

Some agencies already permit grantees to satisfy compliance with Title VI by allowing them to use training completed for other agencies.<sup>132</sup> Although accepting other agencies' Title VI training or developing a single state training would likely address concerns of some grantees, it may not be feasible for all state-administered grant programs. For federally funded programs, staff of the Tennessee Human Rights Commission—the state agency that oversees compliance with Title VI in Tennessee—said the individual federal agency from which the state receives funding may have additional guidelines regarding Title VI that prevent or prohibit a state agency from allowing grantees to substitute another state agency's training.<sup>133</sup> For example, TDOT staff said that TDOT's training is specific to transportation and is based on the regulations adopted by FHWA and the US Department of Transportation.<sup>134</sup> They further noted that "TDOT's Title VI program does not work in conjunction with other state Title VI agencies; therefore, it is only able to accept TDOT's training."<sup>135</sup> Similarly, ECD staff said that while they do accept training from TDOT, that determination was made based on a review of TDOT's Title VI process and they haven't made a determination about trainings provided by other agencies.<sup>136</sup>

### **Statewide Grant Management System**

Several representatives for grantors, grantees, development districts, and consultants recommended the state adopt a single grant management system (GMS) to be used by all state agencies. A GMS is a software system that allows for the end-to-end management of grant programs and projects. According to companies that sell these systems, they can be used to help manage the full lifecycle of a grant from the pre-award phase through the end of the post-award phase, including monitoring the entities that receive grant funds.<sup>137</sup> An interviewee who worked with the state of Arizona when it procured a single, statewide GMS said they can range from simple, off-the-shelf systems to large, commercial systems, purpose-built for individual entities.<sup>138</sup> Several state agencies in Tennessee already have their own GMSs.<sup>139</sup>

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<sup>132</sup> Interviews with state staff.

<sup>133</sup> Interview with Tennessee Human Rights Commission staff, June 8, 2022.

<sup>134</sup> Email from Tennessee Department of Transportation staff, August 18, 2022.

<sup>135</sup> Interview with Tennessee Department of Transportation staff, April 11, 2022.

<sup>136</sup> Interview with Tennessee Department of Economic and Community Development staff, April 25, 2022.

<sup>137</sup> Ha 2021; SmartSimple 2022; eCivis 2022; and AmpliFund 2022.

<sup>138</sup> Interview with Matt Hanson, associate managing director, Witt O'Brien's, October 18, 2021.

<sup>139</sup> Interviews with local officials and state staff.

State staff, local officials, and those who assist local governments with grant management said GMSs can be beneficial for the post-award phase. They said the systems can help grantor and grantee staff track a project's progress, while maintaining a record of communication between grantor and grantee, as well as all documents submitted, revisions, approvals, reimbursement requests, and how much funding is left in a project's budget.<sup>140</sup> The potential benefits of enhanced project tracking could be quite helpful for both grantors and grantees, based on examples cited by state staff where projects have been delayed following misunderstandings about whether the state or the grantee was responsible for the next step in either reviewing or submitting a document. As discussed above, the causes of delays are not always clear. State staff reported instances where local officials have grown frustrated that a document has not been reviewed by a state agency only to find that the document was mistakenly never submitted for review.<sup>141</sup> These misunderstandings could potentially be identified and avoided using a GMS, which state staff said can allow grantor and grantee staff to see whether and when a document was submitted as well as who is responsible for the next step in the grant process.<sup>142</sup> Staff with one agency also said that a GMS can help alleviate some of the burdens of manual data entry, for example if the point of contact for a grantee changes, it would only have to be entered in the system once and could automatically update all of the grants for that grantee so that communication with the grantee remains seamless.<sup>143</sup>

A single, statewide GMS could have the added benefit of being a one-stop-shop for grantees to view and manage all of their grants regardless of agency. According to a local official, "One of the issues with state grants is that there are so many different pots of funding to go to. Why not have one big system that had everything in it?"<sup>144</sup> Similarly, staff with some of the state's development districts said it could be helpful for the state to adopt a single GMS.<sup>145</sup> One said that with each agency having its own separate GMS, local officials, particularly those from smaller communities, may not have time to learn how to use different systems adopted by different agencies and may find them intimidating.<sup>146</sup>

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<sup>140</sup> Interviews with local officials, development districts, and state staff.

<sup>141</sup> Interviews with state staff.

<sup>142</sup> Interview with Tennessee Department of Environment and Conservation staff, May 4, 2022.

<sup>143</sup> Interview with Tennessee Office of Criminal Justice Programs staff, May 10, 2022.

<sup>144</sup> Interview with local official, December 20, 2021.

<sup>145</sup> Interview with development district, October 1, 2021; and panel discussion at January 21, 2022, TACIR Commission meeting.

<sup>146</sup> Panel discussion at January 21, 2022, TACIR Commission meeting.

Moreover, a single, statewide GMS could help encourage greater uniformity among grant processes for state-administered grant programs. Some stakeholders cited the lack of uniformity among grant processes as an issue<sup>147</sup>—an issue that isn't unique to Tennessee.<sup>148</sup> And staff for one agency described their efforts to increase uniformity for the grant programs the agency administers, for example by making applications and processes for different grants as similar as possible.<sup>149</sup> A 2020 review by a Governor's Management Fellow found that

as it currently stands, there is no cohesive or formalized structure across [state agencies] to managing grants.

For the most part, state agencies operate their own grants with their own unique systems and processes. Some agencies have their own sophisticated systems while others still operate using [Microsoft] Excel sheets and manual data entry. While every grant is unique and has different requirements, there exists a better way in which we can operate as an enterprise and align grant processes for both internal and external stakeholders.<sup>150</sup>

The review concluded that

since grants account for a significant amount of the state's budget, it would be in the state's best interest to manage them in an efficient and coordinated manner. Agencies are currently siloed in their grants management efforts. Each agency follows processes customized to their needs and few of these processes are streamlined or communicated between agencies. Differing and sometimes conflicting requirements can be difficult for communities to navigate, particularly when managing multiple grants from different agencies. A statewide grants management system (GMS) will allow the state and its agencies to remove these silos and better serve Tennessee communities.<sup>151</sup>

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<sup>147</sup> Interviews with state staff and development district.

<sup>148</sup> Minnesota Office of the Legislative Auditor 2007.

<sup>149</sup> Interview with Tennessee Department of Economic and Community Development staff, October 29, 2021.

<sup>150</sup> You 2020.

<sup>151</sup> You 2020.

For the state as a whole, a single, statewide GMS could also increase transparency by helping track the overall amount of grants awarded to local governments. Currently, there doesn't appear to be a database that lends itself to tracking this information at the state level. Public Chapter 733, Acts of 2022, directs the state's chief procurement officer to establish a central database of information regarding grant recipients and sub-recipients for monitoring purposes. The project tracking capabilities of a single, statewide GMS might also assist the state in identifying common sources of delay across different grant programs, which could help the state identify additional modifications to make to grant processes and requirements in the future. Staff with one agency indicated that their current agency-specific GMS might allow them to do this.<sup>152</sup>

Beyond the post-award phase, a single, statewide GMS could allow local governments to search for grant opportunities across agencies. Some local officials interviewed indicated that they don't always know what grants are available to them.<sup>153</sup> There doesn't appear to be a single listing of all state grant programs and how to apply for them. Staff with Arizona, which has implemented a statewide GMS, said one benefit of that state's GMS is that it allows local governments to search for grant opportunities, including both federally funded and state-funded programs.<sup>154</sup>

The Tennessee Department of Finance and Administration has procured a single GMS for use by other state agencies, though use of the system is not required. Staff said that grant management is a complex area, and the state would need a proven track record first before making the GMS a requirement. As of August 2022, one agency is using the system, and the Department of Finance and Administration is working with several other agencies that have expressed interest in using it to onboard them to the system. Department staff said grantees will be able to use the system as long as they have access to the internet and will not need to purchase specific software.<sup>155</sup>

Mandating a statewide GMS—as Arizona has done—comes with several considerations. Among them, several stakeholders stressed that for a statewide GMS to be effective, it would need to be user friendly, and there is general agreement that these systems come with a learning curve. According to interviewees, some local officials

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<sup>152</sup> Interview with Tennessee Department of Environment and Conservation staff, May 4, 2022.

<sup>153</sup> Interviews with local officials.

<sup>154</sup> Interview with Andrea Hightower, grants and federal resources team manager, Arizona Governor's Office of Strategic Planning and Budgeting, and Nick Capozzi, grants management analyst, Arizona Governor's Office of Strategic Planning and Budgeting, July 25, 2022.

<sup>155</sup> Interviews with Tennessee Department of Finance and Administration staff; and panel discussion at June 15, 2022, TACIR Commission meeting.

may be unfamiliar with the new technology and may not have time to learn a new system. Others criticized the initial implementation of some of the GMSs already used by state agencies.<sup>156</sup> State staff acknowledged that these systems can be intimidating at first, aren't always user friendly, and that in some cases improvements needed to be made to the functionality of the GMS after the initial rollout; staff with one of the agencies that already have their own GMSs said they offer training to grantees on how to use the GMS.<sup>157</sup> As one interviewee observed, "GMSs are not all good or all bad";<sup>158</sup> therefore, it is imperative to consider the usability and functionality of any GMS for both grantors and grantees, particularly if the GMS will be used by all state-administered grant programs.

Another consideration is the flexibility of a single, statewide GMS to meet the needs of different grant programs. According to one interviewee—who recommended the state adopt a single, statewide GMS in her former role as a Governor's Management Fellow—"Grants could have very different requirements depending on whether a grant was from the state or the federal government, and centralization of those requirements could be complicated. Because current processes vary so much across state agencies, it could be difficult to consolidate these processes into one grant management system."<sup>159</sup> Staff with one state agency noted that "the cost of customizing a statewide product is always an issue" and cited a hypothetical example where an agency's various grant programs might each require specific information to satisfy one of the steps in the grant process, but instead of supporting individualized data entry screens for each grant, a statewide GMS may only provide a generic activity box, leaving it to agency staff to remind grantees which specific questions they need to address for individual grant programs.<sup>160</sup> An interviewee who assisted the state of Arizona with the implementation of its statewide GMS, acknowledged that there were some requirements that were too costly to incorporate into the state's system, citing a mapping requirement for one program that involved the heavy use of Geographic Information Systems (GIS) software. But Arizona was able to develop a workaround for these requirements he said, and he estimated that perhaps as few as 1% of requirements could not be incorporated in Arizona's GMS. The system Arizona used was "customizable enough to give flexibility to the state's agencies."<sup>161</sup> Tennessee Department of Finance and

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<sup>156</sup> Interviews with local officials, development districts, and consultants.

<sup>157</sup> Interviews with state staff.

<sup>158</sup> Interview with development district, December 13, 2021.

<sup>159</sup> Interview with state staff, August 19, 2021.

<sup>160</sup> Interview with Tennessee Office of Criminal Justice Programs staff, May 10, 2022.

<sup>161</sup> Interview with Matt Hanson, associate managing director, Witt O'Brien's, October 18, 2021.

Administration staff have said that although the GMS procured by the department is flexible, it may not meet the needs of every agencies' grant programs and processes.<sup>162</sup>

Other examples of considerations include how fast a state will transition agencies to the new system and how to encourage agencies to do so. Staff with the Arizona Governor's Office of Strategic Planning and Budgeting, which oversees that state's GMS, said the state mandated transition to the system by tying receipt of grant funds to its use; that is, agencies can access funds for their grant programs only if they are using the state's GMS.<sup>163</sup> Other interviewees, however, noted that some state agencies already have their own GMSs, some of which may involve contracts with outside vendors, and Arizona did allow state agencies with contracts for their own systems to wait until those contracts expired.<sup>164</sup> One of the first agencies to transition to the GMS procured by the Tennessee Department of Finance and Administration did so only after its contract with the vendor for its previous GMS had ended.<sup>165</sup> Tennessee Department of Finance and Administration staff said that staff capacity at the department is a limiting factor in the speed at which new agencies can be transitioned to using the GMS that the department has procured.<sup>166</sup> Arizona took approximately three years to transition all state agencies to its GMS.<sup>167</sup>

The cost to the state of fully implementing and operating a single, statewide GMS is unclear. Tennessee Department of Finance and Administration staff said that costs for the system procured by the state include those for software from the vendor selected and labor costs for state staff helping agencies transition to the new system. They said initial costs are likely to be less than \$3 million, and so far, less than \$1 million has been spent.<sup>168</sup> Arizona staff declined to provide cost information for that state's system when

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<sup>162</sup> Interview with Tennessee Department of Finance and Administration staff, July 20, 2022; and panel discussion at June 15, 2022, TACIR Commission meeting.

<sup>163</sup> Interview with Andrea Hightower, grants and federal resources team manager, Arizona Governor's Office of Strategic Planning and Budgeting, and Nick Capozzi, grants management analyst, Arizona Governor's Office of Strategic Planning and Budgeting, July 25, 2022.

<sup>164</sup> Interview with state staff, August 19, 2021; and interview with Matt Hanson, associate managing director, Witt O'Brien's, October 18, 2021.

<sup>165</sup> Interview with Tennessee Department of Finance and Administration staff, March 28, 2022;

<sup>166</sup> Interview with Tennessee Department of Finance and Administration staff, July 20, 2022.

<sup>167</sup> Interview with Matt Hanson, associate managing director, Witt O'Brien's, October 18, 2021.

<sup>168</sup> Interview with Tennessee Department of Finance and Administration staff, July 20, 2022.



interviewed.<sup>169</sup> Rhode Island recently procured a GMS from the same vendor as Arizona. Although Commission staff have been unable to confirm the cost to Rhode Island, budget estimates suggest costs related to the GMS for fiscal year 2020-21 and 2021-22 combined were approximately \$3.4 million, with ongoing costs through fiscal year 2025-26 estimated at approximately \$750,000 per year.<sup>170</sup>

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<sup>169</sup> Interview with Andrea Hightower, grants and federal resources team manager, Arizona Governor’s Office of Strategic Planning and Budgeting, and Nick Capozzi, grants management analyst, Arizona Governor’s Office of Strategic Planning and Budgeting, July 25, 2022.

<sup>170</sup> Rhode Island 2022; and Rhode Island Department of Administration 2021.

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# Appendix A: Study Request Letter

SENATOR KEN YAGER

425 5<sup>th</sup> AVENUE NORTH  
SUITE 704 CORDELL HULL BLDG.  
NASHVILLE, TENNESSEE 37243-0212  
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Senate Chamber  
State of Tennessee  
NASHVILLE

SENATE REPUBLICAN  
CAUCUS CHAIR

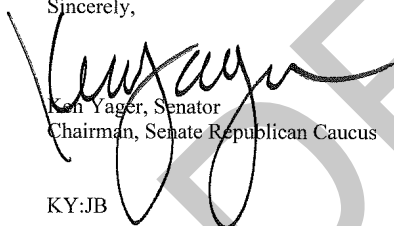
COMMITTEE MEMBER  
FINANCE, WAYS AND MEANS  
STATE AND LOCAL GOVERNMENT  
JOINT FISCAL REVIEW  
ETHICS  
TACIR

Friday, January 22, 2021

Members of the Commission:

Attached is a letter from Oak Ridge City Manager, Mark Watson, detailing costly delays experienced by the City after it was awarded a grant from the Tennessee Department of Environment and Conservation. A review of the post-award and implementation process is worthy of this body's time and consideration so that other municipalities may see their implementation process streamlined and state grants be more effectively utilized as a result. I ask that this body work with the City to conduct a review, develop streamlining recommendations, and report to the Commission its findings.

Sincerely,



Ken Yager, Senator  
Chairman, Senate Republican Caucus

KY:JB



December 15, 2020

The Honorable Ken Yager  
Senator, District 12  
Tennessee General Assembly  
425 5th Avenue North  
Suite 704 Cordell Hull Bldg.  
Nashville, TN 37243

Request for TACIR Review of Tennessee Grant Management Requirements

Dear Chairman Yager:

The Oak Ridge City Council unanimously adopted the *City of Oak Ridge, Tennessee 2021 State Legislative Agenda* at their December 14<sup>th</sup> meeting. Among the approved items is a request that the Tennessee Advisory Council on Intergovernmental Relations (TACIR) work with affected cities to review and recommend reforms to the state's grant management requirements.

This request is a priority for the City due to the challenges faced over the past four years while applying for, and implementing, a Local Parks and Recreation Fund (LPRF) grant. Based on this experience, we believe the grant program should be systematically examined to enhance the "Efficiency and Effectiveness of Grants in Tennessee."

In 2016, the City applied for a grant in the amount of \$500,000 for installation of synthetic turf at the City's main sports field used by the Oak Ridge School system. The Tennessee Department of Environment and Conservation's (TDEC) Recreation Education Services Division Awarded a grant in the amount of \$496,000 for renovations at the field. The grant was matched by a local Foundation established to raise funds for the field's improvements

The funds, totaling roughly \$1 million, were used to make a number of upgrades to the facility, including, but not limited to installation of synthetic turf, concrete walkways, synthetic track, new fencing, signage for the Cedar Hill Greenway trail head, and additional restrooms. The TDEC grant included a stipulation that the entire facility be open for public use during nonevent times. Per that requirement, Blankenship Field and its amenities is now operated like a City park, meaning it will be open to the public from dawn until dusk every day. The only exception is during scheduled sporting events or other scheduled community activities that may take place inside the facility throughout the year. The City has coordinated with the Oak Ridge Board of Education to create a joint operational agreement for management and maintenance of the stadium facilities moving forward.

Regrettably, the grant approval process took much longer than anyone anticipated, causing years-long delays in gaining approvals for enhancements and use of the site. The grant contract requirements were very onerous, and hundreds of hours of staff and volunteer time

were spent seeking to meet seemingly overly burdensome and changing stipulations. For instance, the City had to "tote the note" on costs to be reimbursed by the designated grant. The first reimbursement request from Oak Ridge to TDEC-RES ended up being submitted no less than five times over a five-month period! These were submitted by experienced finance professionals that had to re-write submittals.

In addition, we faced increasing frustration from the private sector donors who helped provide matching funds. They could not understand why the process moved so slowly.

City staff has heard examples from other Tennessee cities of construction that required re-builds at community expense for minor items. Some TDOT Enhancement projects go through the same process as designing an Interstate Interchange as for a ten-foot bike trail.

One city we spoke to expressed frustration with the lack of communication among the various state departments administering their grants, or even sections within the same department. They remarked about spending time filling out duplicate paperwork, completing redundant Title VI training sessions, etc.

Another city administrator observed long delays in processing their community's LPRF grant. The announcement of award and check presentation was in July of 2018. They did not receive a contract until July of 2019 and that was after several phone calls and an escalation. They experienced numerous problems working with the state's website named Smart Simple, commenting that "there is NOTHING smart or simple about this website!" Information had to be re-submitted on several occasions, and even though their project was completed in September 2020, the final reimbursement remains outstanding. There are likely many other examples.

The purpose of the proposed TACIR study would be to examine the costs in time and labor and money in implementing such grants once they are designated. Thank you for your consideration of this request, and if TACIR proceeds, my staff will be available to provide information, answer questions, or assist in any way. Feel free to contact me at (865) 425-3550 should you need additional information.

Respectfully Yours,



Mark S. Watson  
City Manager

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## Appendix B: State-Administered Grants to Local Governments, Payments Approved by Agency Fiscal Year 2017-18 through 2020-21

Agency	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Agriculture	\$ 6,603,873	\$ 7,097,526	\$ 6,612,824	\$ 6,909,410	\$ 27,223,634
Children's Services	4,209,925	4,533,873	4,889,484	4,606,723	18,240,006
Commerce & Insurance	11,924,400	12,016,200	17,206,187	16,920,357	58,067,144
Commission on Aging & Disabilities	5,363,443	5,128,721	6,186,519	7,423,971	24,102,654
Commission on Children & Youth	131,015	84,309	139,144	80,730	435,197
Comptroller of the Treasury	68,860	132,404	491,891	402,450	1,095,605
Correction	4,293,907	4,262,541	4,685,554	4,459,844	17,701,845
Court System	1,312,773	1,666,426	950,744	396,089	4,326,031
Dist. Attorney Gen. Conference	37,205	37,205	37,205	59,155	170,770
Economic & Community Development	47,590,215	54,213,167	68,097,494	42,726,063	212,626,939
Education	193,129	137,235	99,998	92,583	522,945
Environment & Conservation	10,957,124	14,866,318	13,010,347	16,624,702	55,458,491
Finance & Administration	7,996,345	12,130,913	21,427,538	340,489,411	382,044,208
Health	84,031,421	86,603,585	80,384,258	99,387,511	350,406,774
Human Services	10,288,144	11,043,830	14,039,198	12,905,610	48,276,782
Labor & Workforce Development	17,919,316	12,269,063	9,261,220	2,972,212	42,421,811
Mental Health & Subst. Abuse Services	8,202,337	7,825,745	8,108,536	7,130,172	31,266,790
Military	26,954,628	38,193,159	15,128,607	42,225,279	122,501,673
Revenue	5,319,699	6,182,299	5,184,524	5,626,312	22,312,833
Safety	4,862,712	4,568,973	4,616,627	3,618,644	17,666,955
Secretary of State	3,717,005	4,919,851	6,116,772	9,482,885	24,236,512
State Building Commission	145,880	1,005,717	18,582,797	311,985	20,046,378
TBI	203,582	271,874	342,172	543,287	1,360,915
TennCare	464,744	855,974	1,226,690	470,186	3,017,594
TN Arts Commission	214,223	194,287	257,554	345,235	1,011,299
TN Housing Development Agency	21,902,587	21,587,999	31,762,217	35,784,953	111,037,756
TN State Museum	-	100,000	100,000	100,000	300,000
Tourist Development	1,473	723,022	984,742	2,707,539	4,416,776
Transportation	178,366,715	173,743,491	188,815,218	184,268,351	725,193,774
TN Wildlife Resources Agency	575,428	362,917	373,792	151,428	1,463,565
<b>Total</b>	<b>\$ 463,852,105</b>	<b>\$ 486,758,622</b>	<b>\$ 529,119,852</b>	<b>\$ 849,223,077</b>	<b>\$ 2,328,953,656</b>

Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Notes: Data may include additional payments to local governments that are not for grants but rather for other subsidies as a result of how data are reported and a categorized in state systems. Tennessee Department of Finance and Administration staff and TACIR staff have attempted to remove payments that are not related to grants, but some non-grant payments may remain.

Columns and rows may not sum because of rounding.

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## Appendix C: State-Administered Grants to Counties, Payments Approved by Agency Fiscal Year 2017-18 through 2020-21

Agency	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Agriculture	\$ 6,337,697	\$ 6,650,040	\$ 6,260,274	\$ 6,788,506	\$ 26,036,517
Children's Services	4,209,925	4,523,932	4,889,484	4,606,583	18,229,925
Commerce & Insurance	4,366,200	4,482,600	6,204,288	6,202,157	21,255,245
Commission on Aging & Disabilities	5,363,443	5,026,221	6,086,519	7,351,581	23,827,764
Commission on Children & Youth	131,015	84,309	137,990	80,730	434,044
Comptroller of the Treasury	68,860	132,404	491,194	397,550	1,090,009
Correction	4,293,907	4,262,541	4,685,554	4,459,844	17,701,845
Court System	1,312,773	1,666,426	950,744	396,089	4,326,031
Dist. Attorney Gen. Conference	37,205	37,205	37,205	59,155	170,770
Economic & Community Development	19,336,069	21,852,788	25,575,272	13,733,694	80,497,823
Education	163,613	80,096	60,857	72,159	376,724
Environment & Conservation	5,052,623	8,126,494	5,693,490	7,447,055	26,319,663
Finance & Administration	5,920,731	8,351,558	15,985,202	222,327,703	252,585,193
Health	83,212,256	85,920,492	78,969,550	97,895,621	345,997,919
Human Services	9,623,112	10,277,281	13,497,714	12,154,604	45,552,712
Labor & Workforce Development	9,574,309	8,372,418	9,261,220	2,972,212	30,180,159
Mental Health & Subst. Abuse Services	8,002,006	7,641,642	7,926,498	6,970,098	30,540,244
Military	17,784,037	9,353,180	9,019,852	30,468,577	66,625,647
Revenue	5,319,699	6,096,767	5,184,524	5,626,312	22,227,302
Safety	2,410,741	2,349,340	2,328,339	1,874,801	8,963,220
Secretary of State	3,181,412	4,676,367	5,825,962	9,027,852	22,711,592
State Building Commission	112,281	935,811	805,476	311,985	2,165,553
TBI	185,125	241,328	289,074	457,866	1,173,392
TennCare	464,744	855,974	1,226,690	470,186	3,017,594
TN Arts Commission	125,460	123,161	115,097	139,900	503,619
TN Housing Development Agency	14,653,362	14,201,597	23,306,597	27,083,029	79,244,586
TN State Museum	-	-	-	-	-
Tourist Development	1,473	184,148	305,980	1,142,795	1,634,396
Transportation	84,515,901	82,454,763	75,249,171	68,513,838	310,733,673
TN Wildlife Resources Agency	574,751	137,952	800	64,428	777,931
<b>Total</b>	<b>\$ 296,334,728</b>	<b>\$ 299,098,833</b>	<b>\$ 310,370,617</b>	<b>\$ 539,096,910</b>	<b>\$ 1,444,901,088</b>

Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Notes: Data may include additional payments to local governments that are not for grants but rather for other subsidies as a result of how data are reported and a categorized in state systems. Tennessee Department of Finance and Administration staff and TACIR staff have attempted to remove payments that are not related to grants, but some non-grant payments may remain.

Metropolitan governments treated as counties for this analysis.

Columns and rows may not sum because of rounding.

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## Appendix D: State-Administered Grants to Cities, Payments Approved by Agency Fiscal Year 2017-18 through 2020-21

Agency	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Agriculture	\$ 266,176	\$ 447,487	\$ 352,550	\$ 120,904	\$ 1,187,117
Children's Services	-	9,941	-	140	10,081
Commerce & Insurance	7,558,200	7,533,600	11,001,899	10,718,200	36,811,899
Commission on Aging & Disabilities	-	102,500	100,000	72,390	274,890
Commission on Children & Youth	-	-	1,154	-	1,154
Comptroller of the Treasury	-	-	697	4,900	5,596
Correction	-	-	-	-	-
Court System	-	-	-	-	-
Dist. Attorney Gen. Conference	-	-	-	-	-
Economic & Community Development	28,254,146	32,360,379	42,522,223	28,992,369	132,129,116
Education	29,515	57,139	39,141	20,425	146,221
Environment & Conservation	5,904,500	6,739,824	7,316,857	9,177,647	29,138,828
Finance & Administration	2,075,615	3,779,355	5,442,337	118,161,709	129,459,015
Health	819,165	683,093	1,414,708	1,491,890	4,408,855
Human Services	665,032	766,550	541,484	751,005	2,724,070
Labor & Workforce Development	8,345,007	3,896,645	-	-	12,241,652
Mental Health & Subst. Abuse Services	200,331	184,103	182,038	160,074	726,546
Military	9,170,591	28,839,978	6,108,755	11,756,701	55,876,026
Revenue	-	85,532	-	-	85,532
Safety	2,451,971	2,219,633	2,288,288	1,743,843	8,703,735
Secretary of State	535,593	243,484	290,810	455,033	1,524,920
State Building Commission	33,599	69,905	17,777,321	-	17,880,825
TBI	18,457	30,547	53,097	85,422	187,523
TennCare	-	-	-	-	-
TN Arts Commission	88,763	71,126	142,456	205,335	507,680
TN Housing Development Agency	7,249,225	7,386,402	8,455,620	8,701,924	31,793,171
TN State Museum	-	100,000	100,000	100,000	300,000
Tourist Development	-	538,874	678,762	1,564,744	2,782,380
Transportation	93,850,814	91,288,728	113,566,047	115,754,513	414,460,102
TN Wildlife Resources Agency	677	224,965	372,992	87,000	685,634
<b>Total</b>	<b>\$ 167,517,377</b>	<b>\$ 187,659,788</b>	<b>\$ 218,749,235</b>	<b>\$ 310,126,167</b>	<b>\$ 884,052,568</b>

Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Notes: Data may include additional payments to local governments that are not for grants but rather for other subsidies as a result of how data are reported and a categorized in state systems. Tennessee Department of Finance and Administration staff and TACIR staff have attempted to remove payments that are not related to grants, but some non-grant payments may remain.

Metropolitan governments treated as counties for this analysis.

Columns and rows may not sum because of rounding.

**Appendix E: State-Administered Grants to Counties,  
Payments Approved for Each County  
Fiscal Year 2017-18 through 2020-21**

County	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Anderson	\$ 2,838,276	\$ 1,874,223	\$ 1,141,668	\$ 4,743,918	\$ 10,598,085
Bedford	1,905,609	794,869	1,188,459	3,754,495	7,643,432
Benton	1,950,522	568,685	2,159,716	2,610,067	7,288,989
Bledsoe	3,280,448	806,744	1,913,316	3,316,732	9,317,240
Blount	2,069,350	2,827,814	2,657,084	6,789,433	14,343,680
Bradley	3,159,186	3,243,802	2,583,050	6,219,391	15,205,429
Campbell	871,005	2,979,699	2,064,594	4,518,019	10,433,317
Cannon	1,223,596	1,518,229	1,486,593	1,611,116	5,839,534
Carroll	2,822,397	1,644,824	1,565,660	2,994,938	9,027,819
Carter	1,831,119	1,612,467	2,187,949	6,072,780	11,704,314
Cheatham	389,790	1,239,083	409,870	2,656,340	4,695,083
Chester	1,473,353	1,112,743	1,212,134	1,362,067	5,160,297
Claiborne	1,810,170	1,573,970	2,243,783	3,015,635	8,643,558
Clay	594,905	494,905	752,661	2,739,324	4,581,795
Cocke	2,185,556	704,994	1,147,591	3,993,751	8,031,892
Coffee	1,604,604	2,505,809	2,221,009	3,374,524	9,705,946
Crockett	795,843	1,336,568	1,567,860	1,765,176	5,465,446
Cumberland	1,406,654	1,970,659	2,745,139	4,131,460	10,253,913
Davidson	41,658,757	38,531,836	33,022,847	55,019,411	168,232,850
Decatur	1,570,653	1,069,706	1,084,259	3,326,328	7,050,947
Dekalb	1,057,554	1,497,858	879,210	1,991,481	5,426,102
Dickson	1,785,350	5,917,419	1,648,309	3,707,023	13,058,101
Dyer	535,675	1,289,353	959,415	4,760,094	7,544,537
Fayette	1,303,600	3,423,940	2,187,634	5,253,598	12,168,772
Fentress	769,143	1,278,159	1,073,094	3,150,141	6,270,537
Franklin	1,329,067	3,267,726	5,168,208	3,304,721	13,069,721
Gibson	1,557,118	2,762,895	3,640,438	6,463,852	14,424,303
Giles	1,578,873	1,282,377	960,248	2,635,418	6,456,916
Grainger	1,292,530	1,152,552	953,485	2,277,318	5,675,886
Greene	4,560,240	1,571,876	2,734,570	4,479,697	13,346,383
Grundy	1,411,930	910,946	1,207,639	2,184,645	5,715,159
Hamblen	2,294,664	1,439,086	1,347,337	3,820,984	8,902,071
Hamilton	13,698,659	11,586,841	11,448,192	25,549,998	62,283,690
Hancock	2,560,058	1,491,745	1,020,048	2,090,152	7,162,002

County	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Hardeman	1,150,934	959,711	2,225,299	3,005,575	7,341,519
Hardin	413,760	1,104,093	2,056,841	3,463,025	7,037,718
Hawkins	1,351,029	1,161,251	1,664,628	3,560,204	7,737,112
Haywood	1,745,789	1,769,385	2,581,513	3,439,471	9,536,159
Henderson	595,882	760,251	965,336	2,876,524	5,197,993
Henry	1,483,816	3,797,014	2,205,490	4,371,988	11,858,307
Hickman	1,542,028	866,470	2,084,878	2,835,340	7,328,715
Houston	1,105,805	690,837	914,811	1,742,844	4,454,297
Humphreys	1,267,762	2,125,601	1,042,389	2,012,768	6,448,519
Jackson	1,457,923	729,123	1,271,086	2,429,658	5,887,789
Jefferson	629,646	1,240,605	1,362,163	4,488,595	7,721,008
Johnson	1,300,280	1,029,201	1,693,975	2,073,387	6,096,843
Knox	21,552,125	19,753,834	16,506,080	33,764,286	91,576,326
Lake	577,577	508,471	332,977	2,420,270	3,839,295
Lauderdale	1,291,015	3,663,562	3,222,269	4,880,528	13,057,374
Lawrence	1,918,537	1,428,727	6,496,250	4,779,170	14,622,683
Lewis	1,248,264	1,590,668	1,133,220	2,110,376	6,082,527
Lincoln	2,170,690	1,889,639	1,035,416	3,468,863	8,564,607
Loudon	781,073	1,897,200	929,185	3,439,365	7,046,824
Macon	1,127,394	1,168,711	810,361	2,175,036	5,281,502
Madison	4,727,217	8,082,770	6,239,852	12,032,241	31,082,080
Marion	1,988,959	3,034,074	1,769,544	3,020,085	9,812,661
Marshall	1,269,277	1,367,558	1,506,727	2,502,540	6,646,102
Maury	1,974,797	2,361,551	1,850,015	7,138,638	13,325,000
McMinn	1,501,631	1,840,837	2,439,589	3,637,339	9,419,396
McNairy	1,991,911	770,937	2,171,246	3,837,707	8,771,801
Meigs	700,778	1,190,153	1,121,633	1,284,590	4,297,154
Moore	1,088,798	583,298	767,315	1,509,214	3,948,626
Monroe	1,328,735	2,509,206	3,442,434	4,434,223	11,714,598
Montgomery	5,639,055	4,906,129	5,245,203	12,475,032	28,265,420
Morgan	1,386,314	1,113,347	1,836,398	3,307,946	7,644,005
Obion	1,005,764	1,216,970	2,094,846	2,835,375	7,152,955
Overton	933,625	1,322,162	841,368	2,998,296	6,095,450
Perry	413,837	1,682,861	610,406	2,667,981	5,375,084
Pickett	785,105	969,854	302,774	1,506,403	3,564,137
Polk	1,813,724	732,852	2,035,287	1,480,862	6,062,725
Putnam	4,193,999	3,001,269	4,471,166	8,095,202	19,761,636
Rhea	563,711	1,474,377	2,574,343	2,404,241	7,016,674

County	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Roane	1,961,716	2,573,013	1,496,090	5,007,062	11,037,881
Robertson	1,689,849	1,899,671	1,768,954	3,709,337	9,067,811
Rutherford	7,152,035	5,312,334	3,931,856	13,735,922	30,132,148
Scott	2,106,859	2,805,697	1,132,669	4,654,114	10,699,338
Sequatchie	789,025	815,383	313,530	1,688,182	3,606,119
Sevier	3,699,339	3,662,335	2,375,356	5,614,748	15,351,779
Shelby	54,845,248	51,037,671	68,281,046	62,824,221	236,988,186
Smith	1,392,851	1,381,980	694,935	2,882,272	6,352,037
Stewart	904,702	1,556,100	1,344,176	2,034,953	5,839,931
Sullivan	6,120,380	7,144,182	5,071,084	12,996,151	31,331,797
Sumner	3,888,600	3,244,844	3,800,864	9,296,351	20,230,660
Tipton	2,354,410	4,777,433	4,098,940	4,123,153	15,353,935
Trousdale	892,559	616,270	938,702	2,826,817	5,274,348
Unicoi	972,135	1,431,316	951,939	1,752,801	5,108,192
Union	1,040,056	1,098,003	1,235,159	2,837,428	6,210,646
Van Buren	903,090	765,655	1,111,364	1,488,663	4,268,772
Warren	1,842,050	1,895,527	2,465,255	3,696,569	9,899,401
Washington	2,495,113	3,035,629	2,751,810	5,743,583	14,026,136
Wayne	1,798,697	2,066,761	625,850	2,597,464	7,088,773
Weakley	1,497,132	1,007,015	2,110,068	2,320,002	6,934,218
White	868,291	1,318,497	2,851,352	3,112,774	8,150,914
Williamson	4,741,829	3,179,676	4,452,049	10,019,726	22,393,280
Wilson	2,815,639	2,210,662	2,964,589	6,121,816	14,112,706
County (Other)	368,306	684,224	1,165,598	1,823,588	4,041,716
<b>Statewide</b>	<b>\$ 296,334,728</b>	<b>\$ 299,098,833</b>	<b>\$ 310,370,617</b>	<b>\$ 539,096,910</b>	<b>\$ 1,444,901,088</b>

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Metropolitan governments treated as counties for this analysis.

“County (Other)” includes payments designated in the data as grants and subsidies to counties that were not clearly affiliated with a specific county government.

Columns and rows may not sum because of rounding.



**Appendix F: State-Administered Grants to Cities, Payments  
Approved for Each City  
Fiscal Year 2017-18 through 2020-21**

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Adams	\$ -	\$ -	\$ -	\$ 44,742	\$ 44,742
Adamsville	315,904	295,573	72,759	371,710	1,055,946
Alamo	24,131	66,184	393,129	171,341	654,786
Alcoa	4,070,449	1,566,494	3,551,310	5,353,585	14,541,838
Alexandria	6,218	9,998	18,448	103,964	138,628
Algood	126,279	18,179	61,000	205,005	410,463
Allardt	10,000	211,276	-	53,056	274,332
Altamont	1,500	900	1,250	52,686	56,336
Ardmore	140,837	45,159	9,546	116,786	312,327
Arlington	164,221	309,984	1,493,805	2,452,159	4,420,170
Ashland City	20,023	275,718	631,881	224,037	1,151,659
Athens	248,302	1,264,805	536,219	695,140	2,744,466
Atoka	188,685	60,995	31,868	1,351,910	1,633,457
Atwood	-	-	-	80,273	80,273
Auburntown	-	-	-	39,053	39,053
Baileytown	250,683	15,795	130,348	50,176	447,002
Baneberry	2,656	-	-	41,564	44,220
Bartlett	1,292,941	1,964,688	965,187	5,938,725	10,161,540
Baxter	18,165	8,356	91,259	172,764	290,544
Bean Station	7,835	49,303	275,437	145,769	478,344
Beersheba Springs	-	-	4,912	40,108	45,020
Bell Buckle	3,631	288,383	196,055	53,195	541,265
Belle Meade	17,786	19,126	46,134	119,734	202,780
Bells	463,159	14,903	324,775	562,320	1,365,156
Benton	39,196	257,522	794,039	182,547	1,273,305
Berry Hill	159,881	92,503	24,500	53,610	330,494
Bethel Springs	492,533	600	7,532	57,585	558,250
Big Sandy	5,600	13,848	294,146	42,364	355,958
Blaine	637,270	136,365	253,003	173,190	1,199,828
Bluff City	14,145	4,800	4,800	93,418	117,163
Bolivar	158,000	382,426	596,878	965,412	2,102,717
Braden	-	-	-	-	-
Bradford	4,100	23,874	355,944	75,334	459,252
Brentwood	597,557	288,005	111,741	1,704,868	2,702,172
Brighton	3,000	3,000	89,499	601,115	696,614
Bristol	795,980	463,738	633,964	3,063,331	4,957,014
Brownsville	2,027,602	604,264	1,446,249	1,691,241	5,769,355
Bruceston	4,178	4,200	4,947	76,546	89,871
Bulls Gap	7,275	67,725	25,000	45,824	145,824
Burlison	-	-	-	-	-
Burns	1,800	600	4,356	87,730	94,486
Byrdstown	223,750	279,021	13,463	576,117	1,092,351
Calhoun	350	1,167	1,058	53,924	56,499
Camden	40,115	197,516	67,239	311,974	616,843
Carthage	13,971	8,287	69,319	168,490	260,068
Caryville	7,963	56,536	391,487	121,879	577,864
Cedar Hill	59,640	-	338,484	186,148	584,272
Celina	452,021	71,498	96,111	641,503	1,261,134

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Centertown	-	-	-	38,831	38,831
Centerville	505,184	192,542	314,376	875,156	1,887,258
Chapel Hill	93,049	36,462	268,982	92,317	490,811
Charleston	11,634	19,858	19,654	63,313	114,460
Charlotte	-	-	30,000	86,307	116,307
Chattanooga	6,723,955	5,758,466	24,059,858	15,691,584	52,233,863
Church Hill	25,537	65,047	10,780	548,806	650,170
Clarksburg	250,499	4,815	26,369	41,336	323,019
Clarksville	6,529,519	17,770,425	7,978,870	11,556,120	43,834,935
Cleveland	4,679,354	1,752,750	2,455,292	4,933,639	13,821,036
Clifton	42,285	265,819	75,038	242,100	625,242
Clinton	190,188	456,414	391,230	580,411	1,618,242
Coalmont	1,064,275	-	56,820	167,605	1,288,699
Collegedale	388,739	85,751	447,091	933,361	1,854,942
Collierville	486,335	2,715,191	3,496,748	1,768,381	8,466,656
Collinwood	367,264	6,185	55,300	298,238	726,987
Columbia	797,944	1,037,875	1,429,247	4,020,108	7,285,175
Cookeville	1,337,513	964,722	1,360,105	3,036,022	6,698,363
Coopertown	602,185	84,764	48,164	180,333	915,446
Copperhill	-	7,500	242,500	68,773	318,773
Cornersville	1,200	2,447	1,600	77,927	83,174
Cottage Grove	-	-	-	32,018	32,018
Covington	851,113	1,015,989	1,085,409	997,492	3,950,003
Cowan	326,744	188,664	2,400	96,969	614,778
Crab Orchard	317,651	162,698	-	46,838	527,187
Cross Plains	3,555	36,250	2,999	70,810	113,614
Crossville	929,587	1,021,277	1,682,045	1,199,910	4,832,820
Crump	14,284	1,200	91,783	62,286	169,552
Cumberland City	6,200	1,200	1,600	43,018	52,018
Cumberland Gap	168,707	22,613	24,570	40,792	256,681
Dandridge	210,683	37,554	29,774	580,715	858,726
Dayton	764,642	1,457,815	808,817	604,805	3,636,079
Decatur	10,563	69,956	106,839	496,952	684,310
Decaturville	59,523	77,268	27,047	196,274	360,112
Decherd	124,867	234,502	191,513	166,340	717,221
Dickson	226,296	984,523	895,026	785,917	2,891,762
Dover	80,330	21,478	41,594	145,045	288,447
Dowelltown	-	-	-	38,718	38,718
Doyle	345,695	1,845	1,111	42,534	391,185
Dresden	831,271	127,363	101,586	1,421,513	2,481,732
Ducktown	155,997	444,007	60,244	732,580	1,392,829
Dunlap	106,940	460,170	1,807,527	1,049,804	3,424,441
Dyer	258,955	89,207	100,341	397,067	845,571
Dyersburg	2,883,704	5,714,219	2,099,613	1,444,419	12,141,953
Eagleville	6,200	7,554	54,100	58,422	126,276
East Ridge	1,216,848	98,422	105,152	918,554	2,338,977
Eastview	-	-	-	45,602	45,602
Elizabethton	427,480	153,454	265,890	2,432,950	3,279,774
Elkton	600	29,220	32,318	45,318	107,456
Englewood	8,596	4,445	53,512	391,698	458,252
Enville	353,874	132,650	-	36,931	523,456
Erin	61,130	55,539	32,316	336,652	485,637
Erwin	242,022	1,333,285	506,512	588,420	2,670,239
Estill Springs	22,994	103,409	22,062	115,022	263,487
Ethridge	133,496	178,108	11,669	52,916	376,189
Etowah	130,881	108,704	442,191	879,373	1,561,149
Fairview	328,131	34,512	42,973	412,017	817,633

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Farragut	944,783	272,695	448,030	1,034,801	2,700,309
Fayetteville	44,884	567,474	630,410	517,681	1,760,448
Finger	-	-	-	38,104	38,104
Forest Hills	-	-	-	137,386	137,386
Franklin	7,161,203	2,483,215	2,035,967	5,396,520	17,076,905
Friendship	3,486	600	800	55,710	60,596
Friendsville	43,223	75,129	-	63,029	181,380
Gadsden	6,863	690	35,091	47,126	89,770
Gainesboro	379,021	104,003	185,795	276,006	944,825
Gallatin	1,077,016	1,779,963	10,614,116	10,518,446	23,989,542
Gallaway	1,800	6,119	28,392	65,622	101,933
Garland	-	-	-	40,009	40,009
Gates	41,958	18,425	149,451	337,982	547,816
Gatlinburg	1,235,642	893,800	1,734,115	2,566,171	6,429,727
Germantown	1,748,838	2,335,881	3,191,302	4,836,393	12,112,414
Gibson	-	-	-	38,740	38,740
Gilt Edge	3,000	30,687	15,907	46,836	96,431
Gleason	212,778	11,225	5,226	386,170	615,400
Goodlettsville	380,300	333,531	634,054	1,131,229	2,479,113
Gordonsville	12,987	38,234	8,886	79,816	139,923
Grand Junction	353,500	174,904	2,408	619,420	1,150,232
Graysville	6,306	31,207	216,312	93,189	347,014
Greenback	-	-	-	56,394	56,394
Greenbrier	30,122	7,324	10,400	293,911	341,757
Greeneville	605,143	6,911,395	2,596,232	1,185,078	11,297,848
Greenfield	37,055	268,272	7,493	155,695	468,515
Gruetli-Laager	8,294	2,500	125,065	70,134	205,993
Guys	80,735	45,075	-	39,820	165,630
Halls	616,540	182,750	193,885	433,299	1,426,473
Harriman	284,616	538,977	430,010	930,005	2,183,608
Harrogate	-	49,785	279,098	205,483	534,366
Henderson	546,875	618,599	814,963	757,642	2,738,079
Hendersonville	374,391	503,527	638,575	3,147,544	4,664,037
Henning	230,185	890,397	176,731	352,994	1,650,307
Henry	2,431	600	-	48,037	51,068
Hickory Valley	-	-	-	32,452	32,452
Hohenwald	765,727	182,853	324,255	464,271	1,737,106
Hollow Rock	3,220	3,521	58,779	58,880	124,400
Hornbeak	296,623	30,167	2,728	44,680	374,198
Hornsby	145,167	83,439	-	35,804	264,410
Humboldt	601,410	1,305,713	15,873,488	3,796,671	21,577,282
Huntingdon	414,893	252,929	599,256	618,661	1,885,740
Huntland	2,917	600	4,300	269,342	277,159
Huntsville	311,522	459,377	195,036	507,914	1,473,850
Jacksboro	210,520	191,467	53,851	109,099	564,937
Jackson	1,375,846	6,238,994	4,717,919	6,765,147	19,097,907
Jamestown	459,793	698,766	641,977	6,980,171	8,780,708
Jasper	46,488	576,320	76,669	179,856	879,333
Jefferson City	155,694	748,922	494,151	510,447	1,909,213
Jellico	488,322	94,512	502,655	521,659	1,607,149
Johnson City	8,614,032	3,794,104	2,941,712	4,111,309	19,461,156
Jonesborough	180,154	440,450	349,557	612,538	1,582,698
Kenton	5,400	4,665	72,045	126,626	208,736
Kimball	22,493	112,236	74,923	91,140	300,793
Kingsport	2,978,486	2,264,609	2,413,393	4,236,759	11,893,246
Kingston	339,377	518,064	26,240	345,535	1,229,216
Kingston Springs	11,520	24,850	11,887	162,803	211,060

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Knoxville	13,495,458	12,265,592	10,341,790	19,439,657	55,542,498
LaGrange	3,000	18,551	374,116	34,549	430,215
LaVergne	1,005,534	594,208	412,332	1,717,757	3,729,831
Lafayette	755,486	1,189,404	907,935	1,174,359	4,027,184
LaFollette	785,355	485,577	956,546	749,332	2,976,809
Lakeland	955,555	257,426	179,980	1,194,369	2,587,330
Lakesite	-	170,887	661,595	233,926	1,066,408
Lawrenceburg	382,777	456,971	918,999	1,098,531	2,857,278
Lebanon	603,697	905,931	1,328,349	2,643,858	5,481,835
Lenoir City	3,984,325	715,730	2,662,339	2,097,206	9,459,599
Lewisburg	690,864	1,111,645	500,127	757,002	3,059,638
Lexington	560,991	362,858	1,072,021	2,094,192	4,090,062
Liberty	-	-	-	41,280	41,280
Linden	349,383	32,116	121,739	707,793	1,211,032
Livingston	357,343	2,037,818	670,436	473,289	3,538,886
Lobelville	53,960	-	39,514	1,230,754	1,324,229
Lookout Mountain	8,400	16,349	16,395	115,106	156,250
Loretto	370,608	164,825	321,215	569,740	1,426,388
Loudon	495,834	193,545	883,755	1,032,982	2,606,115
Louisville	-	-	-	183,055	183,055
Luttrell	203,438	146,996	47,559	401,828	799,821
Lynnville	600	600	-	52,464	53,664
Madisonville	181,768	269,093	216,123	333,561	1,000,545
Manchester	315,360	547,074	545,768	884,343	2,292,545
Martin	1,618,472	1,049,660	741,146	2,032,987	5,442,265
Maryville	628,181	275,688	683,493	2,835,420	4,422,782
Mason	2,400	32,974	229,938	168,679	433,990
Maury City	2,478	-	210,672	77,929	291,079
Maynardville	42,193	527,495	411,712	302,799	1,284,199
McEwen	190,232	331,877	3,200	143,559	668,868
McKenzie	559,119	706,166	65,141	873,400	2,203,826
McLemoresville	-	80,569	-	37,481	118,050
McMinnville	308,838	190,248	316,568	626,117	1,441,771
Medina	121,191	136,969	36,890	192,992	488,042
Medon	-	-	-	33,972	33,972
Memphis	15,644,867	26,883,789	14,850,426	20,471,930	77,851,011
Michie	343,686	97,485	7,334	350,488	798,993
Middleton	317,616	9,629	8,721	271,651	607,617
Milan	483,933	558,718	185,865	885,236	2,113,753
Milledgeville	18,555	187,576	46,699	311,845	564,675
Millersville	5,400	13,747	26,931	289,361	335,439
Millington	795,896	1,237,059	2,909,105	793,241	5,735,300
Minor Hill	1,200	3,834	3,319	164,421	172,774
Mitchellville	-	-	-	36,140	36,140
Monteagle	4,200	4,200	6,050	84,354	98,804
Monterey	146,775	80,547	273,547	613,750	1,114,619
Morrison	3,000	1,996	3,857	45,712	54,565
Morristown	1,175,474	1,737,424	1,955,880	2,667,836	7,536,615
Moscow	1,200	1,800	5,570	46,302	54,872
Mosheim	1,844	600	7,561	267,568	277,573
Mount Carmel	3,600	6,128	6,121	241,072	256,920
Mount Juliet	3,647,299	1,843,100	4,146,154	5,326,393	14,962,945
Mount Pleasant	60,224	38,734	48,927	439,034	586,919
Mountain City	81,357	546,090	797,857	856,118	2,281,423
Munford	215,503	453,317	40,334	344,307	1,053,461
Murfreesboro	5,248,695	6,731,816	4,729,559	7,596,205	24,306,274
New Hope	600	600	800	54,016	56,016

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
New Johnsonville	4,199	67,149	16,848	337,560	425,755
New Market	1,200	133,737	11,506	89,332	235,775
New Tazewell	205,824	1,269,968	381,918	757,276	2,614,987
Newbern	216,027	211,757	35,778	171,022	634,584
Newport	162,908	138,558	357,260	1,305,688	1,964,414
Niota	219,615	211,071	283,962	202,435	917,083
Nolensville	576,585	1,095,010	176,067	463,458	2,311,121
Normandy	-	-	-	33,288	33,288
Norris	100,658	38,889	6,500	468,764	614,811
Oak Hill	-	-	-	130,478	130,478
Oak Ridge	399,834	776,944	1,508,938	2,220,212	4,905,929
Oakdale	358,983	38,567	9,309	36,903	443,762
Oakland	74,860	11,223	23,422	355,752	465,257
Obion	7,200	4,200	100,862	425,671	537,933
Oliver Springs	570,320	51,299	90,295	783,113	1,495,027
Oneida	149,268	661,185	98,736	1,203,729	2,112,917
Orlinda	-	-	2,997	64,511	67,508
Orme	-	-	-	32,494	32,494
Palmer	90,277	2,000	15,890	346,288	454,455
Paris	510,122	659,448	691,260	968,361	2,829,191
Parkers Crossroads	200,909	162,738	172,539	1,100,927	1,637,112
Parrottsville	3,321	5,499	288,368	682,435	979,624
Parsons	366,444	514,839	487,858	1,582,038	2,951,179
Pegram	2,885	-	2,927	75,902	81,714
Petersburg	4,802	4,923	-	93,505	103,230
Philadelphia	214,750	-	-	45,668	260,418
Pigeon Forge	2,639,018	2,064,341	1,939,075	4,878,165	11,520,598
Pikeville	416,260	135,378	15,990	364,643	932,271
Piperton	9,600	10,309	12,000	104,310	136,219
Pittman Center	8,000	439,452	3,200	63,420	514,072
Plainview	600	3,252	4,947	82,759	91,558
Pleasant Hill	-	-	-	51,051	51,051
Pleasant View	10,820	3,600	23,632	361,230	399,282
Portland	323,183	738,822	627,642	1,493,999	3,183,646
Powells Crossroads	600	1,200	800	80,916	83,516
Pulaski	671,868	254,542	1,111,465	1,053,430	3,091,305
Puryear	600	600	800	55,525	57,525
Ramer	8,546	85,996	-	36,554	131,096
Red Bank	86,841	419,234	533,647	521,709	1,561,431
Red Boiling Springs	490,952	23,755	66,007	500,742	1,081,456
Ridgely	3,390	1,200	329,059	281,189	614,837
Ridgeside	-	-	-	39,534	39,534
Ridgetop	3,600	6,359	6,164	76,432	92,555
Ripley	1,523,256	436,660	578,695	350,745	2,889,356
Rives	18,827	120,078	6,794	36,886	182,584
Rockford	-	-	-	48,692	48,692
Rockwood	432,402	487,747	1,359,903	1,880,812	4,160,865
Rocky Top	489,587	10,255	111,643	323,621	935,107
Rogersville	8,400	8,400	18,050	328,035	362,885
Rossville	3,600	3,600	7,723	69,443	84,366
Rutherford	6,186	45,478	111,534	127,812	291,009
Rutledge	11,408	1,595	280,152	396,305	689,460
Salttillo	1,374	3,300	2,802	54,002	61,478
Samburg	-	55,255	169,979	57,388	282,622
Sardis	289,743	37,847	-	38,386	365,976
Saulsbury	-	-	-	32,030	32,030
Savannah	1,343,522	791,162	759,213	466,044	3,359,942

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Scotts Hill	9,195	8,100	22,098	128,208	167,601
Selmer	122,848	329,227	598,181	326,441	1,376,696
Sevierville	659,098	663,240	886,009	4,350,632	6,558,979
Sharon	9,331	9,262	192,121	67,650	278,364
Shelbyville	1,502,118	774,426	6,877,948	1,624,578	10,779,070
Signal Mountain	54,918	716,397	789,972	712,427	2,273,714
Silerton	-	-	-	32,228	32,228
Slayden	-	-	-	34,546	34,546
Smithville	159,498	325,323	452,122	391,905	1,328,847
Smyrna	369,541	2,788,765	2,055,245	7,120,097	12,333,647
Sneedville	-	600	-	108,027	108,627
Soddy Daisy	2,994,906	1,128,745	66,173	790,510	4,980,334
Somerville	31,598	445,531	466,751	739,224	1,683,105
South Carthage	6,200	2,207	6,474	131,849	146,730
South Fulton	68,399	648,743	374,548	163,373	1,255,062
South Pittsburg	25,377	3,000	134,267	629,758	792,402
Sparta	1,110,508	55,905	143,509	819,437	2,129,359
Spencer	501,226	6,624	77,271	999,307	1,584,429
Spring City	13,224	8,748	61,159	761,508	844,640
Spring Hill	814,553	317,495	217,482	1,816,240	3,165,769
Springfield	100,776	1,217,656	1,425,935	979,507	3,723,874
St. Joseph	4,939	-	800	60,854	66,593
Stanton	353,330	68,162	74,622	402,928	899,043
Stantonville	-	-	-	39,421	39,421
Sunbright	600	-	568	59,757	60,925
Surgoinsville	407,548	235,102	56,036	95,931	794,617
Sweetwater	76,544	144,825	1,634,413	400,468	2,256,251
Tazewell	214,497	3,600	1,022,597	213,854	1,454,549
Tellico Plains	44,279	491,919	22,537	711,745	1,270,482
Tennessee Ridge	-	58,900	-	75,636	134,536
Thompson Station	-	-	4,214	309,017	313,231
Three Way	-	36,153	418,619	93,204	547,975
Tiptonville	338,155	317,706	210,506	198,742	1,065,109
Toone	-	-	-	164,360	164,360
Townsend	9,735	4,336	8,591	51,272	73,934
Tracy City	281,649	897,587	78,222	189,687	1,447,146
Trenton	175,852	320,359	854,272	193,860	1,544,343
Trezevant	451,372	1,219	1,600	55,114	509,304
Trimble	4,990	1,957	800	50,626	58,373
Troy	-	58,188	525,927	247,304	831,419
Tullahoma	622,110	819,371	541,759	1,389,586	3,372,826
Tusculum	5,422	6,409	5,022	96,439	113,292
Unicoi	-	7,115	134,185	240,021	381,321
Union City	897,298	425,184	802,572	1,547,213	3,672,266
Vanleer	191,968	133,997	61,979	52,482	440,426
Viola	-	166,430	-	1,959	168,389
Vonore	44,997	16,322	30,593	176,105	268,018
Walden	-	-	-	77,270	77,270
Wartburg	46,541	464,508	15,113	353,905	880,066
Wartrace	261,406	79,763	369,976	92,669	803,814
Watauga	-	-	-	38,232	38,232
Watertown	3,000	4,900	4,668	93,532	106,100
Waverly	26,362	510,505	22,933	495,203	1,055,003
Waynesboro	427,724	28,357	7,624	352,622	816,327
Westmoreland	8,516	4,746	7,611	126,143	147,016
White Bluff	9,000	7,400	7,679	187,000	211,079
White House	44,229	1,273,710	1,660,220	1,086,293	4,064,453

City	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
White Pine	193,526	343,155	86,082	195,803	818,566
Whiteville	138,859	138,364	189,442	209,294	675,959
Whitwell	5,810	2,433	4,402	72,024	84,669
Williston	-	-	-	38,342	38,342
Winchester	151,547	181,919	300,634	458,412	1,092,513
Winfield	-	1,965	7,206	263,498	272,668
Woodbury	11,852	53,213	18,282	231,972	315,320
Woodland Mills	-	-	-	38,992	38,992
Yorkville	-	-	-	39,222	39,222
City (Other)	304,332	655,577	3,326,329	549,339	4,835,578
<b>Statewide</b>	<b>\$ 167,517,377</b>	<b>\$ 187,659,788</b>	<b>\$ 218,749,235</b>	<b>\$ 310,126,167</b>	<b>\$ 884,052,568</b>

Source: TACIR staff analysis of data provided in email from Michelle Earhart, deputy chief of accounts, Division of Statewide Accounting, Tennessee Department of Finance and Administration, March 29, 2022.

Notes: Data may include additional payments to local governments that are not for grants but rather for other subsidies as a result of how data are reported and a categorized in state systems. Tennessee Department of Finance and Administration staff and TACIR staff have attempted to remove payments that are not related to grants, but some non-grant payments may remain.

Metropolitan governments treated as counties for this analysis.

“City (Other)” includes payments designated in the data as grants and subsidies to cities that were not clearly affiliated with a specific city government.

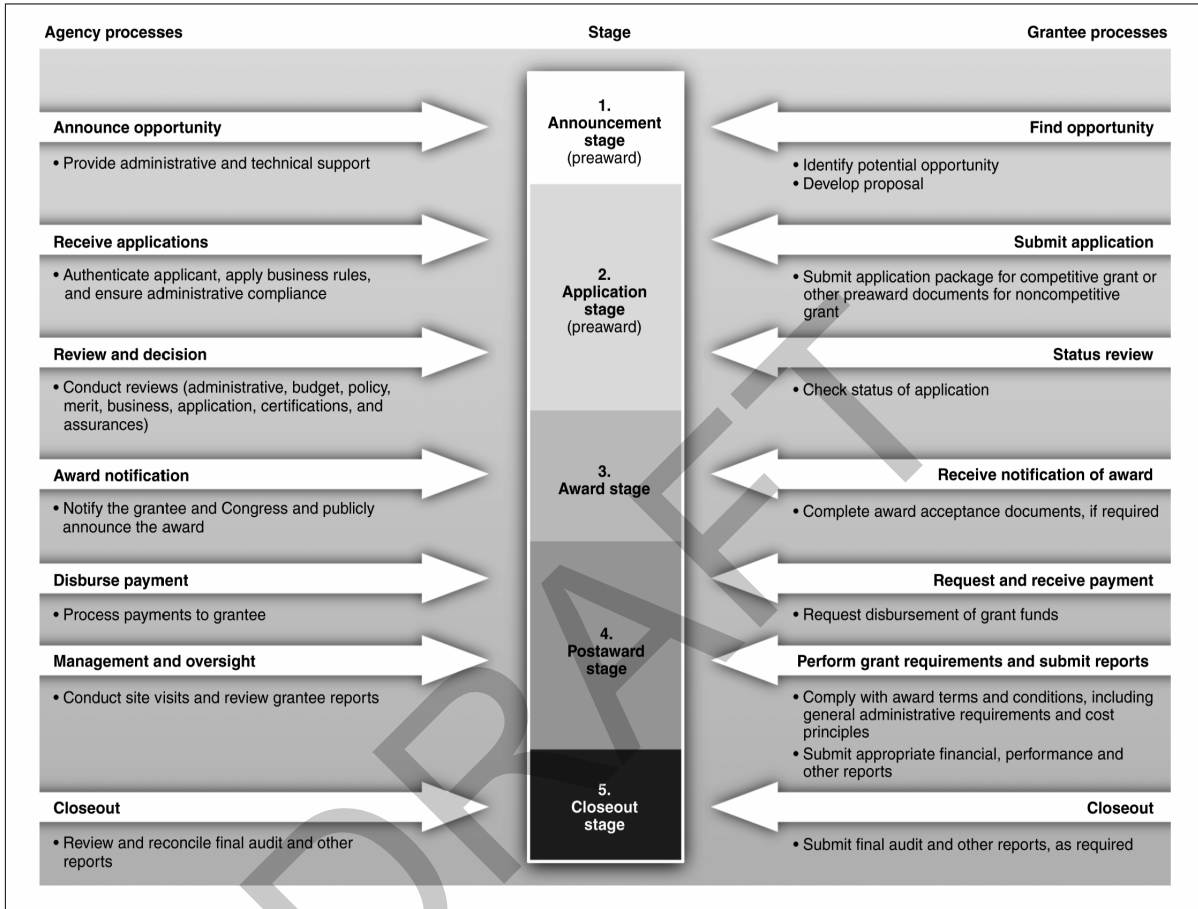
Columns and rows may not sum because of rounding.

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# Appendix G: Grant Life Cycle

Figure 1: Grant Life Cycle



Source: US Government Accountability Office 2006.

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## Appendix H: National Environmental Policy Act Components with Corresponding Federal and State Environmental Requirements

NEPA Study Components	Federal Requirement	State Requirement
Air Quality	Clean Air Act of 1970 (42 U.S.C 7401 et. seq)	
Noise	Noise Standards (23 U.S.C § 109)	
Hazmat	Solid Waste Disposal Act (42. U.S.C § 6901 et. seq.)  CERCLA (42 U.S.C § 6901)  Safe Drinking Water Act (Pub. L. 93-523 and 42 U.S.C § 300f)	Tennessee Petroleum Underground Storage Tank Act (T.C.A. § 68-53-101 et seq.)
Ecology	Clean Water Act of 1977 & 1987 (33 U.S.C § 1251)  Executive Order 12962 (Recreational Fisheries) (Amended by Executive Order 13474)  Executive Order 13112 (Invasive Species) (Amended by Executive Order 13286 and Executive Order 13751)  Executive Order 13186 (Migratory Birds)  Fish and Wildlife Coordination Act of 1934, as amended (16 U.S.C. § 661-666)  Migratory Bird Treaty Act of 1918 (16 U.S.C. § 703-711)  Rivers and Harbors Act of 1899 (Section 9 and Section 10) (33 U.S.C § 401)  Emergency Wetlands Resources Act of 1986 (16 U.S.C § 3921)  Federal Water Pollution Control Act of 1972 (33 U.S.C § 1251-1376)  Fish and Wildlife Coordination Act (16 U.S.C § 661-666(C))  Executive Order 11990 (Protection of Wetlands)  Endangered Species Act (16 U.S.C § 1531 et. seq.)	Tennessee Water Quality Control Act of 1977 (T.C.A § 69)  Tennessee Nongame and Endangered or Threatened Wildlife Species Conservation Act of 1974 (T.C.A. § 70-8-101 to 112)  Tennessee Rare Plant Protection and Conservation Act 1985 (T.C.A. § 70-8-3) U.S. Moore Wetlands Acquisition Act (T.C.A. § 11-14-401)  Tennessee Scenic Rivers Act of 1968 (T.C.A §11-13-101)  Natural Areas Preservation Act of 1971 (T.C.A. § 11-14-102)

NEPA Study Components	Federal Requirement	State Requirement
	Tennessee Valley Authority Act of 1933 (16 U.S.C. § 831)	
Archaeology	National Historic Preservation Act (Section 106 and Section 110) (16 U.S.C § 470 et. seq.)	Natural Areas Preservation Act of 1971 Chapter 6 Archaeology (T.C.A. § 11-6)
Historic Preservation	National Historic Preservation Act (Section 106 and Section 110) (16 U.S.C § 470 et. seq.)	Public Law 699, State property; disposition (T.C.A. § 4-11-111)
MultiModal		Multimodal Access Policy (T.C.A. § 43-23-03 or TDOT Policy No. 530-01)
Traffic	National Environmental Policy Act (NEPA) (42 USC 4321-4347)  NEPA and Transportation Decision-making, Elements of Purpose and Need, FHWA (40 CFR § 1500-1508)  NEPA and Transportation Decision-making, Development and Evaluation of Alternatives, FHWA (40 CFR § 1502.14)  NEPA Implementation, The Development of Logical Project Termini, FHWA (23 CFR 771.111(f))	
Safety	National Environmental Policy Act (NEPA) (42 USC 4321-4347)  NEPA and Transportation Decision-making, Elements of Purpose and Need, FHWA (40 CFR § 1500-1508)  NEPA and Transportation Decision-making, Development and Evaluation of Alternatives, FHWA (40 CFR § 1502.14)  NEPA Implementation, The Development of Logical Project Termini, FHWA (23 CFR 771.111(f))	
WSR coordination	Wild and Scenic Rivers Act (16 U.S.C § 1271-1287)	
Farmland	Farmland Protection Policy Act of 1981 (7 U.S.C. 4201)	
Indirect and Cumulative Effects	Considering Cumulative Effects Under NEPA (Council on Environmental Quality, January 1997) (42 U.S.C. § 4321 et. seq.) Questions and Answers Regarding the Consideration of Indirect and Cumulative Impacts in the NEPA Process, FHWA (40 CFR §1500-1508)	

NEPA Study Components	Federal Requirement	State Requirement
	Secondary and Cumulative Impact Assessment in the Highway Project Development Process, FHWA (40 CFR § 1508)	
Social and Community Impact Assessments	Public Hearings (23 U.S.C. § 128) Economic, Social and Environmental Effects (23 U.S.C § 109(h))	TDOT Bicycle Pedestrian Policy (TDOT Policy No. 530-01)
Economic Studies	National Environmental Policy Act (NEPA) (42 USC 4321-4347)  NEPA and Transportation Decision-making, Elements of Purpose and Need, FHWA (40 CFR § 1500-1508)  NEPA and Transportation Decision-making, Development and Evaluation of Alternatives, FHWA (40 CFR § 1502.14)	
CSRP	Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C § 4601 et. seq.)	Tennessee Uniform Relocation Assistance Act of 1972 (T.C.A § 1-11-101)
FEMA Map	National Flood Insurance & Flood Disaster Protection Act (42 U.S.C § 4001-4128) Flood Disaster Protection Act (42 U.S.C. § 4001-4128) US. Department of Transportation (USDOT) Order 5650.2-Floodplain Management and Protection (April 23, 1979) (EO 11988, 23 CFR 650, Part A) Executive Order 11988 (Floodplain Management)	
Section 6(f)	Section 6(f) of the Land and Water Conservation Act (36 CFR 59.3 and 54 USC 200305)	Section 6(f) of the Land and Water Conservation Act (36 CFR 59.3 and 54 USC 200305)
Section 4(f)	National Trails Systems Act (16 U.S.C § 1241-1249)  Section 4(f) of the U.S. Department of Transportation Act of 1966 (23 CFR 774, 49 U.S.C. §303, and 23 U.S.C. §138)	Does not Apply
Environmental Justice	Executive Order 12898 (Environmental Justice) Title VI of the Civil Rights Act of 1964 (42 U.S.C § 2000 et. seq)	

Source: Email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 18, 2022.

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## Appendix I: Tennessee Department of Transportation, Environmental Agreements and Understandings

Environmental Agreements and Understandings			
	Type of Document	Parties Involved	Topic
	Programmatic Consultation for addressing Cliff Swallow and Barn Swallow Nesting Sites on Transportation Projects	TDOT, USFWS, and FHWA	Addressing cliff swallows and barn swallow nesting sites found on TDOT projects. Agreement regarding cliff swallow and barn swallow nesting sites to ensure no adverse effects under the Migratory Bird Act.
	Group Programmatic No Effect Activities	TDOT, USFWS, and FHWA	Establishes projects and activities which typically result in no adverse effects to threatened/endangered plant and animal species and/or their critical habitats in Tennessee.
	Programmatic Biological Opinion	USFWS, FHWA, FRA, and FTA	Regarding a biological opinion for transportation projects in the range of the Indiana Bat and Northern Long Eared Bat.
	Programmatic Agreement Regarding the Processing of Actions Classified as Categorical Exclusions for Federal-Aid Highway Projects.	TDOT and FHWA	Establishes thresholds which, if exceeded, require that Categorical Exclusions be reviewed and approved by FHWA. Also, outlines TDOT and FHWA responsibilities with regards to CEs.
	Memorandum of Agreement	TDOT and TDEC	Regarding acceptance of the TDOT Fundamentals of EPSC Training Program as an approved extension of the TDEC Level 1 Tennessee EPSC Training Program and TDEC Statewide Storm water Training Program
	Programmatic Agreement Among the FHWA, TDOT, TN-SHPO, and Advisory Council on Historic Preservation (ACHP) Regarding the Implementation of Transportation Projects	TDOT, FHWA, TN-SHPO, ACHP	Program alternative to establish efficient and effective program for taking into account the effects of the Program on historic properties in Tennessee.
	Memorandum of Agreement Between the TDOT, FHWA-TN Division, and TDEC DNA for No Adverse Effects	TDOT and TDEC DNA	Provides a list of activities that would not result in adverse effects to state listed plant species or their habitats; the MOA constitutes consultation/coordination between the agencies.
	Renewal of Designation of TDOT as the FHWA's Non-Federal Representative	USFWS and FHWA	Provides streamlining of Federal Section 7 consultation requirements for TDOT projects

Environmental Agreements and Understandings			
	Type of Document	Parties Involved	Topic
	Stewardship and Oversight Agreement	TDOT and FHWA	
	Procedures for Coordinating Highway Encroachments on Floodplains with (MOU between FHWA and FEMA)	FHWA and Federal Emergency Management Agency (FEMA)	Provides procedures for coordination with FEMA and guidance on highway encroachments on regulatory floodways and floodplains.

Source: Email from Susannah Kniazewycz, director, Environmental Division, Tennessee Department of Transportation, May 18, 2022.

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## Appendix J: Tennessee Department of Environment and Conservation, Environmental Processes for Recreation Resources Division Programs

	Grant Program		
	Local Parks and Recreation Fund (LPRF)	Land and Water Conservation Fund (LWCF)	Recreation Trails Program (RTP)
<b>State or Federal Funding</b>	<b>State</b>	<b>Federal - National Parks Service</b>	<b>Federal - US Department of Transportation</b>
Initial environmental analysis of project's effect on project area conducted by third party under contract with TDEC (Radius Report)	Yes	Yes	Yes
Initial environmental analysis reviewed by TDEC Bureau of Environment	Yes	Yes	Yes
Additional environmental studies undertaken by grantee	If warranted based on initial analysis and review	If warranted based on initial analysis and review	If warranted based on initial analysis and review
Results of initial and any additional environmental studies sent to additional state and federal agencies for their review	If warranted based on analysis and review	Yes	Yes
Responses from reviewing agencies compiled along with results of environmental studies into draft environmental document	No	Yes (LWCF Environmental Screening Form)	Yes (RTP Categorical Exclusion Request Form)
Draft environmental document reviewed by TDEC staff, revised by grantee, and finalized	No	Yes	Yes
Final environmental document sent to federal government for review, revised by grantee, and approved <sup>*^</sup>	No	Yes (National Parks Service)	Yes (Federal Highway Administration)
Grantee certifies in writing to TDEC that it has completed all necessary environmental studies, will comply with all environmental regulations, and will apply for and receive all necessary permits prior to beginning construction	Yes	No <sup>**</sup>	No <sup>**</sup>
Grantee applies for and receives all necessary environmental permits prior to beginning construction	Yes	Yes	Yes

\* For LWCF, National Park Service responsible for submitting documents to Native American entities for their review.

^ For RTP, TDEC responsible for submitting documents to Native American entities for their review in accordance with Federal Highway Administration guidelines.

\*\* For these programs, NEPA approval will not be granted and project cannot move forward until grantee has completed all necessary studies and complied with regulations.

Source: TACIR staff review based on email from April Johnson, PARTAS manager, Recreation Resources Division, Tennessee Department of Environment and Conservation, May 16, 2022.

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