



# FINANCIAL STIMULUS ACCOUNTABILITY GROUP

February 23, 2022

# Agenda

- Overview of Fund to Date
- External Requests – Introduction and Discussion
- TDOT Presentation - IIJA Road and Highway Funding
- Next Meeting Agenda

# Tennessee Resiliency Plan – 2021 Summary

- Tennessee Resiliency Plan - Phase 1 Allocated \$2.876 billion to 17 specific projects and programs.
- December 15: Reported to US Treasury in State Recovery Plan and State Finance Committees as follow up to 2021 budget expansion approval.
- December 21 – Amendments
  - University of Tennessee Ag Research and Education - \$50 million
  - STS Projects - \$196.8 million
- Phase 2 of Plan - \$603 million remaining for 2022 Planning
  - \$275 million reserved for External Relief
  - \$327 million additional unallocated

# Requests for Relief by External Entities

- 60+ requests; Approximately \$650 million requested;
- Overview and full proposals posted to FSAG Website;
- Seeking greater member feedback today prior to releasing administration recommendations to FSAG;
- Funds and Grant Contracts process for approved entities to begin in FY23.

# Limiting Considerations

While many proposals demonstrated a high possibility of ROI and value, not all will be well-suited to federal funding requirements. We will evaluate whether proposals demonstrate:

- Valid eligibility case under final rule
  - i.e., Proposals should have a definitive, not speculative, connection to the eligible uses in the final rule;
- Reporting, Audit, and Accountability:
  - With heightened Treasury scrutiny, mismanagement of funds by a state subrecipient could lead to financial liability of state and civil or even criminal liability by grantee.
  - We'll assess track record of administering and reporting on federal funds.

# Preliminary Analysis / Discussion

- **46 Non-Profit Entity requests including:**
  - 10+ healthcare providers seeking funding for various program or capital investments;
  - 10+ non-profits seeking either: premium pay payroll support, reimbursement of lost revenue, or reimbursement of prior costs incurred;
  - 4 state and local chamber of commerce or similar trade association initiatives to support workforce and business recovery;
  - 4 organizations with proposals to directly support youth development and academic services statewide; 1 organization providing those services in Memphis and 1 in Chattanooga;
  - 2 organizations seeking funding to build housing for special population;
  - 2 entities seeking investment in supporting new tourism events.

# Preliminary Analysis / Discussion

- **12 For-Profit Entities requests including:**
  - 3 for-profit substance abuse or special needs providers seeking funds to support costs of upgrading or improving services.
  - 1 for-profit company soliciting purchase of product;
  - 1 for-profit company seeking funds to build 10 new healthcare clinics;
  - 1 for-profit company seeking state investment in medical research;
  - 1 for-profit healthcare company seeking funds to support its own workforce;
- **5 government entity requests:**
  - 3 from Memphis Shelby Co Airport Authority for premium pay and UV light installation;
  - 1 local sewer and water request (will refer to TDEC program);
  - 1 payroll support for the TN State Veterans Home;



# TDOT – IIJA UPDATE



# Infrastructure Investment and Jobs Act (IIJA) Update

Reminder – IIJA appropriates to TN \$1.7B more than the FAST Act over 5 years.

- \$1.0B in core programs (NHPP, STBG, HSIP, RR, CMAQ, Metro Planning, Freight)
- \$0.7B in new programs (Carbon/Green Initiatives, Protect/Resiliency, Bridge Rehab, Electric Vehicle Infrastructure, Ferry Boats)

A 5-year bill helps with continuity in project planning and increased funding will help deliver planned projects.

- Continuing Resolution in effect until Mar 11, 2022. Most core apportionment loaded into system at IIJA levels (\$1.1B), but obligation/spending authority still prorated at FAST Act levels (~340M of \$800M). Must utilize all obligation authority by Sept 30, 2022.
- Guidance has not yet been released for many of the programs, particularly the \$12.5B Bridge Investment Program for economically significant bridges and \$16B in funding dedicated for major projects that will deliver substantial economic benefits.
- FHWA Memo issued on Dec 16 strays from the IIJA in discouraging projects that increase highway capacity and instead prioritizes projects that advance non-motorized transportation options.

# IIJA Guidance

## BRIDGE FORMULA PROGRAM –

- Guidance issued on Jan 14, 2022.
- TN to receive \$302M over 5 years (\$60,418,548 in year 1).
  - \$51,355,766 for on-system bridges
  - \$9,062,782 in off-system bridges (owned by local governments)
- Incentive included for States to direct funds to off-system bridges by making the federal share 100%.

## ELECTRIC VEHICLE (EV) CHARGING NETWORK –

- Partial guidance issued on Feb 10 with formal guidance to come out within 90 days.
- Each State shall submit EV Infrastructure Deployment Plan to federal Joint Office of Energy and Transportation no later than Aug 1, 2022, with FHWA approving eligible plans by Sept 30, 2022.
- State DOTs encouraged to coordinate directly with their State energy agencies in development of plans.

# Next Meeting Agenda

- Review of External Requests
- Additional State Agency Requests
- State Infrastructure Program Updates



# APPENDIX

# US Treasury Final Rule - Resources

- “Interim Final Rule” issued in May 2021 to govern eligible and ineligible uses of State and Local Fiscal Recovery Funds.
- Final Rule, incorporating several changes to the interim final rule issued on January 6, 2022.
- Sources for Detailed Review of Changes:
  - US Treasury Final Rule Overview ([Link](#)) and Other Resources ([Link](#))
  - Comptroller Memorandum issued on Jan 11 ([Link](#))
  - FSAG Local Technical Assistance Program Webinar Jan 12 ([Link](#))