



FINANCIAL STIMULUS ACCOUNTABILITY GROUP

December 21, 2021

Agenda

- Welcome and Opening
- Tennessee Resiliency Plan - Updates
 - Proposals
- Remaining Treasury Program Funds Planning
 - Fiscal Recovery Fund – External Requests
 - Coronavirus Capital Projects Fund
- IIJA Federal Highway Funding (TDOT)

Tennessee Resiliency Plan

- Phase 1 of the Tennessee Resiliency Plan programs \$2.876 billion to 17 specific projects and programs.
 - This has been reported to US Treasury in State Recovery Plan and State Finance Committees as follow up to 2021 budget expansion approval.
- \$848 million of state's allocation is not programmed to specific projects in the Phase 1 plan. Of the \$848 million:
 - \$275 million has been set aside remains reserved for relief to affected industries or external organizations;
 - \$573 million remains unallocated.

Proposals for Discussion

- **University of Tennessee - Ag Research and Education**
 - \$50 million to UT for 10 AgResearch and Education Centers across the state
 - Note: TSU has requested increases to the cost estimate for the Center for Food and Animal Sciences proposal (originally \$18.32). Will be reviewed and discussed in January.
- **STS**
 - \$196 million in technology improvements across 5 strategic priorities in response to COVID's impact on state operations.
- **Health Capital Project: East TN Regional Health Office and Lab**
 - \$85 million requested for replacement of out-of-date current public health facility
 - Will maintain state health lab capability, mutual redundancy with Nashville, and expand capacity for emergency response and meeting expanded demand for lab testing.

For discussion next month:

- **THDA – Low Income Rental Housing Development Subsidies**
 - \$90 million to offset cost increase in building supplies for affordable rental developments

Remaining Planning for External Requests

- External applications for relief from affected industries were accepted until Nov 30.
- 60+ requests; Total of approximately \$650 million requested
- Primarily non-profit health, social service organizations and public entities
- Large percentage are local efforts (few with statewide application)
- Requests have not been reviewed by state for eligibility within federal guidelines (some may not be eligible).
- We will post and distribute proposals for FSAG review in January.

Other Treasury Funds Update

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

- Released by US Treasury on September 23; State must apply by Dec 27, 2021 (application has been submitted);
- Must submit a grant plan by Sep 24, 2022; Must expend funds by Dec 31, 2026.
- For a capital project to be an eligible CCPF expense, it must meet all of the following criteria:
 - The capital project invests in capital assets designed to *directly enable work, education, and health monitoring*.
 - The capital project is designed to address a critical need that resulted from or was made apparent or exacerbated by the COVID-19 public health emergency.
 - The capital project is designed to address a critical need of the community to be served by it.
- CCPF guidelines have been released. We will begin planning process in January with presentation to FSAG of a recommended state plan.

TDOT Update on Federal Highway Funding

- Bipartisan Infrastructure Deal (IIJA) became law on Nov 15
- Extends FY2021 enacted levels through FY2022 for federal-aid highway, transit, and safety programs;
- Reauthorizes for FY2023-FY2026 several surface transportation programs, including the federal-aid highway program, transit programs, highway safety, motor carrier safety, and rail programs; Enacts new programs.

Fast Act vs. IIJA

	Fast Act	IIJA	Effective 11-29-21
NHPP	\$2,561,993,534	\$3,208,332,860	↑ 25.2%
STBG	\$1,280,460,203	\$1,560,810,581	↑ 21.9%
HSIP	\$255,862,973	\$337,231,325	↑ 31.8%
RAIL CROSSINGS	\$25,004,299	\$26,578,445	↑ 6.3%
CMAQ	\$192,121,822	\$210,037,639	↑ 9.3%
METRO PLANNING	\$24,964,842	\$33,002,294	↑ 32.2%
FREIGHT	\$135,164,833	\$152,509,867	↑ 12.8%
SUBTOTAL	\$4,475,572,506	\$5,528,503,011	↑ 23.5%

Fast Act vs. IIJA

	Fast Act	IIJA	Effective 11-29-21
CARBON REDUCTION	-	\$139,172,276	∞
PROTECT	-	\$158,248,851	∞
SUBTOTAL	\$4,475,572,506	\$5,825,924,138	↑ 30.2%
BRIDGE REHAB	-	\$302,031,120	∞
ELECTRIC VEHICLE INFRASTRUCTURE	-	\$88,334,969	∞
FERRY BOATS	-	\$563,430	∞
TOTAL	\$4,475,572,506	\$6,216,853,657	↑ 38.9%

Facts

- IIJA appropriates TN \$1.7B more than the Fast Act over 5 years
 - \$1.0B in core programs (NHPP, STBG, HSIP, RR, CMAQ, Metro Plan, Freight)
 - \$0.7B in new programs (Carbon/Green Initiatives, Protect/Resiliency, Bridge Rehab, Electric Vehicle Infrastructure, Ferry Boats)
- Our core programs for roads & bridges are NHPP & STBG
 - IIJA increases \$927M BUT these programs accounted for 85.9% of the Fast Act vs. 81.6% of the IIJA (if we include new bridge program with NHPP & STBG)
- A 5-year bill helps DOTs with continuity in project planning
- Increased funding will help deliver planned projects

Concerns

- The Highway Trust Fund continues to give out more than it receives
- 5-year FAST ACT required \$70B General Fund transfer to keep HTF solvent
- 5-year IIJA required \$118B General Fund transfer to keep HTF solvent
- No action to address a long-term sustainable solution for revenue shortfall
- According to the Congressional Budget Office estimate on August 1, 2021, the IIJA will add \$256B to projected deficits over the 2021-2031 period...likely leads to inflation
- No firm answers on eligibility of new programs
- Many unknowns for STBG set-asides; we may get less under IIJA
- Many \$ in grant programs vs. formula allocation to states