



FINANCIAL STIMULUS ACCOUNTABILITY GROUP

Sept 30, 2020

Agenda

- **Welcome and Opening**
 - Commissioner Butch Eley, Department of Finance & Administration
 - Lt. Governor Randy McNally
 - Speaker Cameron Sexton
- **Governor's Remarks** - Governor Bill Lee
- **Updates**
 - TN Business Relief Program
 - Unemployment Insurance
 - Costs to Date and Projected
- **New Proposals**
 - Additional Business Relief
- **Other Updates**
 - Current Housing support programs

Update on Business Relief Program

(Current as of 9/28)

- Business relief payments have been issued to more than 25,000 businesses, totaling roughly \$185 million
- Approximately 70% of payments have been issued to businesses with annual gross sales of \$500,000 or less (approx. \$63 million)
- 2,669 payments to minority-owned businesses (approx. \$17 million)
- 4,737 payments to women-owned businesses (approx. \$23 million)
- Deadline extended to 9/30

Unemployment Insurance Trust Fund Update

- Official August Trust Fund balance - \$1.107 billion (February 2020 - \$1.260 billion)
- Costs decreasing as state benefits exhaust and Federal extended benefits begin
- TDLWD anticipates an additional \$102 million funds allocated by FSAG to the Trust Fund will be sufficient to cover October benefit costs
- Current allocation projected to maintain Trust Fund at \$850-\$900 million at December 2020 reading
 - Lowest Rate Table
 - Higher Wage Base
- Additional allocation of \$114 million (mid-point of range) projected to maintain Trust Fund over \$1 billion at December 2020 reading
 - Lowest Rate Table
 - Lowest Wage Base
- Important Note: Benefit of additional investment(s) will extend over multiple years

Costs to Date and Projected

Direct State Costs Incurred, Projected*

Beginning Balance	\$2,363,000,000
Unemployment Insurance (Mar – Sep)	\$837,000,000
Direct State Expenses incurred	\$11,718,400
*Dept of Health and other Public Health Response	\$121,381,500
(Includes FY20 Incurred + COVID-PSAs, Small and Rural Hospital Grants, Public Health Needs)	
*TEMA.....	\$206,590,000
(Includes \$20,255,433 paid as of 6/30)	
*Additional Technological Improvements to State	\$22,688,300
(STC, AOC Courts, TEMA MB3 system)	
*Program management & administration support	\$7,100,000
<i>Subtotal</i>	<i>\$1,206,478,200</i>
TOTAL REMAINING	\$1,156,521,800

Third Party Relief Programs: Projection

Program	Budgeted	Projected	Difference
Small Business Relief	\$308,500,000	\$185,000,000	\$123.5m
Community CARES	\$154,500,000	\$154,500,000	
Local Government	\$115,000,000	\$75,000,000	\$40m
K-12 Technology & Reopening	\$75,000,000	\$75,000,000	
Higher Ed Technology & Reopening	\$21,450,000	\$21,450,000	
Emergency Broadband Fund	\$61,113,000	\$61,113,000	
Agriculture and Forestry Support	\$55,000,000	\$55,382,867	
Tourism and DMO Support	\$25,000,000	\$25,000,000	
L&W Re-Employment Programs	\$9,500,000	\$9,500,000	
<i>Subtotal</i>	<i>\$825,063,000</i>	<i>\$661,945,867</i>	<i>\$163.5m</i>
TOTAL CRF REMAINING	\$331,458,800	\$494,575,933	

Notes on Direct State Costs

- Reimbursement for payroll reimbursements to state deferred for discussion and decisions
- New needs due to interim FEMA Policy FP 104-009-19
 - New policy limits PPE and similar sanitization costs to emergency settings
 - Applies to costs after September 15
 - Impact estimated at \$186 million in new expenses attributable to the CRF (within current budget capacity)
 - Impact on Locals
 - Guidance applies to all [public assistance claims.
 - Locals are encouraged to review their submissions for CRF reimbursement to ensure they have planned for PPE and sanitization costs. Local govt deadline has been moved from 9/30 to 10/9 to provide additional time.

Additional Expenses Remaining (Oct)

<u>BEGINNING BALANCE</u>	\$494,575,933	Date
<i>Program</i>	<i>Proposed Spending</i>	
New Business Relief Program (October initial allocation)	\$50,000,000	9/30
UI (October claims)	\$102,000,000	9/30
UI (November & December claims) (Total low estimate)	\$91,000,000	10/20
UI (November & December claims) (Add'l high estimate)	\$46,000,000	10/20
FEMA Interim Rule Cost Impact	\$186,000,000	10/20
Additional funds for Business Relief (November)	TBD	10/21
Payroll for Dept of Health	TBD	11/1
Payroll for Depts of Safety, Corrections (Limited to COVID-19)	TBD	11/1
Airport Cost Reimbursements	TBD	11/1
<u>Subtotal</u>	<u>\$475,000,000</u>	
Remaining	\$19,575,933	

New Business Relief Program



Supplemental Employer Recovery Grant (SERG)

- Administered by Department of Revenue
- Broader eligibility requirements than TBRP, but individual application required (*i.e., no pre-qualification based on industry and confidential tax data*)
- Prior receipt of Small Business Relief Payment does not exclude from eligibility
- Limited to small employers (<\$10 million in annual gross sales or receipts)
- Reimbursement for expenses incurred from May through August
 - Costs of business interruption (*i.e., net losses incurred*) due to required closure, voluntary closure, or reduced demand due to COVID-19
 - Direct expenses necessary to respond to local public health directives
 - Maximum \$30,000 in expenses per business, with an additional \$500 available to businesses located in low-income opportunity zones.
- **Recommendations**
 - 1. Launch program on October 5 with a \$50M initial allocation.
 - 2. Set-aside a reserve amount of 10% for Diverse Business Enterprises.
 - 3. Monitor other expenses to determine what additional funds become available for November.

Housing Update



Tennessee Housing Development Agency

FOR THDA HOMEOWNERS

- Notified all THDA borrowers that loan forbearance is available if they've lost jobs or significant portion of their incomes due to COVID-related economic shutdown.
- Reassured all THDA borrowers that we will modify their mortgage loans when they exit forbearance, so that they will not have to come out-of-pocket with many months' back payments.
- Reopened US Treasury Hardest Hit Fund Reinstatement Only Program



FOR HOUSING CHOICE VOUCHER HOLDERS

1134 voucher holders qualified for upward adjustments on monthly voucher payments due to loss of job or income as a result of COVID economic shutdown. Roughly 18% of THDA's caseload. Federal funds cover the added cost.

LOW INCOME HOME ENERGY ASSISTANCE (LIHEAP)

Additional **\$18 million** awarded from US Department of Health & Human Services. THDA distributed to 19 agencies statewide which handle client intake for LIHEAP.

FOR THE HOMELESS / HOME INSECURE

- THDA repurposed **\$500,000** of its own funds for immediate grants to 10 Continuum of Care agencies across the state.
- **\$11 million** in Emergency Solutions Grants (ESG) available for those organizations working to provide shelter for the homeless.
- **\$22 million** additional ESG funds will be available later, both to house the homeless and to prevent homeless among those at risk of eviction.

OTHER FUNDS DEPLOYED TO HOUSING

Community Service Block Grant (CSBG) CARES Act Funds

- 20 Community Action Agencies have received CSBG Supplemental CARES awards totaling \$18.7 million (DHS is passthrough)
- Of these, **\$8.28 million** of current award budgets are dedicated to housing assistance

DHS Community CARES Program (Over \$2 million in support for housing)

Multiple housing services agencies received awards, including but not limited to:

- **Middle:** Urban Housing Solutions (\$268k), The Housing Fund (\$55k), Transitional Housing and Work Programs of Davidson County (\$108k), Community Housing Partnership (\$230k)
- **West:** United Housing, Inc (\$635k), Impact Mgmt/Martin Housing Authority (\$94k)
- **East:** Knox Housing Partnership/HomeSource East TN (\$591k) Kingsport Housing Authority (\$319k), Fahe (\$300k),

DISCUSSION

END SLIDES