



**FINANCIAL STIMULUS**  
**ACCOUNTABILITY GROUP**  
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# Agenda

- Program Updates
- Overview of Cost Projections
- Decisions and Next Steps

# Unemployment Insurance Investment



POLITICO



FINANCE & TAX

## The next blow for businesses: Tax hikes that threaten more layoffs

Both the federal government and states tax the wages businesses pay in order to build up a store of funds in case of mass unemployment.

*“Businesses across the nation could soon face state tax increases to pay for the surge in Americans filing for unemployment benefits this year, further straining employers at a time when many are fighting for survival.”*

# Unemployment Insurance Investment - Impact

- “Massachusetts, New Jersey and Alabama are among the states looking at tax hikes that could cost employers billions of dollars”
- “At least a dozen states, including Georgia and Tennessee, used CARES Act funds to replenish their unemployment accounts.”
- *“There are a lot of states still sitting on coronavirus relief fund money that they’re allowed to be spending on unemployment compensation benefits right now and are not;”* said Walczak of the Tax Foundation. He argues that states have been holding onto the CARES Act funds hoping Congress will pass another aid package that would forgive the loans or provide more flexibility for them to use the money for other priorities.”

# SEREG Program Update (As of 11/02/20)

- 8,600 applications (requesting \$163M; \$18,900 avg.)
- 2,800 diversity applications (requesting \$50M)
- 950 completed requests for funding (\$17M) (In process for payment)
- Common Customer Work Items
  - Need for customers to login and complete their application
  - Supporting documentation (e.g., financial statements, loss)
  - Impact of Paycheck Protection Program (Federal guidelines treat forgivable loans as revenue. This can reduce individual eligible grant amount.)
- Administrative Challenges
  - Applicant response time
  - Time per application

# Program Update and Costs Report - Overview

<b>EXPENSE CATEGORY</b>	<b>PROJECTED</b>
Economic, Community and Individual Relief Programs	\$1,707,945,867
State Costs	\$382,889,087
<b>SUBTOTAL</b>	<b>\$2,090,834,954</b>
<i>UNOBLIGATED CRF REMAINING</i>	<i>\$272,165,046</i>

# Economic, Community, and Individual Relief

PROGRAM	PROJECTED	UPDATES
Unemployment Insurance	\$939,000,000	No new funds projected to be needed from CRF
TBRP Small Business Relief	\$205,000,000	Program closed on 9/30, no new costs expected
SERG (Business Relief)	\$50,000,000	\$163 million in applications received
Community CARES	\$154,500,000	\$24.7 million in reimbursement requests to date
Local Government	\$113,000,000	Does not count \$200 million in requests above allocation amount (Primarily requests for emergency, health, and safety payroll)
K-12 Technology & Reopening	\$75,000,000	Districts have experienced some vendor delays with technology
Higher Education Technology	\$21,450,000	Awards underway with 32 post-secondary institution projects
Emergency Broadband Fund	\$61,113,000	Minimal reported delays or project challenges
Agriculture and Forestry	\$55,382,867	\$30 million in documented requests in process
Tourism and DMO Support	\$25,000,000	\$10.4 million in process
L&W AJC & Re-Employment	\$8,500,000	Services for dislocated workers
<b>Subtotal</b>	<b>\$1,707,945,867</b>	

# State Expenses

EXPENSE	PROJECTED	NOTES
Public Health Response (TDH, UCG)	\$154,117,121	Includes 2 hospital support programs, Nursing Home, EMS support, TDH direct costs
TEMA FY 20	\$20,255,433	Incurred between Mar - June 30
TEMA FY 21	\$112,500,000	State and local cost share, and other PPE expenses
Direct State Expenses / One-time	\$25,016,533	Telework, STS, Administration, Courts
FEMA Interim Rule Cost Impact (Incurred prior to rule)	\$71,000,000	Costs already incurred and considered under new FEMA rule (\$42m for schools specifically)
<b>Subtotal</b>	<b>\$382,889,087</b>	



# Potential New Expenses

\$272,165,046 CRF Unobligated

<u>OPTIONS / ELIGIBLE FOR CORONAVIRUS RELIEF FUND</u>	<u>AMOUNT</u>
<b>Additional funds for Business Relief</b> (Additional applications for funds exceed \$100M)	\$100,000,000+
<b>Eligible State Payroll Costs</b> (Reimbursing the state for its own eligible payroll expenses incurred)	\$187,000,000
<b>Additional Local Government Requests</b> (Total amount of requests by local governments over and above \$115 million allocation. Bulk is payroll reimbursement.)	\$200,000,000
<b>Known Potential Expenses Remaining</b>	<b>\$487,000,000</b>

# Timing and Sequencing for Remaining Funds

\$272,165,046 CRF Unobligated

- Terms of grant gives state until September of 2021 to identify expenses incurred in 2020. State plans to complete accounting prior to June 30.
- Known potential expenses such as payroll or additional public health costs can be identified and paid after December 30. This gives us time for accounting in programs and other costs to resolve.
- November action items:
  - 1. Determine funds available to add to SERG program;
  - 2. Review of additional expenses submitted to local govt;
  - 3. Closing for third-party programs, state reimbursements.
  - 4. Monitor additional federal action

# Closing