



# Tennessee Resiliency Plan



## Revision Log

<b>Version</b>	<b>Date Published</b>	<b>Summary of changes</b>
1.0	October 6, 2021	Initial Draft Publication for Public Comment
1.1	December 11, 2021	Final Phase 1 of Plan Published and Submitted to US Treasury
1.2	January 25, 2022	Reflects addition of new projects approved by Financial Stimulus Accountability Group (FSAG): <ul style="list-style-type: none"><li>• Five F&amp;A – STS projects (STS Cloud, STS Cybersecurity, STS Enterprise Data Analytics, STS Business Process Automation, STS Infrastructure and Modernization) and (p.35 - p.46)</li><li>• TDA's UT AgResearch and Education Centers. (p.56)</li></ul>
1.2	January 25, 2022	Change to expenditure category of Healthcare Staffing Assistance Grants from '4.2 Public Health – Private Sector Employers' to '1.12 Other Public Health Services'.

# **TENNESSEE RESILIENCY PLAN**

## **Executive Summary**

Under the American Rescue Plan Act, the State of Tennessee will receive \$3.725 billion in funds awarded via the US Treasury “Fiscal Recovery Fund” (“FRF”). The availability of one-time FRF funds presents a significant opportunity for Tennessee to: (i) Continue its response to the COVID-19 pandemic and its secondary effects; (ii) Invest in initiatives that support a strong economic recovery; (iii) Strengthen state fiscal stability.

To support the development of a comprehensive plan for Tennessee’s Fiscal Recovery Fund, Governor Lee has invited state agencies and stakeholders to submit proposals for consideration by the Financial Stimulus Accountability Group for inclusion in the state’s Tennessee Resiliency Plan. The Financial Stimulus Accountability Group (FSAG) is a joint bipartisan legislative and executive branch committee charged by the Governor with ensuring the appropriate and prudent planning for new federal funds received by the State of Tennessee.

This document summarizes proposals that have been considered and recommended for expenditure by the Financial Stimulus Accountability Group (FSAG). As new expenditures are approved throughout the grant period, this document will be updated to reflect the state’s plan.

All proposals were subject to a process of review by the Department of Finance & Administration (F&A) and the Governor’s Office for fiscal impact, eligibility, and alignment with state priorities. Proposals were then submitted for feedback and discussion with the FSAG. Recommended proposals are posted for public comment and community engagement prior to final approval.

### **Background on the ARPA State Fiscal Recovery Fund**

On March 11, the American Rescue Plan Act of 2021 (“ARPA”) was enacted into law,<sup>1</sup> expending \$1.9 trillion in federal spending to respond to the COVID-19 pandemic. Several components of the Act build on previous programs included in earlier federal relief packages.

Notable federal appropriations under the ARPA include the following:

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<sup>1</sup> H.R. 1319, American Rescue Plan Act of 2021 (enacted on March 11, 2021 as Public Law 117-2) <https://www.congress.gov/bill/117th-congress/house-bill/1319><sup>2</sup> This is a separate and independent award from the CARES Act Coronavirus Relief Fund, available until Dec 31, 2021.

- \$412 billion for Economic Impact Payments to individuals;
- \$350 billion for the Coronavirus State and Local Fiscal Recovery Funds;
- \$122.7 billion for Elementary and Secondary School Emergency Relief Fund;
- \$50 billion for FEMA’s Disaster Relief Fund to respond to disaster declarations;
- \$47.8 billion for testing and tracing activities for COVID-19;
- \$39.6 billion for Higher Education Emergency Relief Fund;
- \$39 billion for childcare subsidies and grants to childcare providers;
- \$30.5 billion for grants to transit agencies;
- \$36.6 billion for rental and mortgage assistance;
- \$28.6 billion to establish a Restaurant Revitalization Fund;
- \$10 billion for Coronavirus Capital Projects Fund.

Each of these programs are subject to further programming and distribution by federal agencies and state-by-state distribution may vary.

*Funding for State and Local Governments under the American Rescue Plan*

The ARPA established a new US Treasury Program, the Coronavirus State and Local Fiscal Recovery Fund (“FRF”),<sup>2</sup> with the intent of assisting states and local governments in mitigating the fiscal effects of the COVID-19 pandemic.

Tennessee has received \$3.725 billion from the State Fiscal Recovery Fund. Tennessee counties, metros, and non-metro cities are estimated to receive a combined total of \$2.28 billion in Local Fiscal Recovery Fund awards. The Local Fiscal Recovery Fund is divided into three separate distributions: \$1.326 billion for counties, \$516 million for metropolitan cities, and \$438 million for “non-entitlement units of local governments.”<sup>3</sup>

FRF awards are distributed directly by the U.S. Treasury to states, counties, and metro cities.<sup>4</sup> The remaining local governments, referred to by Treasury as “non-entitlement units of local government,” must draw funding from state governments who must distribute funds per federal formula and criteria. States are required to allocate funds to non-entitlement units of local government within 30 days of receiving the payment from the

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<sup>2</sup> This is a separate and independent award from the CARES Act Coronavirus Relief Fund, available until Dec 31, 2021.

<sup>3</sup> “Non-entitlement units of local government” are defined by the act as a city that is not a metropolitan city as defined in the Housing and Community Development Act of 1975 (42 USC §5302(a)(5)).

<sup>4</sup> Eighteen metro cities in TN will receive funding directly from the U.S. Treasury – Bartlett City, Bristol, Chattanooga, Clarksville, Cleveland, Collierville Town, Franklin City, Hendersonville, Jackson, Johnson City, Kingsport, Knoxville, Memphis, Morristown, Murfreesboro, Nashville-Davidson, Oak Ridge, Smyrna Town.

Treasury. The Department of Finance and Administration has launched a system and portal for non-entitlement units to draw down distributions.<sup>5</sup>

State and Local Fiscal Recovery Funds are statutorily limited to the following uses: (i) to respond to the COVID-19 pandemic and its negative economic impact, (ii) provide premium pay to essential workers, (iii) supply government services to the extent the government has experienced a revenue reduction relative to the previous fiscal year, and (iv) investments in water, sewer, and broadband infrastructure. On May 10, the U.S. Treasury's Interim Final Rule was adopted to provide further guidance on eligible uses within these overall categories.<sup>6</sup>

Under the Treasury's Interim Final Rule, FRF funding may be used to support a broad range of public health needs as it can be demonstrated that such needs have been exacerbated by the pandemic. Eligible public health expenditures include mental health services, home visiting programs, and support for vulnerable populations to access health care services. Recipients may also use FRF to provide wage enhancements to eligible essential workers.

To alleviate economic hardship, FRF may be applied to provide relief to individuals, non-profits, and businesses directly impacted by the pandemic. Eligible uses include job training for unemployed workers, loan programs for small businesses and non-profits, expansion of affordable housing developments, and increased capacity of child-care services.

FRF can support physical infrastructure investments without a specific nexus to COVID, but only if such investments fall within the statutorily prescribed "necessary sewer, water, and broadband" projects. The Treasury Interim Final Rule states that Broadband projects are expected to deliver symmetrical upload and download speeds of 100 Megabits per second wherever feasible. The Treasury Interim Final Rule also states that for sewer and water investments, guidance aligns eligible projects to those that meet the requirements of EPA's Clean Water Revolving Fund and Drinking Water State Revolving Fund.

Recipient governments who have experienced year-to-year revenue loss may use FRF funding to replace lost revenue for the provision of government services. The Interim Final Rule establishes a methodology for recipients to calculate revenue reductions that

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<sup>5</sup> Non-entitlement unit local governments who have not drawn down funds should visit the Tennessee Department of Finance and Administration, "Distribution Information for NEU Local Government" website at <https://www.tn.gov/finance/coronavirus-local-fiscal-recovery-fund---state-guidance-for-local-governments/distribution-information-for-neu-local-governments.html>

<sup>6</sup> "Coronavirus State and Local Fiscal Recovery Funds, Interim Final Rule," Department of the Treasury, 31 CFR Part 35 RIN 1505-AC77, May 10, 2021, <https://home.treasury.gov/system/files/136/FRF-Interim-Final-Rule.pdf>.

occurred as a result of the pandemic. Due to Tennessee’s relatively strong economic recovery, the State does not qualify for revenue replacement.

The Interim Final Rule also specifies unallowable uses. These include paying down unfunded pension liabilities, reducing taxes directly or indirectly, paying interest or principal on outstanding debt, and making contributions to a “rainy-day” fund or similar reserve.

Recipients may only use funds to cover costs incurred between March 3, 2021, and December 31, 2024. The Interim Final Rule determines that costs will be considered “incurred” if they are obligated by December 21, 2024. FRF funds not expended by December 31, 2026, must be returned.

The Act additionally created a new \$10 billion Coronavirus Capital Projects Fund for the Treasury Department to make separate payments to states, territories, and tribal governments to carry out capital projects to support work, education, and public health. Tennessee is estimated to receive \$216 million in this fund. State plans for the Coronavirus Capital Projects Fund must be submitted by Dec. 31, 2022.

### **The State of Tennessee’s Response to the Fiscal Recovery Fund**

Since the launch of the Fiscal Recovery Fund program by U.S. Treasury, the State of Tennessee has engaged in a deliberative and comprehensive process of engagement in the regulatory and legal process to support the effective implementation of these funds.

First, the Treasury Interim Final Rule, under the federal Administrative Procedure Act, was subject to a period of public comment. Governor Bill Lee submitted a comment encouraging Treasury to amend key provisions that limited the flexibility of states to target these funds to communities, organizations, and individuals that needed it the most.<sup>7</sup> Specific attention was given to Treasury restrictions on sewer and water infrastructure not referenced in statute, a timeline for performance that may prove challenging in light of foreseeable supply chain challenges, and the imposition of guidelines that will reduce access for disadvantaged populations who lack the time, ability, or resources needed to navigate Treasury’s required controls and processes.

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<sup>7</sup> See Comment of Governor Bill Lee, July 15, 2021, *available at* <https://www.regulations.gov/comment/TREAS-DO-2021-0008-0741> (commenting on U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule, Docket ID: Docket ID: TREAS-DO-2021-0008-0002, 86 Fed. Reg. 26786 (May 17, 2021))

In addition to engaging in the regulatory rulemaking process, Tennessee preserved its legal rights, challenging the enactment of a tax mandate provision that sought to coerce any state receiving ARPA funds against lowering taxes for its citizens. On September 27, 2021 the U.S. District Court for the Eastern District of Kentucky ruled in favor of the State of Tennessee and Commonwealth of Kentucky in its lawsuit against the United States Treasury, issuing a permanent injunction against the Treasury Secretary from enforcing the Tax Mandate.<sup>8</sup>

To prepare for the prudent expenditure and a planning for FRF dollars, the Financial Stimulus Accountability Group convened multiple times to develop a set of consensus goals and unified strategy for expenditure of funds. Meetings of the FSAG are streamed live and meeting materials are published for public review.<sup>9</sup> On March 29, 2021, the FSAG discussed the details of the ARPA and committed to the following goals:

- Plan one-time infrastructure improvements in water, sewer, and broadband or other eligible capital projects;
- Align allowable uses of ARP funds to state's strategic goals and review proposals for initiatives to improve health outcomes and support economic, and community development;
- Develop a single comprehensive approach for economic relief;
- Address the state's role in supporting prudent local government administration.

On June 2 and August 4, the FSAG reviewed and confirmed state plans to invest in the following programs of work using FRF:

- After identifying a historic backlog of needs in sewer, water, and broadband infrastructure, the FSAG launched two comprehensive infrastructure programs that would leverage local ARP funds to rebuild necessary sewer, water, and broadband infrastructure.<sup>10</sup>
- After discussing the unprecedented amount of funds to be administered by local entities, the FSAG recommended and the administration has invested in a Local Government Technical Assistance program that would train local governments on

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<sup>8</sup> "Federal Court Rules in Favor of Tennessee, Kentucky, Halts Unconstitutional Tax Mandate", Tennessee Attorney General & Reporter (Sept. 27, 2021) *available at* <https://www.tn.gov/content/dam/tn/attorneygeneral/documents/pr/2021/pr21-36.pdf>

<sup>9</sup> For all materials reviewed by the FSAG, please visit the Department of Finance & Administration website at <https://www.tn.gov/finance/looking-for/stimulus-financial-accountability-group.html>

<sup>10</sup> For more details on these programs, see "INFRASTRUCTURE" *infra* pp. 18-22.<sup>11</sup> Section 9. US Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, p27, available at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

necessary grant management and compliance and provide annual review of local government plans.

In September, the FSAG convened multiple times to review state agency capital and program proposals to improve health outcomes and support economic and community recovery and resilience. FSAG members participated and shared significant comments and feedback to inform the development of the state's Tennessee Resiliency Plan.

On October 6 and November 15, the FSAG met to review these recommendations, forming the next steps in launching the Tennessee Resiliency Plan. Each proposal included in the Tennessee Resiliency Plan has been the result of a collaborative effort between state agencies and the FSAG, and all proposals have been vetted for eligibility, effective project management, and long-term fiscal impact on the state of Tennessee.

This first tranche of spending priorities that reflect the most urgent needs and opportunities for Tennessee include:

- Sewer, Water, and Broadband Infrastructure initiatives;
- Capital investments to improve the resiliency of state and local public health systems;
- Continuation of the state's Healthcare Provider Staffing Assistance grants program (formerly, the Hospital Staffing Assistance Program) and expansion of the program to other affected long-term care facilities;
- Immediate support to Tourism, Agriculture, and Arts and Culture Industries.

The plan also reserves specific funds for future planning purposes:

- \$275 million is reserved for future planning around relief to affected industries, non-profits, and other organizations. Requests for new relief program will be administered via competitive grant application after review by FSAG.

On December 21, the FSAG approved additional expenditures to support the state's public health response including:

- Efforts to mitigate disruptions to food supply chains and public health resiliency via the University of Tennessee Ag Research and Education Centers (\$50 million).
- Support for expansion of technology-based government services, cybersecurity, and related citizen-services infrastructure via State of Tennessee Strategic Technology Services Projects (\$196.8 million).



Several agency proposals were also deferred for additional briefing by the FSAG. These proposals were identified as eligible for funds but requiring additional briefing by the group. These proposals will be briefed in 2022.

As of Dec 21, 2021, \$328 million remains available for future planning or additional state public health facility projects that would strengthen the state's capacity to respond to COVID-19.

## **Additional Recovery Plan Reporting**

### *Promoting Equitable Outcomes*

The State of Tennessee is committed to equitable use of these funds to meet the dissimilar needs of communities in the state. Given the disparate impacts of the COVID-19 pandemic of different communities, the state will closely evaluate unmet needs and appropriately tailor its responses to meet the needs within each expenditure category. Tennessee plans to support communities equitably across its investments to meet needs in public health, the negative economic impacts of the pandemic, the provision of services to disproportionately impacted communities, premium pay for essential workers, and infrastructure (water, sewer, and broadband). The State of Tennessee does not anticipate using SFRF funds for revenue replacement.

### *Community Engagement*

The planning for the Tennessee Resiliency Plan incorporated written, oral and other forms of input that captured diverse feedback from constituents, community-based organizations and the communities themselves. Through the Financial Stimulus Accountability Group, the State of Tennessee engaged in a months-long planning process that received written feedback from community organizations, local government agencies, and constituents. The Group's appointees also represent a diverse array of lawmakers representing communities of varying income, racial demographics, English proficiency, and proportion of underserved communities.

### *Labor Practices*

The State of Tennessee intends to utilize its share of the American Rescue Plan's State Fiscal Recovery Fund to support its recovery from the Covid-19 pandemic. Infrastructure investment authorized under the Act will continue to be a major priority for the State of Tennessee. The State will ensure that all funds are utilized in accordance with the Act and guidance from the U.S. Department of the Treasury and the Office of the Inspector General, including any statutory or regulatory requirements for procurement or labor practices.

### Use of Evidence

The State of Tennessee has remained long-committed to an evidence-based approach to budgeting and expenditure. In 2019, Governor Bill Lee launched the Office of Evidence & Impact (OEI), which resides within the Budget Division of the Department of Finance and Administration. OEI is a consulting office on all state agency initiatives included in this plan and has assisted state agencies with identifying key outcomes and metrics to measures success for each initiative. As agencies move into implementation of these programs, OEI will continue to be consulted and will support state agencies with the development of evidence-building strategies where required for a given project. Detailed plans for individual projects will be developed and will be supported by the development of a Program Inventory, the details for which are included in this report.

### Ineligible Activities / Lost Revenue

The State of Tennessee will continue to consider but has no reportable projects related to the use of Fiscal Recovery Funds for Revenue Replacement. By submitting this report, Tennessee does not concede that 42 U.S.C. § 802(c)(2)(A) or any regulation implementing that provision is a valid funding condition, and the State reserves its right to challenge that condition in any appropriate forum.

## **Recovery Plan Performance Indicators**

Treasury guidance speaks to two sets of performance indicators for reporting, with one set described as Mandatory performance indicators.

### **Voluntary Performance Indicators**

Treasury guidance states that the Recovery Plan should include “key performance indicators for the major SLFRF funded projects undertaken by the recipient.”<sup>11</sup> It states further that recipients may report “key performance indicators for each project or may group projects with substantially similar goals for each individual project as well.” This portion of Treasury guidance is distinct from the required performance indicators.

Tennessee’s plan can be grouped by four major categories of expenditure:

- Expenditure Category 1. Public Health
- Expenditure Category 2: Negative Economic Impacts
- Expenditure Category 5. Infrastructure
- Expenditure Category 7: Administrative

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<sup>11</sup> Section 9. US Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, p27, available at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

The state's performance indicators for each of those categories are described in greater detail below.

#### Expenditure Category 1. Public Health

The state's Public Health investments are targeted to improve the resiliency of state and local public health systems. This plan outlines several Public Health projects:

- State Public Health Laboratory Replacement
- DIDD Regional Seating and Positioning Clinic Replacements
- Local Health Department Capital Investments
- Healthcare Facility Staffing Assistance Grants
- Corrections Electronic Health Records Project
- UT Agriculture Research and Education Center
- F&A STS Improvements

For this group of public health expenditures, key performance indicators will be: Increased volume and new tests and technologies; Improved safety and efficiency of laboratory operations; Increased "surge capacity" for emergent events as a result of COVID-19; Increased in children and vulnerable adults receiving healthcare supports and intervention services; Decrease in hospital and correctional institutional stays; Reduction in time to next available appointment; Improvement in Staff and patient satisfaction scores; Reduction in turnover amongst critical staff positions in Tennessee healthcare facilities; Increase in the capacity of state correctional facilities to treat more individuals in state custody.

#### Expenditure Category 2: Negative Economic Impacts

The state's investments in Negative Economic Impact projects are targeted to improve the resiliency of state and local economies and affected industries. Those projects are:

- Unemployment Insurance Tax & Benefits System
- Support for TN Arts Organizations
- Tennessee Tourism & Hospitality Recovery Fund (Pass through grant for Destination Marketing Organizations)
- Tennessee Tourism ARP Marketing Fund Request
- Commercial Agriculture & Forestry Supply Chain Enhancements
- Sevier County Tourism Support Project
- Anderson County - Aspire Park Support Project
- Reservation of Funds for Future Planning for Relief to Affected Industries

For this group of expenditures targeted to negative economic impacts, key performance indicators will include: UI Claims processed within federal first pay timeliness standards; decreased of improper pay rate levels to pre-pandemic levels; improved economic health of non-profit arts and culture institutions as measured by survey; percent of art and cultural organizations that reopen or stay open after receiving a grant; new business formation; increases in tourism activity; improvements in the supply chain for agriculture and forest products; increased economic activity in rural distressed and at-risk counties.

#### Expenditure Category 5. Infrastructure

The state's investments in eligible sewer, water, and broadband infrastructure projects are targeted to improve the resiliency of state and local economies and address historic needs, deferred maintenance, and necessary improvements in the delivery of essential public services.

Performance indicators used for eligible infrastructure projects include: increases in households served with water, sewer, or broadband services.

#### **Mandatory Performance Indicators**

In addition to voluntary performance indicators, U.S. Treasury Guidance<sup>12</sup> also speaks to mandatory performance indicators for the following expenditure categories:

*Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12)*

This plan does not currently include projects within this expenditure category.

*Negative Economic Impacts (EC 2):*

This plan includes several projects that fall under the category of negative economic impacts. The required data to be collected for projects that address negative economic impacts are:

- Number of workers enrolled in sectoral job training programs
- Number of workers completing sectoral job training programs
- Number of people participating in summer youth employment programs

The state of Tennessee administers multiple programs that may yield data relevant to these factors, however, no projects currently included in the State's Fiscal Recovery Fund

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<sup>12</sup> Section 10. US Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, p27, available at <https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf>

plan directly address sectoral job training programs or summer youth employment. The State of Tennessee seeks further guidance as to whether this section of Treasury guidance requires the reporting of data from programs not funded with Fiscal Recovery Fund monies.

*Education Assistance (EC 3.1-3.5)*

This plan does not currently include projects within this expenditure category.

## Summary of Adopted Budget (as of January 25, 2022)

Expenditure Category	State Agency	Project	Budgeted Amount	Expenditures to Date
<b>Projects Approved 11/15/2021</b>				
5. Infrastructure	Environment and Conservation	Enhancements to Water and Wastewater Infrastructure	\$ 1,351,922,145.00	\$ -
5. Infrastructure	Economic and Community Development	Broadband Infrastructure	\$ 500,000,000.00	\$ -
1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	Health	State Public Health Laboratory	\$ 200,000,000.00	\$ -
1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	Intellectual and Developmental Disabilities	DIDD Regional Seating and Positioning Clinic Replacements	\$ 180,600,000.00	\$ -

1.7 Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	Health	Local Health Department Capital Investments	\$ 128,966,391.00	\$ -
1.12 Other Public Health Services	Health	Healthcare Facility Staffing Assistance Grants	\$ 120,000,000.00	\$ -
1.4 Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*	Correction	Electronic Health Records project and supporting Infrastructure	\$ 13,050,000.00	\$ -
2.6 Unemployment Benefits or Cash Assistance to Unemployed Workers*	Labor	Unemployment Insurance Tax & Benefits System	\$ 61,000,000.00	\$ -
2.12 Negative Economic Impacts-Aid to Other Impacted Organizations	Arts Commission	Support for TN Arts Organizations	\$ 80,000,000.00	\$ -

2.11 Negative Economic Impacts-Aid to Tourism, Travel, or Hospitality	Tourism	Tennessee Tourism & Hospitality Recovery Fund (Pass through grant for Destination Marketing Organizations)	\$ 55,000,000.00	\$ -
2.11 Negative Economic Impacts-Aid to Tourism, Travel, or Hospitality	Tourism	Tennessee Tourism ARP Marketing Fund Request	\$ 45,000,000.00	\$ -
2.12 Negative Economic Impacts-Aid to Other Impacted Industries	Agriculture	Commercial Agriculture & Forestry Supply Chain Enhancements	\$ 50,000,000.00	\$ -
2.11 Negative Economic Impacts-Aid to Tourism, Travel, or Hospitality	Transportation	Sevier County Tourism Support Project	\$ 52,100,000.00	\$ -
2.11 Negative Economic Impacts-Aid to Tourism, Travel, or Hospitality	Transportation	Anderson County - Aspire Park Support Project	\$ 6,000,000.00	\$ -
7.1 Administrative Expenses	Finance & Administration	Administrative Costs	\$ 30,000,000.00	\$ 464,846.25
7.2 Administrative (Evaluation and Data Analysis)	Finance and Administration - OEI	Accelerating Program Inventory	\$ 2,000,000.00	\$ -



7.2 Administrative (Evaluation and Data Analysis)	Finance and Administration - Internal Audit	Electronic Health Records project and supporting Infrastructure	\$ 1,333,943.00	\$ -
<b>Projects Approved 12/21/2021</b>				
1.12 Other Public Health Services	Agriculture	UT - Ag Research and Education	\$ 50,000,000.00	\$ -
1.12 Other Public Health Services	Finance and Administration - STS	Cloud	\$ 45,600,000.00	\$ -
1.12 Other Public Health Services	Finance and Administration - STS	Cybersecurity	\$ 50,955,000.00	\$ -
1.12 Other Public Health Services	Finance and Administration - STS	Enterprise Data Analytics	\$ 11,920,000.00	\$ -
1.12 Other Public Health Services	Finance and Administration - STS	Business Process Automation	\$ 20,000,000.00	\$ -
1.12 Other Public Health Services	Finance and Administration - STS	Infrastructure and Modernization	\$ 68,330,000.00	\$ -
			\$ 3,123,777,479.00	\$ 464,846.25

**Expenditure  
Category 5  
(INFRASTRUCTURE)**

## Enhancements to Water and Wastewater

**Agency:** Environment and Conservation (TDEC)

**Requested Amount:** \$1,351,922,145

**Full Time Employees Requested:** None

### Summary:

Addressing Tennessee’s drinking water, wastewater, and stormwater infrastructure is a critical need.<sup>13</sup> Reports produced by various sources cite necessary investment in Tennessee water infrastructure ranging from \$5 to 15 billion dollars between now and 2040.<sup>14</sup> Tennessee’s communities and economy rely on access to clean, reliable, and abundant water resources and services. Water makes Tennessee thrive and supports many significant activities, such as:

- Drinking water and sewer services for residents and businesses,
- Agriculture,
- Major industrial operations,
- Transportation of goods on navigable waters, and
- Recreational activities on lakes, rivers, and streams.

A substantial level of investment is critical to reliably supply our state with water resources amidst rapid economic and population growth.

In August 2021, Tennessee’s Financial Stimulus Accountability Group (FSAG) dedicated \$1.35 billion of Tennessee’s Fiscal Recovery Funds from the American Rescue Plan (ARP) to water, wastewater, and stormwater infrastructure projects. Of these funds, the Tennessee Department of Environment and Conservation (TDEC) will award approximately \$1 billion in the form of non-competitive grants to communities for eligible water, wastewater, and stormwater infrastructure projects as part of the Tennessee ARP Water Infrastructure Investment Program. Approximately \$350 million will be allocated towards state-initiated priority projects. During a later phase of this program, TDEC will launch a competitive granting program using any remaining funds.

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<sup>13</sup> Throughout this document the phrases “water infrastructure” and “drinking water, wastewater, and stormwater infrastructure” are used interchangeably

<sup>14</sup> One such report is the Tennessee Advisory Commission on Intergovernmental Relations report, [Building Tennessee’s Tomorrow: Anticipating the State’s Infrastructure Needs](#) – July 2018 through June 2023. See Table D-10a. Water and Wastewater Needs by County, July 2018 – June 2023 for a 5-year listing of self-reported needs.

With respect to the non-competitive grants, TDEC is targeting enhancements among community public drinking water systems, wastewater systems with a component of municipal or domestic wastewater (e.g., wastewater treatment plants, collection systems, and decentralized treatment systems), and stormwater management systems serving the public.

TDEC will use a non-competitive and formula-based approach to identify allocations and has determined that it will offer funds directly to county governments. As a non-competitive granting program, application is by invitation only.

TDEC will provide county governments the opportunity to accept their grant allocation, with the expectation that counties will coordinate with water and wastewater utilities and stormwater systems serving customers in their county to identify potential projects for proposed use of funding. Any declined and remaining monies will be re-programmed to support innovative water infrastructure projects through state strategic priorities and/or a competitive granting program at a later date. TDEC and its partners strongly encourage counties and water and wastewater utilities and stormwater systems to collaborate and take advantage of this significant opportunity. Each county will be eligible to receive a base allocation plus a portion of monies determined based on county population. The formula that will be used follows: *County Allocation = \$2,105,263 + [\$800,000,015 \* (County Population / Tennessee Population)]*.

TDEC will publish proposed allocations for each county in mid-September as part of its draft investment plan. In summary, this approach sets aside \$200 million for equal distribution among each of Tennessee's 95 counties, providing each county a base allocation of \$2,105,263. The remaining funds set aside for non-competitive grants, approximately \$800 million, will be distributed to each county proportional to their population in addition to their base allocation. This methodological approach closely aligns with that taken by the US Treasury. It provides funding for projects roughly commensurate with customers served/provided access to water, wastewater, and stormwater services.

By distributing funds at the county level, the State of Tennessee and individual communities will have the opportunity to better leverage local ARP dollars as a source of required match. Additionally, counties are strongly encouraged to collaborate with all water, wastewater, and stormwater systems which operate in their boundaries to consider multi-system or regional solutions to enhancing water infrastructure. TDEC, ECD, the Comptroller's Office, TAUD, and other parties are available to discuss the distribution of

funds, if needed. Additional detail regarding expectations for county coordination amongst sub-recipients is provided below.

### ***Proposal and Project Requirements***

In preparing submittals for review and approval by TDEC, each applicant must adhere to the following proposal requirements. TDEC will be creating a proposal template to facilitate this process and ensure that applicants are submitting information that TDEC needs for project review and approval.

- o Proposed activities must meet eligibility requirements as included in US Treasury's Final Rule, which is anticipated in September 2021, and further as determined by the State of Tennessee's program distributing these funds, which is anticipated to be finalized in November 2021. The public will have the opportunity to comment on these eligibility requirements as stated in the draft investment plan released in September 2021.
- o Proposals must be reviewed and approved by TDEC prior to commencement of work.
- o Each county's proposal, which could include multiple projects, must address 3 or more of the following priority areas:

- Achieving compliance with local, state, and federal drinking water, wastewater, and stormwater water quality requirements
- Water loss reductions
- Infiltration/inflow reductions
- Asset management planning
- Modernization and/or optimization of facilities, equipment, and operations
- Replacement of lead service lines
- Water reuse
- Sustainable infrastructure / best management practices / stormwater management
- Consolidation / regionalization
- Managing risk / building resilience to extreme weather events, cybersecurity, or other hazards
- Enhancing service to underserved communities

TDEC intends for collaborative activities between a county, its systems, and engineering and consulting experts to identify eligible and investment-worthy activities (i.e., planning) to be allowable expenditures under this granting program. In doing so, communities can feel empowered to invest in thoughtful planning activities that will set them up for successful project execution and long-term infrastructure enhancements. In accordance with current

federal guidance, all ARP funds must be obligated by December 2024 and spent by December 2026. This is a tight timeframe for major infrastructure projects, especially with the planning that is needed to develop strong projects. Depending on the needs of the individual system or community, proposed ARP projects may be focused on preliminary work required for larger, long-term projects that extend beyond the ARP timeframe. For example, reducing water loss will improve financial sufficiency of the system, which may improve the future opportunities for projects financed through the State Revolving Fund Program.

### **Timeline**

TDEC will launch technical assistance, in partnership with TAUD, to execute completion of TN Infrastructure Scorecards in November 2021. TDEC will release final details of the non-competitive, formula-based granting program in November 2021 following a public comment period on TDEC's Draft Water Infrastructure Investment Plan in September-October 2021. From November 2021-January 2022, TDEC and its partners will engage in frequent education and outreach activities to ensure communities are well informed of the granting program and associated details. In January 2022, sub-recipients will have their first opportunity to submit proposals to TDEC for proposed scopes of work for use of non-competitive grant funds. TDEC will review those on a rolling basis and will accept proposals through December 2022. All ARP funds must be obligated by December 2024 and spent by December 2026.

## Broadband Infrastructure

**Agency:** Economic and Community Development (ECD)

**Requested Amount:** \$500,000,000

**Full Time Employees Requested:** Contracted services. ECD's existing broadband staffing capacity is designed to support approximately \$20 million in grant funding, and the proposal's significant increase in funding will require an increase in contracted services and review of internal staffing. The job functions will remain similar among contracted services and State positions – it is the increased funding volume that is driving the request for increased administrative capacity.

**Summary:** To provide non-recurring funding to internet service providers and communities to facilitate broadband access to all Tennesseans while promoting programs that encourage broadband adoption and use.

**Rationale:** If we allocate funds to expand Tennessee's broadband deployment efforts, then we expect to see a significant decrease in the number of Tennesseans lacking access to broadband service adequate to meet their daily needs related to distance learning, telecommuting and telemedicine. Key activities include programs designed to increase both infrastructure deployment and broadband service adoption. Results include a decrease approaching elimination of unserved households, as well as an increase in broadband adoption in Tennessee as reported by the FCC and American Community Survey (ACS).

### **Outcome:**

- Outcome 1: Program will facilitate broadband access to 400,000+ previously unserved Tennesseans by December 2024.
- Outcome 2: Program will support ubiquitous coverage in counties designed as "Distressed" by the Appalachian Regional Commission by prioritizing broadband deployment projects in these counties so that 0 distressed counties remain unserved by December 2026 – thereby having a significant impact on the economic viability of distressed counties.
- Outcome 3: Program will support communities in increasing broadband adoption, or the percentage of households subscribing to broadband service, to 70% from 61.5% by awarding \$100 million in funding by December 2024.

**Expenditure  
Category 1  
(PUBLIC HEALTH)**



# Building a New State Public Health Laboratory

**Agency:** Health (TDH)

**Requested Amount:** \$200,000,000

**Full Time Employees Requested:** None

**Summary:** Build and outfit a new State Public Health Laboratory (SPHL). Includes funding for planning and design, site prep, necessary demolition, construction, outfitting, and lab equipment.

The requirements of new tests and new equipment have strained the facility's electrical system, and space to house pandemic response supplies and surplus equipment has been exhausted. During the pandemic, SPHL staff made the most of available space, but current conditions are not adequate to meet needs of routine, ongoing requirements, much less another pandemic. With increased demand for more sophisticated testing, such as Whole Genome Sequencing and biomonitoring, that enables public health to identify specific strains of pathogens causing disease and outbreaks, it is imperative that the SPHL have the appropriate infrastructure to build and maintain this specialized testing in support of outbreak response and containment. It is not possible to predict when the next pandemic will occur; therefore, it is essential to be prepared. The SPHL has helped the state respond to Ebola, Zika, MERS, West Nile, and now COVID-19. The one-time nature of ARP funds presents a unique opportunity to build preparedness for the next pandemic or public health event.

**Rationale:** If the SPHL is **not** updated, then:

- Existing lab capacity and services will be strained.
- Facility maintenance costs will grow while not addressing long-term needs.
- Requests for new lab services from important programs, such as newborn screening, may not be able to be met.
- Requests for expanded testing from agencies such as CDC will not be achievable.

**Outcomes:**

- Outcome 1: Expansion of services to include increasing volume and new tests and technologies;
- Outcome 2: Improved safety and efficiency of laboratory operations;
- Outcome 3: Increased "surge capacity" for emergent events as a result of COVID-19:

# DIDD Regional Seating and Positioning Clinic Replacements

**Agency:** Intellectual and Developmental Disabilities (DIDD)

**Requested Amount:** \$180,600,000

**Full Time Employees Requested:** None

**Summary:** This proposal is to build three new regional offices for DIDD in Nashville, Greeneville, and Arlington, which would include delivering health care services to thousands of adults and children with disabilities. These facilities would house the three Seating and Positioning Clinics which provide direct services to children and adults with severe physical complexities, nursing and behavioral services, and services to improve the health outcomes of children and adults.

Adults and children with intellectual and developmental disabilities have been significantly impacted by the public health emergency—people with disabilities have a 3.5 times higher death rate from COVID-19 than the overall TN population.

DIDD's Regional Offices provide access to needed health and behavioral services by those who specialize in support for people with intellectual and developmental disabilities including: Seating and Positioning Services; Nursing services including COVID testing, vaccination and contact tracing; Direct crisis intervention for persons with mental health concerns; Therapeutic services.

**Rationale:** If we allocate funds to provide for three (3) new regional facilities, then we expect to see more people supported through the Seating and Positioning Clinic, Tennessee Early Intervention Services (TEIS), Nursing Services, Therapeutic Services and Direct Crisis Intervention.

## **Outcome:**

- Outcome 1: People supported through the Seating and Position Clinic receive more effective and efficient services, allowing them to be more comfortable and living lives they've envisioned for themselves.
- Outcome 2: More children receiving early intervention services, which will decrease dependency of other DIDD services as children age into adulthood.
- Outcome 3: Decreasing hospital and correctional institutional stays through proactive crisis intervention, allowing persons supported to remain in their homes and communities.

## Reservation of Funds for Future State Capital Planning

The FSAG has identified a wide array of eligible state capital projects that would enhance the healthcare capacity of the state and its response to COVID-19.

However, existing state building processes, recent global supply chain challenges, price inflation, and volatile market conditions counsel the FSAG towards developing a careful plan for those projects that will have the highest likelihood of success in meeting Treasury's performance deadline of Dec. 31, 2026.

The following proposals have been identified for further consideration and will be considered for funding in future planning by the FSAG.

- East TN Regional Health Laboratory **\$83,000,000**
- Moccasin Bend Mental Health Institute **\$265,000,000**
- Wilder Youth Detention Facility **\$219,500,000**
- TEMA Central Warehouse **\$45,793,240**
- Substance Use Residential Treatment Enhancement **\$26,520,000**
- Middle Tennessee MHI Mechanical System Upgrades Phases I&II **\$20,910,000**
- Turney Center Industrial Complex, Health Clinic Improvements **\$4,500,000**

# Tennessee Department of Health Local Department of Health Capital Investment Plan

## Overview of Plan

The Tennessee Department of Health operates sites in 89 counties through seven administrative regions. During the COVID-19 pandemic, these local health departments were stretched beyond their limit. While staff rose to the occasion and adapted creatively, the long-term outlook for many health department facilities is that they are ill suited for another pandemic. In addition, per statute, county health department facilities are owned and maintained by county governments and staffed and administered by the Tennessee Department of Health. The result is a patchwork of varying ages of facilities, deferred maintenance projects, and variation in quality of facilities across Tennessee communities.

The one-time nature of ARP funds is a perfect opportunity to make capital investments that will generate savings for both state and local governments. Improvements to electrical, HVAC, flooring, water, etc. will yield annual cost savings. In addition, updating often-decades-old facilities will improve workflow and overall patient experience and satisfaction.

Capital investments for health department facilities can be organized into three major categories:

1. **New County Facilities and Renovations.** 17 health department facilities are operating beyond their operational lifespan and need to be replaced. Additionally, 27 health department facilities do not need to be replaced but are in need of significant renovations to continue providing adequate space for care and services. Funds for these new facilities and renovations would be granted to the respective county governments to pursue a normal competitive bid process that would meet specifications provided by TDH. Two of these facilities are in distressed counties, and three are in at-risk counties. Most of these facilities were constructed in the 1960s and 70s, and all of them are failing to meet the needs of staff and patients.
2. **Statewide Needs of Local Health Facilities.** Investments to standardize health department facilities across the state and address physical infrastructure needs that will generate ongoing cost savings, including flooring, lighting, HVAC, roofing/leaky roofs, parking, and storage. During the pandemic, storage capacity has been overrun, and parking lots were ill equipped for the flow of vehicles that continue to receive drive-through services from health departments. Funds would be granted to

the respective county governments to pursue a normal competitive bid process that would meet specifications provided by TDH.

**3. Improvements to Regional Health Offices; Local Site Electronic Signs and Phone Systems.**

Regional offices serve as the backbone to county health departments. These state-owned facilities offer a variety of regional services and provide direct support to county health departments. Two regional offices are past their operational lifespan and need to be replaced. TDH would partner with DGC/STREAM to construct these facilities; *Electronic Signs*: During the pandemic, information has changed rapidly, and the importance of a highly visible health department grew tremendously. Programmable electronic signs would allow health departments to display helpful information about testing hours/locations while improving the professional branding of TDH; *Phone systems*: 39 health department sites are in need of phone system upgrades to accommodate increased phone traffic and modern telecommunications standards.

# TDH Capital Investments (Part 1) - New County Facilities and Renovations

**Agency:** Health (TDH)

**Requested Amount:** \$75,272,391

**Full Time Employees Requested:** None

**Summary:** Across the state, seventeen health department facilities are operating beyond their operational lifespan and need to be replaced. Funds for these new facilities would be granted to the respective county governments to pursue a normal competitive bid process that would meet specifications provided by TDH. Two of these facilities are in distressed counties, and three are in at-risk counties. Most of these facilities were constructed in the 1960s and 70s, and all of them are failing to meet the needs of staff and patients.

**Rationale:** If health departments are modernized and fully functional, then:

- Staff efficiency will improve as they are not dealing with inadequate space and systems.
- Patient satisfaction will improve as customers experience updated facilities.
- Staff recruitment and retention will improve as working conditions improve.
- Ongoing maintenance costs will decrease with the use of more durable and updated facilities.

**Outcome:**

These specific costs would directly address negative impacts resulting from the pandemic and enable county health departments to render quality care and treatment of individuals affected by the COVID-19 pandemic and future public health emergencies, as measured by the following outcomes:

- Outcome 1: Improved access to care.
- Outcome 2: Reduction in time to next available appointment.
- Outcome 3: Improvement in staff and patient satisfaction scores.

**Local Match:** County facility replacement and renovation will be subject to a 25% local match up to a maximum of 10% of a county's total ARP allocation.

## TDH Capital Investments (Part 2) Statewide Improvements to Local County Health Facilities

**Agency:** Health (TDH)

**Requested Amount:** \$22,950,000

**Full Time Employees Requested:** None

**Summary:** Investments to standardize health department facilities across the state and address physical infrastructure needs that will generate ongoing cost savings, including flooring, lighting, HVAC, roofing/leaky roofs, parking, and storage. During the pandemic, storage capacity has been overrun, and parking lots were ill equipped for the flow of vehicles that continue to receive drive-through services from health departments. Funds would be granted to the respective county governments to pursue a normal competitive bid process that would meet specifications provided by TDH. These specific costs would directly address negative impacts resulting from the pandemic and enable county health departments to render quality care and treatment of individuals affected by the COVID-19 pandemic and future public health emergencies.

**Rationale:** If health departments are modernized and fully functional, then:

- Staff efficiency will improve as they are not dealing with inadequate space and systems.
- Patient satisfaction will improve as customers experience updated facilities.
- Staff recruitment and retention will improve as working conditions improve.
- Ongoing maintenance costs will decrease with the use of more durable and updated facilities.

**Outcome:**

- Outcome 1: Improved access to care.
- Outcome 2: Reduction in time to next available appointment.
- Outcome 3: Improvement in staff and patient satisfaction scores.

**Local Match:** County facility replacement and renovation will be subject to a 25% local match, or alternatively 10% of a county's total ARP allocation.

# TDH Capital Investments (Part 3) Regional Health Office Construction, Electronic Signs, Phone System Upgrades, Admin Expenses

**Agency:** Health

**Requested Amount:** \$30,744,000

**Full Time Employees Requested:** 2 contracted employees

**Summary:** Regional offices serve as the backbone to county health departments. These state-owned facilities offer a variety of regional services and provide direct support to county health departments. Two regional offices are past their operational lifespan and need to be replaced. TDH would partner with DGS/STREAM to construct these facilities. Moreover, during the pandemic, information has changed rapidly, and the importance of a highly visible health department grew tremendously. Programmable electronic signs would allow health departments to display helpful information about testing hours/locations while improving the professional branding of TDH. Finally, thirty-nine health department sites need phone system upgrades to accommodate increased phone traffic and modern telecommunications standards.

**Rationale:** If health departments are modernized and fully functional, then:

- Staff efficiency will improve as they are not dealing with inadequate space and systems.
- Patient satisfaction will improve as customers experience updated facilities.
- Staff recruitment and retention will improve as working conditions improve.
- Ongoing maintenance costs will decrease with the use of more durable and updated facilities.

**Outcome:**

- Outcome 1: Improved access to care.
- Outcome 2: Reduction in time to next available appointment.
- Outcome 3: Improvement in staff and patient satisfaction scores.



## Healthcare Facility Staffing Assistance Grants

**Agency:** Health (TDH)

**Requested Amount:** \$120,000,000 (as amended on November 15)

**Full Time Employees Requested:** 1-2 contracted employees

**Summary:** This funding would ensure that Tennessee's acute care hospitals and other long-term care facilities have the capacity to maintain and grow essential staff in order to meet the significantly increased demand due to COVID-19. This program was initially launched in September 2020 – June 2021 with CRF funding (\$90M) and has been relaunched with remaining CRF funding with more limited criteria. This amount has been increased from initial proposals, based on program reverting to broader criteria than in FY21 and the much smaller difference than previously expected as case counts, and hospitalizations have decreased from September projections.

**Rationale:** If we provide funding to increase staff capacity, Tennessee's acute care hospitals and other long-term care providers will be better prepared and able to meet the significant increase in service demand brought on by the COVID-19 pandemic.

**Outcomes:**

This proposal to support healthcare facility staffing needs resulting from the increased demand placed on systems and staff directly associated with the pandemic. Improved outcomes will be measured by a reduction in turnover amongst critical staff positions in Tennessee healthcare facilities.

# Electronic Health Records Project and Supporting Infrastructure

**Agency:** Correction (TDOC)

**Requested Amount:** \$13,050,000

**Full Time Employees Requested:** None

**Summary:** To provide non-recurring funding for the approved Electronic Health Records (EHR) project across the state at each prison. Requested funding is proposed to replace prior-approved state appropriation (FY 2022) for execution of the project. The supporting infrastructure is included in the request, currently the required connections are not available to service the devices and software that will be included in the EHR project.

**Rationale:** If we allocate funding to purchase the infrastructure to support the Electronic Medical Record Project, then we expect to increase effective workflow by enhancing efficiency with electronic medical records. This will allow for the medical and behavioral health providers to provide more efficient care to patients as they will not be hindered by the existing antiquated hard copy system, which is time consuming and takes them away from effective care. In addition, the providers can allocate the time to mission critical assignments and duties. The telehealth effort will be facilitated by the LAN infrastructure and allow for the providers to reach fragile populations more effectively and to provide needed services within the housing units.

This investment in electronic records infrastructure will enable medical and behavioral health providers to provide more efficient care to patients, and not be hindered by the existing inadequate hard copy medical records system which is time consuming and take time away from necessary patient care. This effort will also allow for more readily available, adequate care for more rural, fragile populations by allowing providers to have access to their records and make prompt care decisions. This system will be accomplished over multiple years, however, one-time funding, not multi-year, will be required.

**Outcome:**

- Outcome 1: We intend to see an increase in the overall number of instances of providing clinical services and the ability to see more individuals each month with the use of Electronic Health Records/ Telehealth.
- Outcome 2: During COVID, the ready access to health records were needed in completing the multitude of associated medical necessities. This would create more

efficient availability of reports, pre-existing conditions, and effective communication of potentially life-threatening illnesses or situations.

- Outcome 3: The Electronic Health Records/Telehealth technology will have a significant positive impact on telepsychiatry and telepsychology care.

## STS Cloud

**Agency:** Finance and Administration – Strategic Technology Solutions (F&A – STS)

**Requested Amount:** \$45,600,000

**Full Time Employees Requested:** None

**Summary:** Having responded to the initial COVID-19 crisis, STS is now turning its attention toward recovery – a phase that should focus not only on reducing costs, but on developing capabilities that will help Tennessee businesses and citizens thrive beyond the crisis. Building upon lessons learned over the past few months, Tennessee now has an opportunity to prepare for the “new normal” by recalibrating resources, expenses, and security; identifying savings and efficiencies within our technology portfolio; adopting new technologies and improving process operations – the adoption of cloud computing is essential to meeting this transformational mission. STS’s efforts fall into six specific areas:

### Rationale:

Agency Applications Cloud Modernization and Migration	If we allocate funds for agency applications cloud modernization and migration, then a significant percentage of the State’s application will be migrated to the STS cloud environment.
Migration of Edison to the Cloud	If we allocate funds to migrate Edison to the cloud, then we expect the Edison application to be migrated to the STS cloud environment and higher performance and daily updates for ERP data.
Cloud Operations Tools	If we allocate funds for cloud operation tools, then services required by the applications in the cloud are available on an enterprise basis within the STS cloud environment.
Cloud Operations Contractors to Support Rapid Cloud Migration	If we allocate funds for cloud operations contractors to support rapid cloud migration, then a significant percentage of the State’s application will be migrated to the STS cloud environment.
Five Contract Project Directors	If we allocate funds for five contract project directors to support the cloud team, then a significant percentage of the State’s application will be migrated to the STS cloud environment.
Application Assessment for Cloud Viability	If we allocate funds for the application assessment for cloud viability, then 100% of the State’s application will have been assessed for viability for migration into the STS cloud environment.

### Outcome:

Agency Applications Cloud Modernization and Migration	The successful migration of a significant percentage of the state’s application portfolio to the STS cloud environment.
Migration of Edison to the Cloud	The successful migration of the Edison migration to the STS cloud environment.
Cloud Operation Tools	Services required by applications in the cloud are available on an enterprise basis within the STS cloud environment.

Cloud Operations Contractors to Support Rapid Cloud Migration	The successful migration of a significant percentage of the state's application portfolio to the STS cloud environment.
Five Contract Project Directors (supporting cloud)	The successful migration of a significant percentage of the state's application portfolio to the STS cloud environment.
Application Assessment for Cloud Viability	100% of the applications in the State of TN's portfolio have been assessed for viability for migration to the STS cloud environment.

## STS Cybersecurity

**Agency:** Finance & Administration (F&A) – Strategic Technology Solutions (F&A – STS)

**Requested Amount:** \$50,955,000

**Full Time Employees Requested:** None

**Summary:** In Tennessee, we depend upon internet and/or cyberspace for daily conveniences, critical services, and economic prosperity, all of which has been threatened by the COVID-19 pandemic. This request will enable STS to reduce the State’s cybersecurity risks, which requires an innovative approach that fully leverages our collective capabilities and the entire cybersecurity community.

### Rationale:

Air-Gapped Data Backup and Recovery / Retention Solution	If we allocate funds for an air-gapped data recovery/retention solution, then the State of Tennessee will realize reduced risk of compromised back-ups and will have a stronger support system for the restoration of data against ransomware attacks.
Cloud Access Security Broker (CASB)	If we allocate funds for a cloud access security broker, then the state can continue to ensure that we maintain our security posture between our existing on-premise infrastructure to the cloud-specific context.
Liability Insurance	If we allocate funds for liability insurance, then the state will have additional protection against claims resulting from injuries and damage resulting from cyber attacks that are the result from additional exposure due to the global pandemic.
Cybersecurity Training for Local Governments	If we allocate funds for cybersecurity for local governments, then STS will be able to provide cybersecurity aware awareness training to county and city employees throughout Tennessee.
DMARC Technology	If we allocate funds for DMARC technology, then STS will be able to provide software that prevents third parties from spoofing tn.gov email.
National Cyber Security Review Assessments for all local govt’s	If we allocate funds for national cybersecurity review assessments for all local governments, then STS will be able to ensure that approximately 3200 County, City, and other jurisdictions with the State of Tennessee receive the Nationwide Cyber Security Review (NSCR). The Nationwide Cyber Security Review (NSCR) is a key component of the framework and is an assessment designed to measure cyber security gaps and capabilities of Counties, Cities, and other local jurisdictions.
Funds to support Cybersecurity Council mandates	If we allocate funds for funds to support cybersecurity council mandates, then STS can implement the Cybersecurity Council security initiatives that were not planned for during the normal budgeting cycle. COVID-19 has increased the need for the state to be more responsive to emerging security needs to augment existing security efforts.
Self-Healing Monitoring	If we allocate funds for self-healing monitoring, then STS will successfully deploy systems that can proactively monitor and identify a potential variance from its standard parameters, validate it with a degree of confidence and resume normal operations without human intervention.

Three Contract Project Directors	If we allocate funds for three contract directors, then STS can ensure we will manage a set of projects across our ARPA-related security initiatives. They will coordinate their efforts with the Project Management Office. The Project Directors will manage security projects to cost, schedule and scope using standard STS project management approaches and methodologies.
Upgrades to South Data Center Security War Room	If we allocate funds for upgrades to South Data Center Security War Room, then STS will ensure the war room has fully functional equipment that can be used to manage security incidents.
Virtual Desktop Implementation	If we allocate funds for virtual desktop implementation, then STS will provide and manage virtual desktops.
Web Application Firewall	If we allocate funds for web application firewall, then STS will protect web applications from a variety of application layer cybersecurity attacks such as cross-site scripting, SQL injection, and cookie poisoning.
Identity and Access Management	If we allocate funds for identity and access firewall, then STS will securely control access to IT resources and applications.
Test data management	If we allocate funds for test data management, then STS will create non-production data sets that reliably mimic our organization's actual data so that system and application developers can perform rigorous and valid systems tests without exposing protected data and personally identifiable information.
IT Academy Expansion to Local Governments	If we allocate funds for IT Academy expansion to local governments, then county and city government IT personnel across the State of TN would have access to much-needed IT training.
Paid Information Technology Interns	If we allocate funds for paid IT interns, then the State of Tennessee could provide paid IT internships for 15-20 unemployed citizens.
Privileged Access Management	If we allocate funds for privileged access management, then STS could secure their infrastructure and applications, run business efficiently and maintain the confidentiality of sensitive data and critical infrastructure.
Resiliency Assessment (statement of work)	If we allocate funds for resiliency assessment, then STS could determine the best path forward for our IT infrastructure given our current architecture and where we need to be to support the new and/or emerging availability, support ability, and cloud access requirements.
CISO-as-a-Service for Local Governments	If we allocate funds to provide CISO-as-a-Service for Local Governments, then the State of Tennessee can expect to see increase the cybersecurity posture across the state in county and city jurisdictions as additional cybersecurity consulting resources are made available to them.
Upgrade Egress Firewalls	If we allocate funds for upgrading egress firewalls, then STS could move from Juniper to Palo Alto firewalls for the Egress that will provide the state enhanced security capabilities not currently available in our current infrastructure.

**Outcome:**

Air-Gapped Data Backup and Recovery / Retention Solution	Successful implementation will realize a reduced risk of compromised backups and will have a stronger support system for the restoration of data against ransomware attacks.
Cloud Access Security Broker (CASB)	The successful implementation of a cloud access security broker will ensure that the State maintains our security posture between our existing on-premise infrastructure to the cloud-specific context.

Liability Insurance	The successful implementation of the liability insurance program will ensure that the State has additional protection against claims resulting from injuries and damage resulting from cyber-attacks that result from additional exposure due to the COVID-19 pandemic.
Cybersecurity Training for Local Governments	The successful implementation of cybersecurity training for local governments will allow STS to be able to provide cybersecurity awareness training to county and city employees throughout Tennessee.
DMARC Technology	Successful implementation of DMARC technology will allow STS to be able to provide software that prevents third parties from spoofing tn.gov email.
National Cyber Security Review Assessments for all local gov'ts	The successful implementation of national cybersecurity review assessments for all local governments will allow STS to be able to ensure that approximately 3200 county, city, and other jurisdictions within Tennessee receive the Nationwide Cyber Security Review (NSCR). The Nationwide Cyber Security Review (NSCR) is a key component of the framework and is an assessment designed to measure cyber security gaps and capabilities of counties, cities, and other local jurisdictions.
Funds to support Cybersecurity Council mandates	The successful implementation of funds to support cybersecurity council mandates will allow STS to implement the Cybersecurity Council security initiatives that were not planned for during the normal budgeting cycle. COVID-19 has increased the need for the state to be more responsive to emerging security needs to augment existing security efforts.
Self-Healing Monitoring	The successful implementation of self-healing monitoring will allow STS to successfully deploy systems that can proactively monitor and identify a potential variance from its standard parameters, validate it with a degree of confidence, and resume normal operations without human intervention.
Three Contract Project Directors	The successful hiring of three contract directors will allow STS to ensure we will manage a set of projects across our ARPA-related security initiatives. They will coordinate their efforts with the Project Management Office. The Project Directors will manage security projects to cost, schedule and scope using standard STS project management approaches and methodologies.
Upgrades to South Data Center Security War Room	The successful implementation of upgrades to South Data Center Security War Room, will allow STS to ensure the war room has fully functional equipment that can be used to manage security incidents.
Virtual Desktop Implementation	The successful completion of virtual desktop implementation will allow STS to provide and manage virtual desktops.
Web Application Firewall	The successful implementation of web application firewall will allow STS to protect web applications from a variety of application layer cybersecurity attacks such as cross-site scripting, SQL injection, and cookie poisoning.
Identity and Access Management	The successful implementation of identity and access firewall will allow STS to securely control access to IT resources and applications.
Test data management	The successful implementation of test data management will allow STS to create non-production data sets that reliably mimic our organization's actual data so that system and application developers can perform rigorous and valid systems tests without exposing protected data and personally identifiable information.
IT Academy Expansion to Local Governments	The successful implementation of an IT Academy expansion to local governments will allow county and city government IT personnel across the state to have access to much-needed IT training.
Paid Information Technology Interns	The successful hiring of information technology interns will allow the State of Tennessee to provide paid IT internships for 15-20 unemployed citizens.



Privileged Access Management	The successful implementation of privileged access management will allow STS to secure their infrastructure and applications, run business efficiently and maintain the confidentiality of sensitive data and critical infrastructure.
Resiliency Assessment (statement of work)	The successful implementation of a resiliency assessment will allow STS to determine the best path forward for our IT infrastructure given our current architecture and where we need to be to support the new and/or emerging availability, support ability, and cloud access requirements.
CISO-as-a-Service for Local Governments	The successful implementation of CISO-as-a-Service for Local Governments will result in an enhanced cybersecurity posture across the state in county and city jurisdictions as additional cybersecurity consulting resources are made available to them.
Upgrade Egress Firewalls	Upgrading egress firewalls will allow STS to move from Juniper to Palo Alto firewalls for the Egress that will provide the state enhanced security capabilities not currently available in our current infrastructure.

# STS Enterprise Data Analytics

**Agency:** Finance & Administration (F&A) – Strategic Technology Solutions (F&A – STS)

**Requested Amount:** \$11,920,000

**Full Time Employees Requested:** None

**Summary:** Enterprise data analytics is more important than ever during these unprecedented times. As Tennesseans, we’ve seen how important even basic line graphs, bar charts, and heat maps are to understanding the spread of COVID-19. Many citizens want to see the data and understand the facts in this rapidly changing environment. Investments in this area are essential to meeting the continual demand for more detailed and accurate data models and including data from internal and external sources to present an accurate picture of the risk to our citizens’ health, safety, and economic well-being.

## Rationale:

Data Profiling Tool	If we allocate funds for a data profiling tool, then STS will have the ability to examine, analyze, and create useful summaries of data. The process yields a high-level overview which aids in the discovery of data quality issues, risks, and overall trends.
Data Virtualization Tool	If we allocate funds for a data virtualization tool, then STS will have a logical data layer that integrates all enterprise data siloed across the disparate systems, manages the unified data for centralized security and governance, and delivers it to business users in real time.
Enterprise Service Bus	If we allocate funds for an enterprise service bus, then STS will have an integral component of the application modernization for cloud that enables communication between different environments.
Master Data Management Tool	If we allocate funds for a master data management tool, then STS will have the ability to implement a technology-enabled discipline in which business and IT work together to ensure the uniformity, accuracy, stewardship, semantic consistency, and accountability of the enterprise's official shared master data assets.
Two Contract Project Directors	If we allocate funds for two contract project directors supporting data projects, then STS will have two staff that will each manage a set of projects across our ARPA-related data and analytics initiatives, ensuring the projects are within budget, scope, and will use standard STS project management approaches and methodologies.
Opioid Use Case	If we allocate funds for an opioid use case, then the State will have an opportunity to perform a data-analytics study combining data that is ordinarily in silos between disparate agencies and further gain valuable insight into opioid usage of Tennesseans during the pandemic.

## Outcome:

Data Profiling Tool	The successful implementation of a data profiling tool will result in a high-level overview which aids in the discovery of data quality issues, risks, and overall trends.
Data Virtualization Tool	The successful implementation of a data virtualization tool will result in a logical data layer that integrates all enterprise data siloed across the disparate systems, manages the unified data for centralized security and governance, and delivers it to business users in real time.

Enterprise Service Bus	The successful implementation of an enterprise service bus will result in the installation of an integral component of the application modernization for cloud that enables communication between different environments.
Master Data Management	The successful implementation of a master data management will result in a technology-enabled discipline in which business and IT work together to ensure the uniformity, accuracy, stewardship, semantic consistency, and accountability of the enterprise's official shared master data assets.
Two Contract Project Directors	The successful utilization of two contract directors will result in projects that are managed within budget, within scope, and according to STS standard project management practices so that goals are achieved.
Opioid Use Case	The successful completion of an opioid use case will demonstrate how partnerships between previously siloed agencies and their data can reveal important information. Further, the use-case can potentially reveal possible direct or inferred correlations between citizens effect by the pandemic and any increase in opioid use.

## STS Business Process Automation

**Agency:** Finance & Administration (F&A) – Strategic Technology Solutions (F&A – STS)

**Requested Amount:** \$20,000,000

**Full Time Employees Requested:** None

**Summary:** No business can effectively serve our citizens in the same way it was prior to the COVID-19 pandemic. Not only must we do more with less, but we must also do it faster and smarter. COVID-19 pushed the State of Tennessee into uncharted territory. How do we maintain business as usual when much of the workforce is required to work remotely, with limited access to the office and face-to-face contact? The silver lining of the pandemic is that there is no better opportunity to drive change – process automation can support a more resilient, scalable, and adaptable business operating model.

**Rationale:** If we allocate funds to provide process automation, then we expect to see greater efficiencies in business processes, and expanded workforce capability, efficiencies for taxpayers, and an enhanced citizen experience.

**Outcome:** STS expects the following outcomes associated with the business process automation project:

- Greater efficiencies in business processes.
- An expanded workforce capability.
- Efficiencies for taxpayers.
- An enhanced citizen experience.

## STS Infrastructure and Modernization

**Agency:** Finance & Administration (F&A) – Strategic Technology Solutions (F&A – STS)

**Requested Amount:** \$68,330,000

**Full Time Employees Requested:** None

**Summary:** One of the effects of COVID-19 has been the keen awareness that we now have on our underlying infrastructure. The hasty transition to working from home showed that we need to rapidly modernize and expand our infrastructure to support the new demands, increase scalability, and grow our citizen-facing services. This array of strategic projects will enable a fundamental shift in the amount of physical infrastructure and digital services needed to support employees working from home and the increased urgency and need of state agencies. These projects will remove artificial barriers to collaboration and create a model environment within state government while simultaneously positioning the State to successfully implement other ARPA-related projects and at the same time maintain a safe and collaborative environment for our citizens and employees to conduct business.

### Rationale:

TDOC Offender Case Management System	If we allocate funds to purchase a new TDOC Offender Case Management System, then TDOC can expect to procure and implement a case management system that aligns with national best practices and American Correctional Association standards (ACA).
Acceleration of MyTN Enhancements and Applications	If we allocate funds to accelerate enhancements and application development in myTN, then STS' MyTN development team would have the capacity to deliver more content and additional features in a shorter period.
STS Project Management Office	If we allocate funds to enhance the STS Project Management Office, then we can expect that ARPA-funded projects will be managed on schedule, within the allocated budget, and within the approved scope, all while using the STS-approved project methodology, and finally, that they will be successfully completed.
Increased Bandwidth for Day Reporting Centers	If we allocate funds to increase the bandwidth in the TDOC day-reporting centers, then TDOC can expect to have higher bandwidth at the centers, which will allow better service for the staff who work at the centers and better service for the offenders who report to the centers for classes, counseling, treatment, and employment searches on the state network.
Microsoft Teams Enhancement and Adoption	If we allocate funds to the enhancement and adoption of Microsoft Teams, then we can provide additional technical expertise to meet the substantial demand for the Teams application since the onset of the global pandemic.
Remote Imaging for Workstation Deployment	If we allocate funds to implement remote imaging for workstation deployment, then workstation support personnel could remotely image desktops/laptops rather than having people physically bring their devices to a location for repair.
Development of a Digital Government Strategy	If we allocate funds to develop a digital government strategy, then we could develop a plan that would allow the state to consider innovation and how to better leverage our data, all the while considering the incorporation of consistent leverage of big data, artificial intelligence, cloud computing, cybersecurity, blockchain, internet of things, virtual reality, drones, 3-D printing, robotic automation, and augmented reality for our organization.

Infrastructure Automation and Tools	If we allocate funds to implement infrastructure automation tools, then STS would implement tools that would reduce human interaction with IT systems by creating scripts or functions that are repeatable and can be used either by other software or on command.
Six Contractors to Support Enterprise Gov & Admin	If we allocate funds to hire contractors for the Enterprise Governance and Administration team, then STS would hire six contract professionals to support procurement and contract functions, cost modeling, asset management, expenditure monitoring, service delivery governance, planning, and communications associated with the successful implementation of ARPA-related projects.
Three Contract Project Directors	If we allocate funds to hire contract project directors, then we can expect successful implementation of ARPS-related projects because the project directors ensured the projects were run in a disciplined and coordinated manner – ensuring that we achieved the goals and the outcome measures of the full scope of the work being accomplished.

**Outcome:**

TDOC Offender Case Management System	The successful implementation of an offender case management system for TDOC will result in the procurement and full implementation of a new offender case management system that is aligned with national best practices and American Correctional Association standards (ACA).
Acceleration of MyTN Enhancements and Applications	The successful acceleration of MyTN enhancements and applications will mean that STS' MyTN development team had developed more content and additional features in a shorter period.
STS Project Management Office	The successful utilization of funding for an STS Project Management Office will be evidenced by the fact that the ARPA-funded projects would have been managed on schedule, within the allocated budget, and within the approved scope, all while using the STS-approved project methodology, and finally, that they will be successfully completed.
Increased Bandwidth for Day Reporting Centers	Successfully increasing the bandwidth for TDOC day-reporting centers will be evidenced by higher bandwidth at the centers, which will allow better service for the staff who work at the centers and better service for the offenders who report to the centers for classes, counseling, treatment, and employment searches on the state network.
Microsoft Teams Enhancement and Adoption	The successful enhancement and adoption of Microsoft Teams funding on of Microsoft Teams will result in the state providing additional technical expertise to meet the substantial demand for the Teams application since the onset of the global pandemic.
Remote Imaging for Workstation Deployment	The successful implementation of remote imaging for workstation deployment will allow workstation support personnel to remotely image desktops/laptops rather than having people physically bring their devices to a location for repair, saving staff all across the state time, money, and potentially reducing the potential spread o COVID-19.
Development of a Digital Government Strategy	The successful development of a digital government strategy will result in a plan that would allow the state to consider innovation and how to better leverage our data, all the while considering the incorporation of consistent leverage of big data, artificial intelligence, cloud computing, cybersecurity, blockchain, internet of things, virtual reality, drones, 3-D printing, robotic automation, and augmented reality for our organization.
Infrastructure Automation and Tools	The successful implementation of infrastructure automation tools will result in reduced human interaction with IT systems by creating scripts or functions that are repeatable and can be used either by other software or on command.
Six Contractors to Support	The successful utilization of enterprise governance and administration contractors will result in the success of all ARPA-related projects due to hiring six contract professionals to support procurement and contract functions, cost modeling, asset management, expenditure

Enterprise Gov & Admin	monitoring, service delivery governance, planning, and communications associated with the successful implementation of ARPA-related projects.
Three Contract Project Directors	The successful utilization of contract project directors will result in the successful implementation of ARPA-related projects because the project directors ensure the projects are run in a disciplined and coordinated manner – ensuring that we achieved the goals and the outcome measures of the full scope of the work being accomplished.

**Expenditure  
Category 2:  
(Negative  
Economic Impacts)**



## Reservation of Funds for Future External Relief Planning

**Amount Reserved: \$275,000,000**

The scale and scope of need by affected industries, businesses, non-profits, and other organizations continues to develop through the recovery from the pandemic. The FSAG will engage in a process of community engagement with these affected entities and will issue a request for proposals from entities seeking to apply for these funds. The FSAG reserves up to \$275 million of Tennessee's Fiscal Recovery Fund award for this purpose. The application period for this process closed on November 30, 2021.

# Unemployment Insurance Tax & Benefits System

**Agency:** Labor and Workforce Development (LWFD)

**Requested Amount:** \$61,000,000

**Full Time Employees Requested:** None

**Summary:** To provide non-recurring funds for the unemployment insurance division for a new customized UI Benefits System. The Unemployment Division of the Tennessee Department of Labor and Workforce Development collects unemployment taxes based on the employers' experience rating and the balance of the trust fund provides benefits to qualified claimants who become unemployed through no fault of their own.

**Rationale:** Unemployment Claims will be processed timely and accurately due to user-friendly features and less system errors. The state's UI division will comply with federal guidelines and be in good standing with the Tennessee Comptroller of Treasury. Lastly, the number of overpayments will decrease due to fraud identification/prevention and less errors.

## **Outcome:**

The system requirements for an unemployment benefits system have increased due to the COVID 19 pandemic. The COVID 19 pandemic has resulted in an increase in federal programs, fraud attempts, USDOL program requirements increased, and changes in state employment security law. These additional dimensions have created the need for more funding for a customized/configurable system. To meet our first pay timeliness and improper pay rate goals, the TDLWD will need to enhance and customize its benefits system to meet demand during recessionary periods, prevent fraud, and comply with new federal regulations and state laws.

- Outcome 1: Claims processed within federal first pay timeliness standards
- Outcome 2: Decrease improper pay rate levels to pre-pandemic levels
- Outcome 3: No Audit Findings
- Outcome 4: Decrease in contractor/vendor reliance

# Tennessee Nonprofit Arts and Culture Recovery Fund

**Agency:** Tennessee Arts Commission

**Requested Amount:** \$80,000,000

**Full Time Employees Requested:** Contracted services for monitoring grants (\$100,000 per year)

**Summary:** To provide non-recurring funding to address severe COVID-19-related economic harm to Tennessee's nonprofit arts and culture industry by providing grants to over 200 eligible arts nonprofits to recover and deliver arts and culture services in every TN Senatorial district.

The pandemic resulted in significant economic losses to the nonprofit arts sector because festivals and performing arts organizations cancelled events and museums closed their doors to protect the public health, resulting in lost earned revenue. Nonprofits with in-person fund-raising events cancelled or saw significant losses. As nonprofits begin to resume services, their efforts are limited by lost revenue. This initiative is a step to address that negative impact. Prior to the pandemic, Tennessee's nonprofit arts and culture sector was a \$1.2 billion industry that supported nearly 40,000 jobs and attracted 18.6M attendees to events annually (Arts & Economic Prosperity 5). Research shows that arts are economic catalysts. The arts industry accelerates economic recovery. A growth in arts employment has a positive and causal effect on overall employment. The nonprofit arts industry, especially performing arts and museums, responded to the public health threat of the pandemic by widespread closings and restructurings. Ninety-seven percent of Tennessee arts nonprofits surveyed reported cancelled events, resulting in significant economic harm. Over the 13-month period ending March 2021, twenty-two (22) of the state's largest arts and culture nonprofits reported \$120 million in revenue loss. Tennessee Arts Commission data collected from the 200 arts nonprofits as part of the annual grant application process showed a drop of \$80M in expenditures and \$103M in revenues from FY20 to FY21.

**Rationale:** If we allocate grants to arts nonprofits hit hard by the pandemic, then we expect to see preservation of TN's nonprofit arts and culture infrastructure and restored positive community and economic impact of arts activities in TN communities.

**Outcome:**

- Outcome 1: The nonprofit arts and culture infrastructure of TN as measured by the number of nonprofits that operated as a going concern in 2021 is preserved.
- Outcome 2: Tennesseans in all TN Senate districts continue to have access to arts experiences, resulting in improved overall quality of life for Tennesseans of all ages.
- Outcome 3: The economic impact of the nonprofit arts sector as measured by organizational surveys and audience surveys shows recovery to pre-pandemic levels.

# Tennessee Tourism & Hospitality Recovery Fund (Grants for Destination Marketing Organizations)

**Agency:** Tourist Development (TDTD)

**Requested Amount:** \$55,000,000

**Full Time Employees Requested:** None

**Summary:** To provide \$50M in grants to Destination Marketing Organizations in all 95 counties for tourism marketing, and development restoring demand and increasing tax revenue and jobs in the tourism and hospitality industries. In addition, the Tourism Enhancement Grant, previously funded by ECD, awarding \$5M to municipalities for tourism infrastructure projects.

The Tennessee Tourism & Hospitality Recovery Fund is a grant to provide funds to Destination Marketing Organizations (DMOs) for tourism marketing and development initiatives to restore consumer demand, tax revenue and jobs. Destination Marketing Organizations are those designated by the city/county government as the organization charged with increasing tourism. DMOs in all 95 counties will be eligible to apply for 100% reimbursable grants up to the determined allocation for projects approved by Tourist Development.

Based on the individual needs of destinations, TDTD will work with individual DMOs through training on the value of tourism and how to generate revenue through attracting visitors, multi-year planning and implementation of marketing efforts. The grant allocations will be based on tax revenue collections for the top performing counties and the remaining counties placed in tiered groups based on economic performance.

In addition, reinstating and funding the Tourism Enhancement Grant will help communities improve or enhance existing tourism assets through infrastructure projects creating a better experience for visitors and increasing tourism-related economic impact. It will be a competitive grant where City or County governments can apply presenting proposed projects. Match amount for a county is determined by tier level designation at the time of application submission.

All programs presented have the mission of generating tourism growth in all 95 counties to drive job creation, tax revenue and new investments, thereby enriching the quality of life for every Tennessean.

## **Rationale:**

Tourism in the State of Tennessee was negatively impacted by the economic shutdown caused by the COVID-19 pandemic. The pandemic is the single largest crisis to hit the

leisure and hospitality industry, representing \$303M in lost state revenue between March and December 2020.

**Outcomes:**

The Tennessee Tourism and Hospitality Recovery Fund is a grant to provide funds to Destination Marketing Organizations (DMOs) for tourism marketing and development initiatives. Based on the individual needs of destinations, TDTD will work with individual DMOs through training on the value of tourism and how to generate revenue through attracting visitors, multi-year planning and implementation of marketing efforts. In addition, reinstating and funding the Tourism Enhancement Grant will help communities improve or enhance existing tourism assets through infrastructure projects creating a better experience for visitors and increasing tourism-related economic impact.

# Tennessee Tourism ARP Marketing Fund Request

**Agency:** Tourist Development (TDTD)

**Requested Amount:** \$45,000,000

**Full Time Employees Requested:** None

**Summary:** TDTD requests \$45M in federal ARP funding for the purpose of restoring the tourism and hospitality economy in Tennessee which was devastated by the COVID-19 pandemic. Programs outlined in this application are designed to generate consumer demand, aid businesses, restore jobs and approximately \$300M in lost tax revenue.

**Rationale:** If we allocate funds to increase tourism marketing, then we expect to see an increase in demand for leisure travel, resulting in higher visitation and therefore economic impact (visitor spending, tax collections, and employment) in the Tennessee travel and tourism industry.

## **Outcomes:**

- Outcome 1: Total Arrivals. In 2019, Arrivalist estimated 96M trips occurred across Tennessee's 95 counties. In 2020, this number declined by 10% to 86M.
- Outcome 2: Leisure & Hospitality Revenues. In 2019, the leisure and hospitality generated \$1.4B in sales and use tax collections. Industry collections declined by 21% to \$1.1B in 2020. Information will be tracked and provided by the Department of Revenue.
- Outcome 3: Leisure & Hospitality Employment. In 2019, the leisure and hospitality industry generated an annual average of 347K jobs. Industry employment declined by 15% to an annual average of 292K. Information will be tracked and provided by the Department of Labor and Workforce Development.

# Commercial Agriculture & Forestry Supply Chain Enhancements

**Agency:** Agriculture (TDA)

**Amount:** \$50,000,000

**Full Time Employees Requested:** 2

**Summary:** To provide agricultural and forestry producers that were individually and specifically impacted by the pandemic cost-share dollars and financial incentives to implement best land management practices and expand agricultural, food, and forestry businesses. Focusing on value-added processing and long-term investments, these funds will strengthen and expand Tennessee agriculture and forestry supply chains. Grant applications for these funds must match the description of at least one of the following four categories and require a threshold or initial showing that the applicant was adversely impacted by the pandemic.

- *Increase in Farm Income* - This category includes projects that will increase farm income by offering farmers higher commodity prices than other markets, processing value-added products for farmers, or allowing a single farmer to add value to their own farm products.
- *Increased Access to Markets* - This category includes projects that will create or expand a market for Tennessee farmers or forest landowners, including reducing miles that farmers must transport their products to market or creating a new market entirely.
- *Increased Capacity* - This category includes projects that will expand the capacity of an existing agricultural, food, or forestry business, including their production or processing capacity or the number of employees.

**Rationale:** The goal in awarding these grants is that by focusing on value-added investment, these funds will ultimately strengthen and expand Tennessee agriculture and forestry supply chains. If we allocate funds to specifically affected businesses via the Ag & Forestry Economic Development Fund, then we expect to address economic development opportunities in rural areas of Tennessee and enhance the supply chain for Agriculture and Forest Products.

**Outcome:**

- Outcome 1: A more robust Agriculture and Forestry Economy in Tennessee
- Outcome 2: Increased economic activity in Rural Distressed Counties.



# University of Tennessee AgResearch and Education Centers

**Agency:** Agriculture (TDA)

**Amount:** \$50,000,000

**Full Time Employees Requested:** None

**Summary:** To enable our partners at UT AgResearch to research and develop practical solutions to mitigate the negative impacts on food supply chains, public health, and economic prosperity that Tennesseans have encountered during the COVID-19 pandemic and in potential future large-scale disruptions.

**Rationale:** If we allocate funds to equip UT AgResearch with the necessary infrastructure and equipment, then we expect technological innovations and applications to be researched, developed, and implemented that will significantly increase the recovery and resiliency of food security systems, leading to improved economic prosperity. We also expect to improve public health for Tennesseans to better confront the challenges of COVID-19 and possible future zoonotic disease outbreaks.

**Outcome:**

- Outcome 1: Food insecurity in Tennessee due to the COVID-19 pandemic or similar zoonotic disease outbreaks is kept below 5%.
- Outcome 2: The number of innovative research trials at the AgResearch and Education Centers increases by at least 25% in three years, as does the number of research articles and extension publications (recommendations for producers and consumers), focusing on increasing food security and production profitability through implementation of digital/smart agriculture and urban agriculture technologies.
- Outcome 3: Extramural research funding for faculty increases 25% in three years as a result of increased impactful research activities.

# Sevier County Tourism Support Project

**Agency:** Transportation (TDOT)

**Requested Amount:** \$52,100,000

**Full Time Employees Requested:** None

## **Summary:**

The cities of Sevierville, Pigeon Forge and Gatlinburg are widely recognized in the United States for their wide range of tourist related opportunities. Tourism, travel, and hospitality provide the underpinning for much of the economy of Tennessee. COVID-19 has negatively impacted many aspects of this industry. The pandemic is the single largest crisis to hit the leisure and hospitality industries, representing \$303 million in lost state revenue between March and December of 2020.

During COVID-19, vehicle counts and ADTs lowered drastically. The largest reduction seen in urban interstate traffic was in Nashville with a reduction of over 50% compared to 2019. By the end of May, traffic began rising with an overall reduction of only 10-20% compared to 2019. In comparison, by May 2020, several locations in Sevierville were nearly equivalent to their 2019 traffic counts. Even while many were locked down or staying at home, Sevierville, Pigeon Forge, and Gatlinburg were all major destinations for tourists.

With ample tourism related growth in the past two decades, plus a prime location in the foothills of America's most visited national park with 10 million visitors annually, many people seek the various amenities Sevier County offers. New and upgraded hotels, the three Convention Centers, adventure attractions, wineries, distilleries, restaurants, and retail businesses are helping Sevier County grow and attract more visitors each year. Sevierville's retail sales topped \$1.6 billion dollars in 2019. With a "business friendly" reputation and more than 15 million annual visitors to the sister cities of Sevierville, Pigeon Forge, and Gatlinburg, Sevierville continues to draw solid interest from investors and developers.

**Rationale:** If funds are utilized to provide funding for the project, then access to tourism, travel, and hospitality venues will be improved allowing for more economic activity in Sevier County.

## **Outcome:**

- Outcome 1: Tourism, travel, and hospitality investments by the private sector will increase along the US 411 corridor.
- Outcome 2: A reduction in crashes along the US 411 corridor.
- Outcome 3: An increase in throughput of vehicles along the US 411 corridor.

## Anderson County - Aspire Park Support Project

**Agency:** Transportation (TDOT)

**Requested Amount:** \$6,000,000

**Full Time Employees Requested:** None

### **Summary:**

Support of Aspire Park in the City of Clinton in Anderson County through the construction of a multi-use recreational facility to expand pedestrian and bicycle infrastructure supporting the park along US 25W (SR 9).

### **Rationale:**

If ARP Act funds are utilized to provide funding for the project, then access to tourism, travel, and hospitality venues will be improved allowing for more economic activity in Sevier County.

### **Outcome:**

- Outcome 1: Tourism, travel, and hospitality investments by the private sector will increase along the US 411 corridor.
- Outcome 2: A reduction in crashes along the US 411 corridor.
- Outcome 3: An increase in throughput of vehicles along the US 411 corridor.

**Expenditure  
Category 7  
(ADMINISTRATIVE)**

## Administrative Costs

**Agency:** Finance & Administration (F&A)

**Requested Amount:** \$30,000,000

**Full Time Employees Requested:** None

**Summary:** Funding equating to less than 1% of the CSFRF will be used to cover the costs of external consulting support to assist the state with managing and administering the CSFRF. This designation of \$30 million in SFRF dollars to support/fund administrative costs is directly associated with the compliant management and disbursement of its SFRF allocation in compliance with U.S. Treasury guidance and standards.

**Rationale:** Given the significant level of funding and complexities involved, contracting with external consultants will help ensure the state's compliance with the requirements of the CSFRF.

**Outcome:** Compliance with legal, regulatory, and other requirements of the Coronavirus State Fiscal Recovery Fund.

## Accelerating Program Inventory

**Agency:** Finance and Administration – Office of Evidence and Impact (F&A – OEI)

**Requested Amount:** \$2,000,000

**Full Time Employees Requested:** None

**Summary:** To provide non-recurring funding for a vendor to implement the program inventory process with the remainder of cabinet-level executive branch agencies over two years. After this additional capacity enables initial inventory completion, existing OEI staff positions will complete maintenance and annual data collection activities.

OEI seeks up to \$2,000,000 of SLFRF funds to expedite program inventory work across state government. In keeping with the emphasis on evidence that exists in ARP guidance, this proposal maximizes the state's ability to invest in programs that are working, reevaluate funding of programs that have produced negative results, and identify opportunities for further program evaluation. This is an administrative expense associated with the efficient use of SFRF dollars and the required reporting surrounding performance metrics. Allocating SFRF dollars towards this effort will allow the state to effectively identify efficient and positive performance metrics, outputs, and programs utilizing those metrics and outputs. These metrics and outputs are required for Treasury reporting and are, therefore, an allowable administrative expense associated with the use of these dollars.

**Rationale:** If we allocate funds to accelerate the completion of program inventories with all agencies, then state leaders will have access to better information and resources that support effective decisions and smart investments. This will support evaluation and data analysis of state Fiscal Recovery Fund programs.

**Outcome:**

- Outcome 1: Increase in Tennessee's investment in evidence-based health programs.

## Electronic Workpapers for Remote Workforce

**Agency:** Finance & Administration (F&A) – Internal Audit

**Requested Amount:** \$1,333,943

**Full Time Employees Requested:** None

**Summary:** Internal Auditors across Tennessee agencies are tasked with performing assurance and consulting services designed to add value and improve operations. The monitoring of internal control performance remotely and the ability to respond to public health concerns would be enhanced by electronic workpapers offering the analysis of aggregate risks and findings.

The pandemic has steered state governments to operate remotely and embrace digital technologies. While the audit process was evolving with the emergence of new technology, COVID-19 has significantly accelerated the evolution toward a virtual audit. The pandemic has sped up the process of change. Uncertainty, combined with the rapid shift to new ways of operating, has led to the need for thinking proactively. With the reduction or closing of workplaces and the need for social distancing, internal auditors are leveraging existing and new technology to conduct audits remotely, including remote data extraction, analysis, and inventory counts.

**Rationale:** If we allocate funds to implement electronic workpapers, then we expect to see auditors performing more efficient assurance and consulting work, resulting in quicker identification of problem areas to management, better decision quality, and more timely corrective actions. Specifically, we expect electronic workpapers to:

- Provide a framework for productive execution, more audit & analysis, less documenting.
- Streamline fieldwork, documentation, and reporting – enable resource-strapped audit departments to accomplish more than they could using manual techniques.
- Facilitate team communication – keeps audit staff (especially those working remotely) on the same page and focused on the same goals.

**Outcome:** More effective tracking of data related to:

- Monitoring and communicating changes in conformance to regulations/policy/rule;
- Monitoring and communicating changes in percentage of ineligible vs. eligible expenses; and
- Documenting evidence of fraud/waste/abuse.