



# TACIR

The Tennessee Advisory Commission  
on Intergovernmental Relations



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## ***MEMORANDUM***

**TO:** Commission Members

**FROM:** Cliff Lippard *Cliff*  
Executive Director

**DATE:** 27 September 2023

**SUBJECT:** The Effect of the COVID-19 Recession on Public Infrastructure Needs,  
Phase Two—Draft Staff Report for Review and Comment

The attached staff report is submitted for your review and comment. This report is an update to staff's 2021 first interim report *The Effect of the COVID-19 Recession on Public Infrastructure Needs Interim Report: Lessons Learned from the Great Recession (December 2007 – June 2009) and Early Observations from Local Government Officials*. As discussed in the first report, beginning in early 2020, the world was faced with unanticipated challenges triggered by the spread of the Coronavirus Disease 2019 (COVID-19) and the resulting recession. Whether or the extent to which these challenges affected the public infrastructure needs of Tennessee communities was among the many uncertainties stemming from the COVID-19 pandemic. To help address this question, Commission staff conducted a two-phase analysis of data it collects on public infrastructure needs in Tennessee as reported in its public infrastructure needs inventory.

The second phase of the analysis—included in this staff report—examines whether, or to what extent, the COVID-19 pandemic affected the public infrastructure needs reported in Tennessee as of July 1, 2021. Using the effect of the Great Recession (December 2007 through June 2009) and the following decade—established in staff's first interim report—as a basis for reviewing the effects of the COVID-19 pandemic on public infrastructure needs, staff found that the pandemic recession (March through April 2020) had no effect on reported public infrastructure needs. However, the pandemic itself affected the need for technology in K-12 schools, which increased \$103.7 million in 2020 and included purchases of laptops and Wi-Fi hotspots for remote learning. The economic effect of the COVID-19 pandemic recession on tax revenue was

shorter and deeper than the Great Recession, but the recovery was swift. Furthermore, while tax collections in Tennessee performed better than expected overall in 2020 (and continue to grow)—at least partly because of sales tax revenue from online sales—the federal government passed several funding assistance measures, benefiting both state and local governments. Longer term effects of federal funding that became available after July 1, 2021 are not captured in the data; however, staff will continue to analyze trends which will be reported in the annual infrastructure report.