TN CARES Act Local Government Program
BRIEFING AGENDA

• CRF General Information

• Eligible/Ineligible Expenditures

• Public Health and Safety Payroll

• Funding Disbursement in Tennessee CARES Act Management System (TN CAMS) & Program Overview

• Key Dates/Deadlines
Title V of the CARES Act established the Coronavirus Relief Fund (CRF)

$150 billion appropriation to make payments for specified uses to states, Tribal governments, territories, and large units of local government

U.S. Treasury’s funding allocation methodology is based on relative state population
Eligible Recipients

- States
- Units of Local Government (County, cities, municipality, town, township, village, parish, borough, etc.) with population 500,000+
- Tribal Governments
- The District of Columbia
- U.S. Territories (Puerto Rico, USVI, Guam, Northern Mariana Islands, American Samoa)
- Smaller local governments (population of 500,000 or less)*

*Funding to small local governments passes through either their state or county government
This is the funding we are reviewing in this briefing.
## CRF - Direct State Costs Incurred, Projected*

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Insurance (Mar – Oct)</td>
<td>$939,000,000</td>
</tr>
<tr>
<td>Direct State Expenses Incurred</td>
<td>$11,718,400</td>
</tr>
<tr>
<td>*Dept of Health and other Public Health Response (Includes FY20 Incurred + COVID-PSAs, Small and Rural Hospital Grants, Public Health Needs)</td>
<td>$121,381,500</td>
</tr>
<tr>
<td>*TEMA (Includes $20,255,433 paid as of 6/30)</td>
<td>$206,590,000</td>
</tr>
<tr>
<td>*Additional Technological Improvements to State (STS, AOC Courts, TEMA MB3 system)</td>
<td>$22,688,300</td>
</tr>
<tr>
<td>*Program management &amp; administration support</td>
<td>$7,100,000</td>
</tr>
<tr>
<td><strong>TOTAL DIRECT STATE COSTS</strong></td>
<td><strong>$1,308,478,200</strong></td>
</tr>
</tbody>
</table>
## CRF - Third-Party Relief Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business Relief</td>
<td>$308,500,000</td>
</tr>
<tr>
<td>TN Community CARES (nonprofits)</td>
<td>$154,500,000</td>
</tr>
<tr>
<td>Local Government</td>
<td>$115,000,000</td>
</tr>
<tr>
<td>K-12 Technology &amp; Reopening</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>Higher Ed Technology &amp; Reopening</td>
<td>$21,450,000</td>
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<tr>
<td>Emergency Broadband Fund</td>
<td>$61,113,000</td>
</tr>
<tr>
<td>Agriculture and Forestry Support</td>
<td>$55,400,000</td>
</tr>
<tr>
<td>Tourism and DMO Support</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>L&amp;W Re-Employment Programs</td>
<td>$9,500,000</td>
</tr>
<tr>
<td>Supplemental Employer Recovery Grants (SERG)</td>
<td>$50,000,000</td>
</tr>
<tr>
<td><strong>TOTAL THIRD-PARTY RELIEF</strong></td>
<td><strong>$875,463,000</strong></td>
</tr>
</tbody>
</table>
CRF Characteristics

- Transfers of federal financial assistance, *not* grants
- Subject to U.S. Treasury oversight
- Subject to Treasury OIG audit and Single Audit Act for total federal funds expended in excess of $750,000
- More flexibility in types of purchases
- Covers costs incurred due to Coronavirus emergency
Definition of Eligible Expenditures

1. Necessary expenditures incurred due to the public health emergency;

2. Costs not accounted for in the most recently approved budget as of March 27, 2020; and

3. Costs were incurred between March 1, 2020 and December 30, 2020
Three-Prong Eligibility Test: Necessary due to COVID-19

• Expenditures must be incurred “due to” the COVID-19 public health emergency

• Key test: This expense would not have occurred “but for” COVID-19

• Expenses that the jurisdiction would have incurred regardless of COVID are NOT Eligible
Three-Prong Eligibility Test: Unbudgeted as of March 27, 2020

• Inquiry: Was the expense a line item in the jurisdiction’s budget as of March 27, 2020?
  
  – If no, then move to the next prong in the test
  
  – If yes, then it may still be eligible if the amount budgeted was insufficient to cover the cost of the increase that was directly “due to” COVID-19
Three-Prong Eligibility Test: Costs incurred March 1-December 30, 2020

- Per Treasury, a cost is incurred when the good or service is rendered to the jurisdiction.

- It is not enough to pay for the good or service by 12/30/20.

- Delivery must be complete by 12/30/20.
  - Proof of delivery or completion of the service is required.

- **Exception:** If the good was contemplated in the contract to be delivered by 12/30/20 and unforeseen supply chain demands delayed delivery, the expense is still eligible.
Examples of Eligible Expenditures

- Payroll for public health and safety employees substantially dedicated to response or mitigation of COVID-19
- Budgeted personnel and services diverted to a substantially different use due to COVID-19
- Improvements to telework capabilities of public employees
- Medical expenses
- Public health expenses
- Distant learning
- Economic support expenses
- Expenses associated with the issuance of tax anticipation notes
Examples of Ineligible Expenditures

✗ Government revenue replacement
✗ State share of Medicaid
✗ Damages covered by insurance
✗ Expenses that have been or will be covered by another federal program
✗ Reimbursement to donors for donated items or services
✗ Workforce bonuses other than hazard pay or overtime
✗ Severance Pay or Legal Settlements
✗ Government prepayments on contracts not consistent with its ordinary course policies and procedures
✗ Lobbying or similar ineligible expenses
Stafford Act Public Assistance

• All expenses submitted will be subject to review by Tennessee Emergency Management Agency for eligibility or prior claims for Stafford Act Public Assistance.

• If eligible for Stafford Act Public Assistance, claims will be processed through TEMA, **NOT** CRF.

• The State of Tennessee will cover all local cost-share for Stafford Act claims, which is otherwise ½ of the non-federal cost-share or 12.5% of the total claim.
Category: Payroll
Public Health and Safety
Eligibility Determination:

- Constantly changing standard....

- Presumed to be "substantially dedicated“ in initial Treasury guidance.....then that presumption was in question with OIG's FAQs issued 8/28/20

- As of 9/21/20, OIG clarified that public health and safety are presumed to be substantially dedicated to mitigating or responding to the COVID-19 public health emergency

- 100% of payroll, including benefits, are eligible

- Hazard pay may be covered under this program if it is provided for performing hazardous duty or work involving physical hardship that in each case is related to COVID-19. If an employee is substantially dedicated to mitigating or responding to COVID-19 their hazard pay must still be paid only for the duties related to COVID-19.
Eligible Employees:

- **Public Safety**: "police officers (including state police officers), sheriffs and sheriff deputies, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel"

- **Public Health**: "employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g. laboratory technicians) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.”
"Substantially Dedicated" Documentation NOT Required:

Per OIG 9/21/20 Updated FAQs

- **FAQ #70 (a):** Will a government have to demonstrate/substantiate that a public health or public safety employee's function/duties were in fact substantially dedicated to mitigating the emergency?
  - No, the government will not have to demonstrate/substantiate that a public health or public safety employee's function/duties were substantially dedicated to mitigating the emergency but must maintain records and documentation supporting payroll amounts reimbursed using CRF proceeds. As indicated in Treasury's Guidance, as an administrative accommodation, governments may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.
Category: Payroll for Public Health and Safety

- **FAQ #70(b):** For payroll that was accounted for in the FY2020 budget but was then "presumed" to be substantially dedicated to mitigating the emergency, will the government have to demonstrate/substantiate that a public health or public safety employee's function was a substantially different use?

  - No, the government will not have to demonstrate/substantiate that a budgeted public health or public safety employee's function was a substantially different use. As stated in Treasury’s Guidance, within the category of substantially different uses, Treasury has included payroll and benefits expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID19 public health emergency. The Treasury OIG does require the government to maintain budgetary records to support the fiscal years 2019 and 2020 budgets.
FAQ #71: Is the government required to perform any analysis or maintain documentation of the “substantially dedicated” conclusion for payroll expenses of public safety, public health, health care, and human service employees?

No, the government is not required to perform an analysis or maintain documentation of the substantially dedicated conclusion for payroll expenses of public safety, public health, health care, and human service employees. As indicated in Treasury’s Guidance, as an administrative accommodation, governments may presume that public health and public safety employees meet the substantially dedicated test, unless the chief executive (or equivalent) of the relevant government determines that specific circumstances indicate otherwise.
Narrative:

- Per new FAQs, you may submit a narrative stating the category of employees you are seeking payroll reimbursement for and that these are *presumed* "substantially dedicated“ per Treasury guidance.

Supporting documentation: *We will still need this regardless of presumption!*

- Payroll register
- Paystubs/direct deposit receipts
- Employee Roster detailing titles and department (should include the employees' pay rate and fringe benefits)
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll for Public Health and Safety Employees</td>
<td>$41,820,848</td>
</tr>
<tr>
<td>Public Health Expenses</td>
<td>$9,351,464</td>
</tr>
<tr>
<td>Items Not Listed Above</td>
<td>$2,119,054</td>
</tr>
<tr>
<td>Facilitating Distance Learning</td>
<td>$1,782,962</td>
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<tr>
<td>Improve Telework Capabilities of Public Employees</td>
<td>$1,347,029</td>
</tr>
<tr>
<td>Personal Protective Equipment</td>
<td>$1,125,501</td>
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<tr>
<td>COVID-19 Testing and Contact Tracing</td>
<td>$780,238</td>
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<tr>
<td>Budgeted Personnel and Services Diverted to a Substantially Different Use</td>
<td>$662,439</td>
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<tr>
<td>Administrative Expenses</td>
<td>$428,514</td>
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<tr>
<td>Unemployment Benefits</td>
<td>$405,385</td>
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<td>Small Business Assistance</td>
<td>$225,000</td>
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<tr>
<td>Medical Expenses</td>
<td>$157,300</td>
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<td>Economic Support (Other than small business, housing, and food assistance)</td>
<td>$121,666</td>
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<tr>
<td>Food Programs</td>
<td>$76,260</td>
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<tr>
<td>Housing Support</td>
<td>$1,005</td>
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<tr>
<td><strong>TOTAL RFFs to date</strong></td>
<td><strong>$60,404,665</strong></td>
</tr>
</tbody>
</table>
Funding Disbursement in Tennessee
CARES Act Management System (TN CAMS) & Program Overview
Coronavirus Relief Funds

Through the Coronavirus Relief Fund (CRF), the CARES Act provides payments to state, local and tribal governments navigating the impact of the COVID-19 outbreak. The total CRF funding allocated to the state of Tennessee is approximately $2.36 billion.

Governor Bill Lee appointed the Financial Stimulus Accountability Group to create a strategic spending plan that maximizes CRF to ensure local needs are met while also safeguarding the health and wellbeing of Tennesseans. The overall goal of this action plan is to meet the needs of our citizens in the most efficient way possible, while also ensuring that the state and those seeking relief comply with federal regulations and guidelines.

Tennessee CARES Act Management System (TN CAMS)

The Tennessee CARES Act Management System (TN CAMS) is our state system of record for CRF programs. Through TN CAMS, citizens can submit applications (where necessary), requests for funding and upload required support documents.

The first two programs announced by Governor Lee were designed to support local governments and non-profit 501c3 organizations.

On July 20, 2020 Governor Lee announced an additional $115 million for Local Governments to support COVID-19 response. Details on these funds can be found here.

On July 21, 2020 Governor Lee announced that Tennessee’s nonprofit organizations will be eligible to apply for $150 million in grant funds for COVID-19 recovery efforts. Details on the nonprofit grants can be found here.

As additional aid for recovery efforts are announced, Tennesseans will be able to gain access to information about these programs here.
RFA & RFF Process

• Recipients may submit an RFA to receive an immediate advance of 30% once RFA is processed.

• Once advance is received, local governments should begin providing documentation to support qualified expenditures. Documentation will be required to be uploaded to TN CAMS.

• Remaining 70% may be requested by completing RFF in TN CAMS, once the 30% has been spent and sufficiently documented.

• RFAs are not required, and in fact an RFF may be more beneficial to many local governments based on costs already incurred.
Funding Disbursement

- Department of Finance & Administration will manage disbursement and payments will be made to the same account where monthly shared state tax payments are received.

- Local governments are permitted to record claims over and above their allocation. Claims will be processed should additional funds be made available. Local governments are encouraged to submit all eligible expenses to ensure these claims are processed in a timely manner.
tncaresact.tn.gov
Important Dates

IMPORTANT DATES TO NOTE-

• **August 21st**- Recipients must register in TN CAMS and attend required Townhall or risk losing their allocation.

• **September 1st** – Deadline to request advance, if advance is desired.

• **September 30th**- 30% advance must be spent and substantiated into TN CAMS, or funds may be subject to de-obligation and reallocation.

• **October 9th** – Deadline for ALL jurisdictions to submit RFFs for 30% of their allocation into TN CAMS, or funds may be subject to de-obligation and reallocation.

• **November 1st**- Deadline to submit RFFs requesting reimbursement.
Department of Finance & Administration

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Questions?