



County Government Budgets

Issue

It is always important for county Farm Bureaus to keep an eye on county budget proposals, but especially in the current fiscal and economic climates caused by the COVID-19 pandemic. The General Assembly and Governor Bill Lee agreed in June 2020 to offer local governments grants in response to local government needs and impact of COVID-19 through the state's budget. The funds may be used to offset loss or supplement local revenue. Additionally, the state is making money available to local governments from the funding allocated to the state in the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These funds are called the *Coronavirus Relief Fund*. The Coronavirus Relief Fund is an additional \$115 million for local governments to offset costs incurred from responding to the COVID-19 pandemic and can be used for expenses that fall within certain categories. Prudent use of these dollars might avert property tax hikes in some areas.

Background

As the world recovers from the COVID-19 pandemic, it is important for Farm Bureau leaders to continue to vigilantly advocate on behalf of the rural and farm population as actions are taken by local, state, and federal governments.

An important item in the recently passed Fiscal Year 2020-2021 state budget is a \$210.5 million allocation to county and city governments, which is known as the *Tennessee Local Government Reimbursement Program*. The Tennessee General Assembly distributed the money to local governments based on population along with the discretion to determine how to best use the money including filling budget shortfalls caused by the COVID-19 pandemic. The dollars are intended to allow local governments to weather the financial challenges during the coming year caused by the COVID-19 pandemic. The funds were made available by July 31, 2020 and transferred directly to local government accounts from the state.

To find county and city allocations in the *Tennessee Local Government Reimbursement Program* go to: www.tn.gov/finance/governor-s-local-government-support-grants.html

On July 20, Governor Lee announced an additional \$115 million in *Coronavirus Relief Fund* (CRF) will be made available to local governments to offset costs incurred from responding to the COVID-19 pandemic. This money was allocated to states in the CARES Act to help fight COVID-19. The CRF are allocated to eligible local governments on a per capita basis. Expenses should fall within one of the following categories:

- Medical expenses
- Public health expenses
- Payroll expenses related to COVID-19
- Public health compliance expenses
- Other reasonably necessary expenses incurred in response to the COVID-19 public health emergency.

Funds from the CRF may not be used to replace lost government revenue or for expenses that have been or will be reimbursed under any other federal programs. These funds will be reserved for local governments that did not receive a direct CRF appropriation. Memphis, Shelby County, and Nashville have already received a combined \$284 million allocation directly from the federal government. For local governments that did receive a direct Coronavirus Relief Fund appropriation, the State of Tennessee will facilitate a planning process to identify and plan for any necessary costs that may be uncovered by the direct appropriation.

There has been funding available to local governments for education initiatives. The state has provided \$11 million for grants to local education agencies (LEA) to support reopening efforts from the Coronavirus Relief Fund Grants. Reopening grants are noncompetitive grants to support cohorts of districts with continuous learning plan implementation throughout the year in amounts ranging from \$25,000 - \$150,000 each. An additional \$50 million will be made available to support technology grants that can be used on wi-fi devices, laptops, or any other devices needed to support reopening. These grants support district device strategies as necessary components to implement distance learning. The Tennessee Department of Education will launch a noncompetitive grant program managed for a match program.

Farm Bureau leadership should closely monitor and stay diligent in ensuring the dollars are used and invested wisely. Prudent use of these dollars might avert property tax hikes in some areas.

Questions

1. Are members of your community aware of your local government's budget situation?
2. Are members of your community aware of these allocations to the local governments?
3. What should be the role of your county Farm Bureau in your local government's budget process?

TFBF Policy

Government Spending Limitation (Partial)

The federal government often provides matching funds to states. States provide matching funds to local governments. The higher government often entices the lower to spend tax money it would not spend by choice. The result is too often local people believe they are forced to waste money. In addition, a growing trend has been for the higher government to impose unfunded mandates on the lower level of government.

*Produced in 2020 by the Tennessee Farm Bureau Federation
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