

Shelby County, Tennessee  
**Recovery Plan**

**State and Local Fiscal Recovery  
Funds**  
2021 Report

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2021 Recovery Plan**

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# GENERAL OVERVIEW

## Executive Summary

Shelby County, Tennessee (the County) greatly appreciates the Federal State and Local Fiscal Recovery Funds (SLFRF) provided through the American Rescue Plan Act (ARPA). Throughout the COVID-19 pandemic, the County has proactively responded to the community, and the County’s operating divisions have continued to serve its residents. The County’s vital response to the pandemic has included the work of the County’s health division, division of community services, emergency management and homeland security, Sheriff division, fire department, and other departments crucial to providing government services.

Unfortunately, the County’s revenues were impacted by the pandemic; therefore, the County intends to utilize the SLFRF for Revenue Replenishment in order to continue the provision of government services. In the fourth quarter of the County’s fiscal year 2020, the County’s revenues decreased by nearly 10% year-over-year, and overall, in calendar year 2020, the County’s revenues were \$88,877,418 or 7.3% less than the calculated adjusted revenue according to the Interim Final Rule. In the initial 2020 calendar year measurement period for Revenue Loss, the County’s revenues were \$1,135,513,339, which is short of the calculated adjusted revenue of \$1,224,390,758.

In setting the FY 2021 budget, the County had to implement budgetary reductions that were as high as 12% for some departments, but we did not lay off staff. We acknowledged that retaining staff would be crucial in our response to the pandemic. Thankfully, the Federal Government has provided the SLFRF, which will enable us to sustain our ongoing operations, support our pandemic response, and set us on the path to economic recovery.

## Uses of Funds

The County plans to utilize the SLFRF for Revenue Replacement (EC 6). The County’s Revenue Loss is \$88,877,418 for the initial 2020 measurement year. This amount is 97.6% of the SLFRF provided to date. We expect to have more calculated Revenue Loss for calendar year 2021 that will exceed the remaining SLFRF funding provided.

<b>Shelby County</b>	
Federal ARPA Funding	\$91,016,755
<b>Calendar Year Revenue</b>	
2019 Base Year	\$1,152,773,405
2020 Growth-Adjusted Calculation	1,224,390,758
2020 Actual	1,135,513,339
2020 Revenue Loss	(\$88,877,418)
Remaining Allowance for 2021 Loss	\$2,139,336

The County’s use of SLFRF for Revenue Loss or Revenue Replacement will enable us to continue our critical operations focused on health and public safety.

The **Shelby County Health Services Division** provides essential public health services to our residents, and it has been crucial in the County’s response to the pandemic. It has approximately 710 employees in the Adopted Fiscal Year 2022 (FY22) Operating Budget, 158 of whom are funded through the County’s General Fund. The Adopted FY22 General Fund Operating Budget of the Health Service Division is \$38.4 million, including \$11.4 million of personnel costs and \$26.9M of operating and maintenance (O&M) costs.

Through its primary General Fund operating budget, the County also provides funding for the Shelby County Health Care Corporation, which is known as **Regional One Health**. Regional One Health offers hospital services to residents of Shelby County and the surrounding area. The Adopted FY22 General Fund Operating Budget includes \$29.4 million for Regional One Health.

The **Shelby County Sheriff Division** provides law enforcement services to the County to preserve peace, prevent crime and disorder, and protect the lives and property of those in the County. The Sheriff Division has continued to focus on maintaining public safety through the pandemic. The Sheriff Division has 2,149 employees in the Adopted FY22 Operating Budget that are funded through the County’s General Fund. The Adopted FY22 General Fund Operating Budget of the Sheriff Division is \$187.9 million, including \$164.2 million of personnel costs and \$23.7 million of operating and maintenance costs.

The County plans to use the SLFRF to ensure these vital services are not interrupted.

2020 Revenue Replacement	\$88,877,418
<b>General Fund Health &amp; Public Safety Expenses</b>	
Health Services Division: Personnel	\$11,438,787
Health Services Division: O&M	26,947,250
Regional One Funding	29,408,000
Sheriff Division: Personnel	164,174,859
Sheriff Division: O&M	23,712,862
Total	\$255,681,758
Costs Exceeding Revenue Replacement	\$166,804,340

## **Promoting Equitable Outcomes**

The County is focused on promoting equitable outcomes through all of our operations. The County serves a population of 929,744 people for whom the demographic composition is 54.3% Black or African American, 35.3% White – not Hispanic or Latino, 6.6% Hispanic or Latino, 2.8% Asian, 0.3% American Indian and Alaskan Native, and 0.7% Other or Two or More Races. Additionally, approximately 13% of Shelby County families and 17% of Shelby County residents live below the poverty line.

We have identified five primary strategic goals as a foundation for our Countywide decision-making. In adopting each year's budget, we consider these initiatives and evaluate the appropriate levels of funding needed to achieve the identified priorities from both short- and long-term perspectives. The County's strategic goals are:

- Support Quality Public Education
- Enhance Public Safety and Support Criminal Justice Reform
- Protect and Promote Community Health
- Promote Workforce Development and a Healthy Economy
- Provide Effective Governance and Sound Stewardship for County Resources

More information can be found on pages 17 through 26 of our budget book.

During the COVID-19 pandemic, we have focused additional resources towards those who have been hardest hit – from both a health perspective and an economic perspective. Certain zip codes with lower income and more minority residents have experienced a disproportionately high burden of disease and hospitalization, and in these areas, we have undertaken additional medical outreach. We also have directed resources towards those who have experienced the greatest economic dislocation. Our programs have included small business grants, direct financial assistance for restaurant and hospitality workers, and rent and utility assistance, including the Federal Government's Emergency Rental Assistance Program. More information on our COVID-response programs can be found on our website: <https://www.shelby.community/>.

## **Community Engagement**

The County's budget and use of funds has incorporated input and feedback from members of the public. The County's response has been reviewed and vetted by the Administration and County Commission at public meetings, and numerous members of the community have attended meetings and given input.

Additionally, through the COVID-19 pandemic, we have partnered with a coalition of community partners and other local institutions to strengthen our outreach capacity. One example of our community engagement is our partnership with LeMoyne-Owen College, which is a historically black college located in an area that has been disproportionately impacted by COVID-19. With County funding, the college is hiring students to serve as street-level community health workers. Another example is the County's partnership with Memphis For All, a multi-racial, cross-class

organization that fosters economic and social equity to engage underserved, non-English speaking communities.

### Labor Practices

The County stresses local hiring and supports Locally-owned Small Businesses. In 2021, the County Commission amended our Locally-Owned Small Business (LOSB) Ordinance to expand the goals for LOSB participation. The County also encourages the use of minority- and women-owned businesses.

### Use of Evidence

Through its annual budget process, the County regularly evaluates the services we provide and the operational needs and funding required to provide such services. As the County is using SLFRF as Revenue Loss to support our general budget, we do not have specific evidence-based interventions for the SLFRF.

### Table of Expenses by Expenditure Category

The County expects to use all of its SLFRF funding for Revenue Replacement to continue the provision of government services.

The County adopted its FY22 Operating Budget before the Revenue Loss calculation was final; therefore, the County included a conservative estimate of Revenue Loss for Revenue Replacement in the amount of \$23,315,775 in the Adopted FY22 Operating Budget. However, the County experienced greater loss according to the Revenue Loss calculation. Accordingly, the County plans to utilize \$88,877,418 of calendar year 2020 Revenue Loss as Revenue Replacement in FY22, with the formal obligation of the remaining \$65,561,643 of calendar year 2020 Revenue Loss in the fall of 2021. We also expect to obligate the remaining \$2,139,336 of SLFRF funding for Revenue Loss we are experiencing in calendar year 2021.

Category		Cumulative Expenditures to Date (\$)	Amount Spent since Last Recovery Plan
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$23,315,775	\$23,315,775

### Project Inventory

The County is not directly utilizing SLFRF funds for specific projects. The County is utilizing the SLFRF funds for Revenue Replacement to continue to provide critical health and public safety services.