



FINANCIAL STIMULUS ACCOUNTABILITY GROUP

November 28, 2022

FSAG November 28th

Agenda

- Tennessee Resiliency Plan Update
- Tennessee Resiliency Drinking and Wastewater Program Phase 1 Update (TN Department of Environment and Conservation)
- Tennessee Resiliency Plan: New Proposals
 - TN Department of Health
 - TN Department of Finance & Administration (2)
 - TN Housing Development Agency
- USDOE Program Update (TN Department of Education)

Tennessee Resiliency Plan

Beginning Fiscal Recovery Fund Balance	\$ 3,725,832,113
2021 Tennessee Resiliency Plan Approved Projects	(\$ 3,123,777,479)
2022 Amendments to Plan (Approved in March)	(\$ 304,069,716)
2022 Amendments to Plan (Approved in July)	(\$ 115,493,440)
2022 Amendments to Plan (Approved in September)	(\$ 33,596,000)
Unallocated Fiscal Recovery Fund Balance as of Nov. 28	\$ 148,895,478



TDEC – Program Update

Water Infrastructure Investments – Phase 1

- Phase 1 Non-Competitive Grant Funds Requested and Applications Submitted
- Phase 1 Application Period closed on November 1, 2022

Approximately
\$929 Million

in funds were requested for a variety of water projects throughout the state of Tennessee

339 Applications

total for both collaborative and non-collaborative projects were submitted for non-competitive SWIG funds

Water Infrastructure Phase 1 Application Distribution

Drinking Water
Projects

319

Wastewater
Projects

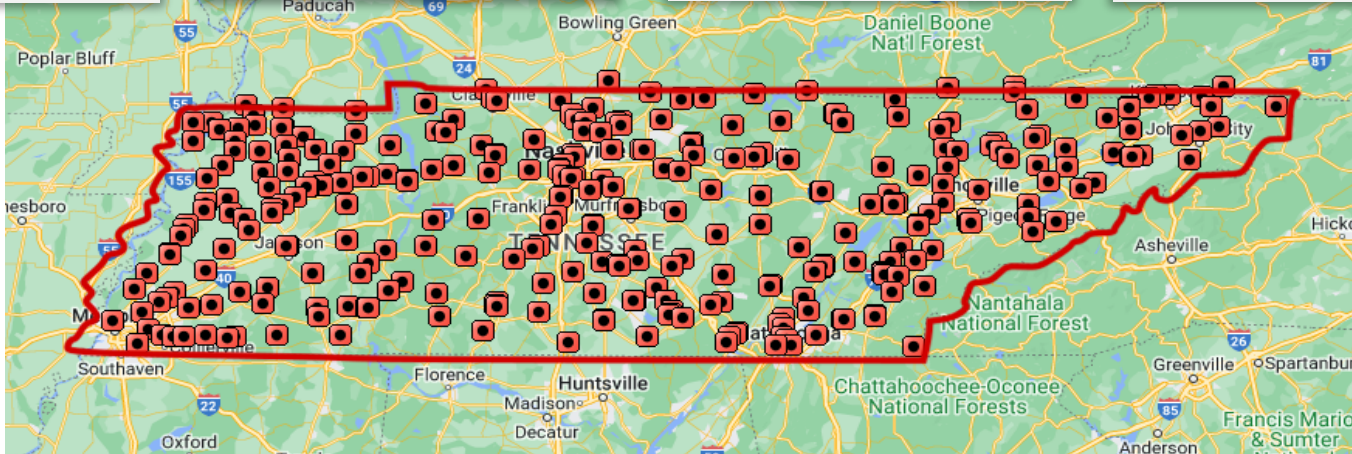
407

Stormwater
Projects

293

Total
Projects

1019



Phase 2 Overview – State Strategic Projects

- TDEC allocated **\$269 million** to **State Strategic Projects** across five key areas:

Community Water Infrastructure

\$200M

Grant Program

Focused on priority areas:

- Regionalization
- Water Reuse
- Resource Protection

Septic Management

\$6.5M

Grant Pilot Program

Septic system repair, replacement, and/or decommissioning

Enterprise-Scale Infrastructure Investments

\$57M

State Project

Water, wastewater, and stormwater improvements for Tennessee State Parks and TDOT

Development of Technical Assistance and IT Solutions

\$2M

State Project

- Post-Construction Stormwater Management
- Erosion Prevention & Sediment Control
- Statewide Solutions to Water Infrastructure Identification

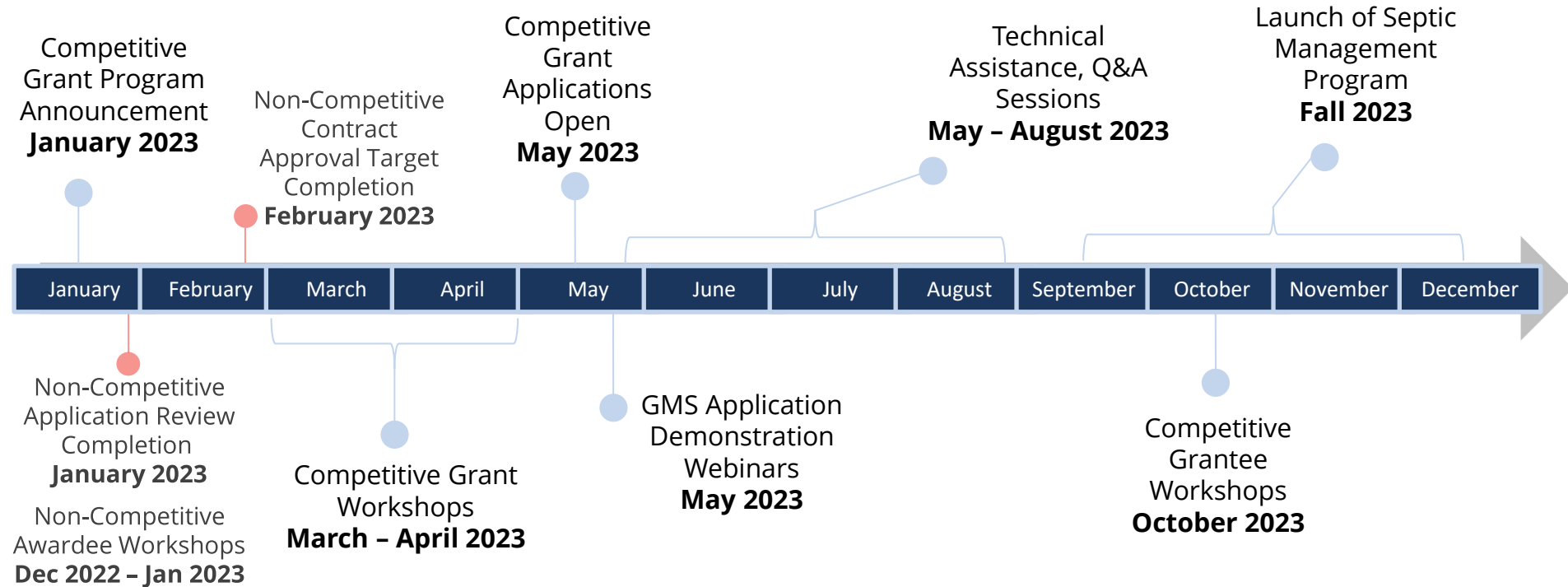
Supplemental Funding for Non-Competitive Grant

\$3.5M

Grant Allocation

Non-competitive grant allocations to the cities of Caryville, Jacksboro, Dowelltown, Liberty, and Ardmore

Water Infrastructure Stakeholder Engagement Activities



West TN Regional Wastewater Opportunity Assessment



Project Goals:

Evaluation of potential options for regionalization



First Regional Meeting:

November 14th, 2022



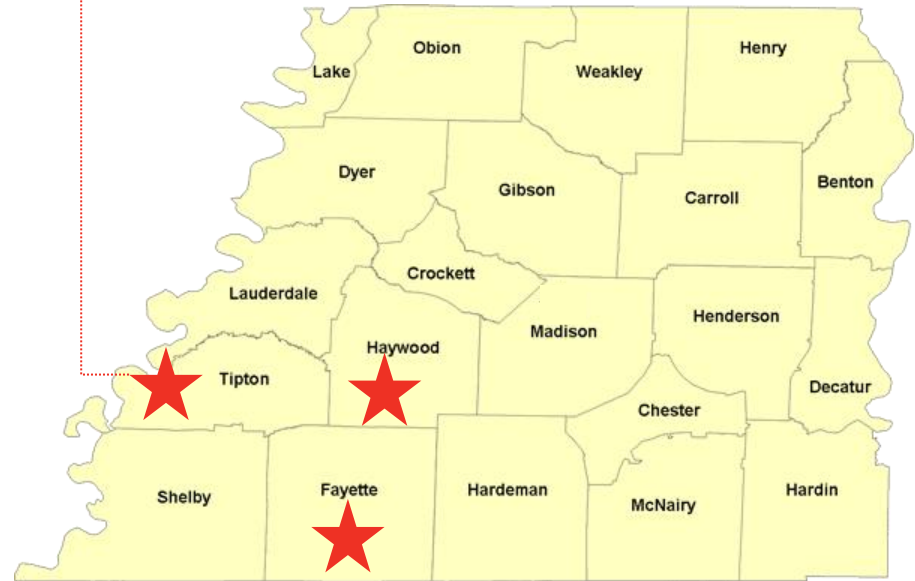
Targeted Completion Date:

February 28th, 2023

TN

Counties Involved

- Tipton
- Fayette
- Haywood





NEW PROPOSALS

Summary of New Proposals

Proposal	Cost
1. Hamilton County Government: <i>Request for state support to construct a new forensic examiner building (Agency oversight: TN Dept of Health)</i>	\$10,105,200
2. F&A Benefits Administration: <i>Request to reimburse state and local governments for payments made to fulfill COVID-related medical claims</i>	\$127,402,960
3. F&A STS: <i>Request for to fund seven separate eligible technology projects</i>	\$77,500,000
4. Fahe/TN NeighborWorks/TN Association of Housing and Redevelopment: <i>Joint request for housing investment (Agency oversight: TN Housing Development Agency)</i>	\$100,000,000
TOTAL AMOUNT PROPOSED:	\$314,902,960



Proposal 1 – Hamilton County Forensic Center New Construction



Hamilton County Forensic Center New Construction



Functions of Forensic Centers

- **County Medical Examiners provide death investigation services where the death appears to have occurred under unusual, suspicious, or unnatural circumstances.**
 - Examples of services include providing an opinion on the cause of death, completing death certificates, and ordering autopsies when needed to determine cause and manner of death.
- **Autopsies are performed at one of the five regional forensic centers across the state of which Hamilton County is one.**
 - Autopsies are performed by a board-certified forensic pathologist.
- **All five regional forensic centers are nationally accredited.**

Current Facility Conditions

- **Constructed in 1989, the Hamilton County Regional Forensic Center has exceeded useful life.**
 - Due to age, the forensic center experiences significant physical plant challenges:
 - Deterioration of building envelope.
 - Moisture and water intrusion.
 - Ineffective heating, cooling, and air systems.
 - Lack of modern security systems.
 - Building and employee safety concerns.
 - Electrical and building systems issues.

Limitations of Current Facility

- **Facility size and outdated space hinder service delivery.**
 - Outdated autopsy and work spaces hinder service efficiencies.
 - Inadequate cooler spaces to meet regional demands for intake and inventory of deceased individuals.
 - Inadequate office space to meet current and future staffing demands.
 - Lack of modern autopsy equipment and tools pose risk to employees.
 - Current square footage (5,812 sq. ft.) insufficient to meet current and growing demands.
 - Building location prevents on-site expansion and renovations.

Project Proposal

- **Replacement of Hamilton County Regional Forensic Facility**
 - Funding requested to construct a new regional forensic facility in Hamilton County (Total Project Costs: \$13.8M).
 - The County requests \$10M in State and Local Fiscal Recovery Funds to assist in construction a 14,244 square foot facility.
 - Hamilton County will invest \$3.8M to the project.
 - County investment includes \$3.4M for equipment purchases and the donation of \$250,000 in property.
 - Hamilton County will address any construction cost escalations.
 - All increased utility costs related to the new facility will be absorbed by the County (estimated \$100,000 per year).



Proposal 2 – Benefits Administration

ARPA FUNDING REQUEST

State Group Insurance Program

PARTNERS
FOR HEALTH



TN

Department of
**Finance &
Administration**

A map of Tennessee is shown with a large, metallic, 3D location pin in the center. The pin is dark blue with a silver ring at the top. Below the pin, there are numerous smaller red pins scattered across the state, representing various agencies. The map is set against a dark blue background with a torn paper effect at the edges.

THE STATE GROUP INSURANCE PLAN (SGIP) IS THE LARGEST EMPLOYER-SPONSORED PURCHASER OF HEALTH CARE IN TENNESSEE

The SGIP provides comprehensive and affordable public sector health coverage to **283,701** employees, retirees and dependents through **three self-funded plans**, serving:

▶ **125** Local Education Agencies

▶ **384** Local Government Agencies

▶ **99** State and Higher Education Agencies

TN

Department of
Finance &
Administration

THE SGIP PLANS ARE SELF-FUNDED

Of the annual plan expenses, **95%** pay providers for health care delivery and **5%** pay administrative costs



The State is the insurer, collecting premiums to pay providers

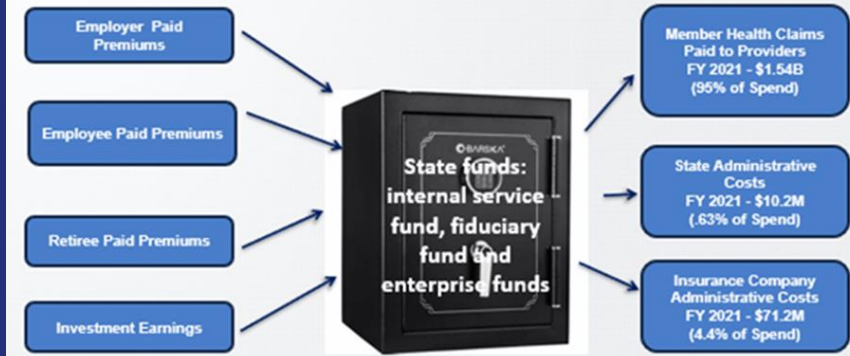


Premiums stay in the state funds and are not paid to insurance companies



Insurance companies and other contractors provide administrative services on a per employee per month fee

Sources and uses of funds for the State, Local Education, and Local Government plans



- ✓ SGIP doesn't pay for insurer's profit, reserves, or marketing
- ✓ If claims are less than forecasted, SGIP retains the surplus to reduce future premium increases to members
- ✓ State retains flexibility in benefit design
- ✓ Medical claims are paid out as they occur instead of a fixed premium to a third party

COVID-19 ADDED UNFORESEEN COSTS AND VOLATILITY TO THE PLANS

Claim Net Payments for Claims Incurred on or after March 3, 2021 and Paid Through October 31, 2022					
BCBST/CIGNA & Caremark	COVID Treatment	COVID Test Claims	COVID Vaccination Claims	COVID Anti-Viral Claims	Total
State/Higher Education	\$41,842,403.07	\$15,946,240.19	\$5,291,194.63	\$38,480.46	\$63,118,318.35
Local Education	\$33,202,348.70	\$11,115,036.87	\$6,148,027.28	\$25,171.68	\$50,490,584.53
Local Government	\$10,476,484.79	\$2,741,716.54	\$570,355.63	\$5,500.50	\$13,794,057.46
Total	\$85,521,236.56	\$29,802,993.60	\$12,009,577.54	\$69,152.64	\$127,402,960.34



\$205.9M in total Covid treatment, testing and prevention costs since the start of the pandemic



\$127.4M in plan costs during the ARPA funding period through 10/31/22



Local Government Plan per member COVID costs were **18% higher** than for all plans combined



AS THE SGIP PLANS ARE SELF-FUNDED, ARPA FUNDS WOULD DIRECTLY BENEFIT PARTICIPATING AGENCIES AND MEMBERS

Premium Increase Budgeted/Forecast	State	Local Education	Local Government
CY 2023 Premium Rate Increase	6.2%	6.1%	7.5%
CY 2024-2026 Premium Forecast as of Sept 2022	5.3%	5.9%	7.2%
CY 2024-2026 Scenario 1	4.3%	4.9%	6.1%
CY 2024-2026 Scenario 2	5.3%	4.9%	6.1%
CY 2024-2026 Scenario 3	4.8%	4.9%	6.1%

Example impact: 2024 premium increase would be reduced by \$281/year for families in the Local Government Level 3 Premier PPO

- BA's actuary modeled the impact of the ARPA funds on future rate increases under three scenarios
- All scenarios assume the ARPA payments fund actual costs incurred by the respective plans from 3/3/21 – 10/31/22
- Model assumes the most recent forecast (Sept 2022)

Scenario 1

Fund all three plans to offset total COVID costs incurred:
\$127,402,960.34



Scenario 2

Fund the Local Education and Local Government plans:
\$64,284,641.99




Scenario 3

Fund the Local Education and Local Government plans and ½ the State plan:
\$95,843,801.17



SUMMARY OF ARPA FUNDING REQUEST

- 
- As a result of the pandemic, the State, Local Education and Local Government plans of the SGIP have experienced **unforeseen costs and volatility**
 - Higher costs and claims volatility are expected to continue in the foreseeable future, **driving up premiums**
 - ARPA funds applied to the SGIP plans will **reduce future premium increases** and help **maintain the plans' health and stability**
 - The SGIP is a self-funded plan, therefore, **reduced premium increases will benefit the 600+ public sector agencies and 284,000 Tennesseans** across the state who pay for the premiums
 - **ARPA funds could be distributed differently** across plans or used for expenses through 2026



Proposal 3 – STS



Strategic
Technology Solutions

Eligible State Technology Services Projects



STS - Summary

The Opportunity:

COVID-19 has been a transformational event requiring new or improved technologies to support the business of Tennessee. With approval of the requested projects, our State can continue to speed up the adoption of new or improved technologies that are essential to meeting the new demands that COVID-19 has placed on Tennessee and its citizens.

The Benefits:

- Enterprise-wide impact--moves the state forward in critical areas
- Creates an environment in which Tennessee businesses and citizens can safely and efficiently interact with the State of Tennessee
- Leverages Federal investment vs State investment as many of the projects requested would have been requested in out-year budget requests

Summary of Investment Request

Priority	Initiative	Request
1	Cloud Air-Gapped Data Backup and Recovery	\$4,500,000
2	Cloud Consumption Costs	\$12,000,000
3	Application Migration/Modernization to Cloud	\$20,000,000
4	DOHR Modernization	\$12,000,000
5	Tennessee “No Wrong Door” Portal	\$15,000,000
6	Tennessee One-Stop Business Gateway	\$10,000,000
7	CISO-as-a-Service	\$4,000,000
		\$77,500,000



STS – Cloud Air-Gapped Backup and Recovery

Objective: Cloud Air-gapped technologies are essential to mitigating the risk of compromised back-ups. It will additionally support the restoration of data — especially as the result of ransomware. With more staff working remotely during COVID-19, and not physically on the State's Network, there is more exposure to the end user compute devices to become compromised. With that larger potential attack footprint, the risk for ransomware being introduced into the network and impacting application servers is increased. This solution provides an "Air-Gapped" solution that would allow for the State to limit the movement within our network AND provide the ability recover from a ransomware event.

Cost: The total cloud investment requested is \$4,500,000.

Project Length: Three Years

Temporary # of employees: Contractors only

STS – Cloud Consumption Costs

Objective: This is an expansion of our current ARPA consumption costs for two additional years; the remainder of the ARPA allowable period. Consumption costs are the costs we pay to run applications/services in the cloud. This project will cover cloud consumption costs for two years — allows us to gain experience and understanding of cloud costs and allows us time to optimize what we put in the cloud for performance and cost. Additionally, by covering the consumption costs, it removes any barriers or objections that agencies may have toward moving to cloud, thus accelerating our migration.

Cost: The total cloud investment requested is \$12,000,000

Project Length: Three Years

Temporary # of employees: Limited number of contractors only

STS – Application Migration/Modernization to Cloud

Objective: This expands the funds for the continued acceleration of the modernization, redesign, rehosting, and development of Agency applications using cloud-native technologies. Cloud technologies, such as Amazon AWS and Microsoft Azure have proven to improve the security, availability, and resiliency of applications. Speeding up the adoption of new or improved technologies is essential to meeting the new demands that COVID-19 has placed on State government and delivering essential services to impacted citizens.

Cost: \$20,000,000

Project Length: Three Years

Temporary # of employees: Contractors only

STS – DOHR Modernization

Objective: This project will implement modernized platforms to transform employee and applicant experience, improving the operational efficiency and effectiveness of Human Resource services. This includes a one-stop human resources portal for job recruiting, knowledge management, and employee onboarding. It will incorporate leading solutions in automation to reduce manual work of DOHR employees, improve collaboration, and enhance reporting. This project will support current and future State employees providing access to information simply and easily.

Reducing the number of systems that employees and applicants need to access and learn to perform HR functions will deliver more value, better outcomes, and increased employee productivity and satisfaction. This project will also reduce the amount of manual processing and in-person work that needs to be accomplished by DOHR, thus allowing for proper COVID-19 social distancing. This solution will also drive significant benefits to our state employees by allowing them to benefit from access to information and less time spent on administrative functions. Additionally, this project will allow for a streamlined applicant experience, with clear workflows and less manual rework.

Cost: The total investment requested is \$12,000,000.

Project Length: Three Years

Temporary # of employees: Contractors only

STS – Tennessee “No Wrong Door” Portal

Objective: This project will deliver a unified experience for residents to discover and manage services provided by the State of Tennessee. The project removes administrative barriers that increase access and support equity. Imagine a true one-stop shop for all governments services. This project further streamlines backend processes further making agencies more efficient. The one-stop shop also enables data sharing across agencies to allow for more rapid and consistent approaches. The scope of this effort includes integrated applications for services, leverages existing investments in identity and access management and comprehensive data management. The project would deliver a portal, communication preference/consent management, cross-program enrollment, residents’ dashboards, email and SMS nudging, eligibility wizards and checklists, advanced search features, and referrals to support organizations.

Cost: \$15,000,000

Project Length: Three Years

Temporary # of employees: Contractors only



STS – Tennessee One-Stop Business Gateway

Objective: This project will deploy a modernized Business Gateway that serves as a single destination for the tools and information needed for a business to get started and operate in the State of Tennessee. We envision a digital portal where businesses can create accounts, view their entire interaction history with the state, view notifications and alerts for services, quickly access information, use wizards to understand the steps needed to register, access omni-channel customer support, and complete transactions. This project includes a one stop portal for businesses allowing government and business officials common access and records as well as enhanced omni-channel support and data-driven eco-system to support decision making.

Cost: \$10,000,000

Project Length: Three Years

Temporary # of employees: Contractors only



STS – CISO-as-a-Service

Objective: This project provides CISO (cybersecurity consulting services) support for counties/cities that are not able to provide the service, themselves and provides valuable/timely consultive services. This project was omitted from our original ARPA requests that went to the FSAG for consideration due to a clerical error.

Cost: \$4,000,000

Project Length: Three Years

Temporary # of employees: Contractors only





Proposal 4 – Fahe/TN Association of Housing and Redevelopment Authorities

Investing in Housing that Working Families Can Afford

Fahe, NeighborWorks Alliance of TN and TAHRA

Proposal for ARPA Funds

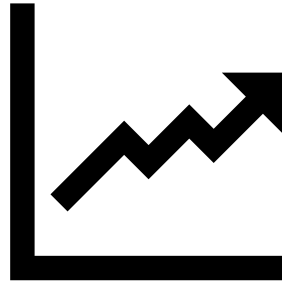


The Challenge

Covid-19 reinforced how important access to a safe and stable home is. Yet, in TN:



We are short 133,000
Affordable Rental Units



Demand for housing has
increased 19%



Housing supply is
down 24%

If we're going to protect against future public health emergencies, increase health and wellness indicators for vulnerable populations, strengthen our economy, and build pathways to generational wealth- **we have to invest in quality, stable housing, working families can afford.**

The Solution

Using Fahe as an intermediary, invest **\$100 million in established nonprofit developers to create a minimum of 1,425 units** of housing that TN working families can afford.

78 counties with high demand for housing but limited existing capital to support traditional financing have expressed interest in applying for this funding.

To maximize ARPA funding, nonprofit community development organizations will **align and stack existing federal and state resources and private capital investments.**

Funding Will Be Used For:

- Land acquisition
- Predevelopment work (surveys, water/sewage and roads etc.)
- Repair, renovation and weatherization to preserve existing stock
- New Multi-Family Housing
- New Single Family Housing (stick built or modular depending on community need)

Individuals and Households To Be Served

Given ARPA's flexibility, and our partners ability to stack funding, we're able to serve a broad swath of Tennessee residents. Renters and buyers can earn anywhere between 0% to 300% Federal Poverty Guidelines.

- **Impacted Communities:** Households earning up to 300% of the Federal Poverty Guidelines (\$69,090 for a family of 3)
- **Disproportionately Impacted Communities:** Households earning up to 180% of Federal Poverty Guidelines (\$42,606 and below for a family of 3)
- **Other Vulnerable Populations:**
 - Elderly and Retiree residents seeking to age in place
 - Rent Burdened Households (paying >30% of their income to housing)
 - Veterans, the disabled and families with young children in low income households

Project Assessment Criteria

Final project investment decisions will be based on a variety of factors including but not limited to:

- **Project alignment** with income eligibility guidelines for ARPA or other funding restrictions (depending on the funds utilized in each project)
- **Geographic diversity:** we anticipate funds could be dispersed across 78 counties
- Current and future **housing demand data**
- Communities with **limited access to private investment** for housing development
- The degree to which a **project is shovel ready**
- Projects with the greatest **return on investment** (ROI defined by the number of units created or preserved).

Sample Projects

Multi-Family Rental Project

Type: Scarboro/Downtown Workforce Housing Development

Number of Units: 140 Units Mixed Income Rental

Number Housed: 350 individuals

Funding Needed: Funds used for land acquisition and gap development costs (\$2-\$5 million)

Total project Value: \$22 million

Single Family Homeownership

Type: In Fill of New Construction

Number of Units: 10 Homes; 3bed/2bath \$200-\$220k sales price

Number Housed: 30-40 individuals

Funding Needed: Funds used for land acquisition and gap development costs (\$500k-\$1 million)

Total project Value: \$2-2.5 million

Rental Preservation

Type: Existing Affordable Workforce Rental Development

Number of Units: 80 Units

Number Housed: 180 individuals

Funding Needed: Funds used for land acquisition and substantial rehabilitation (\$7 million)

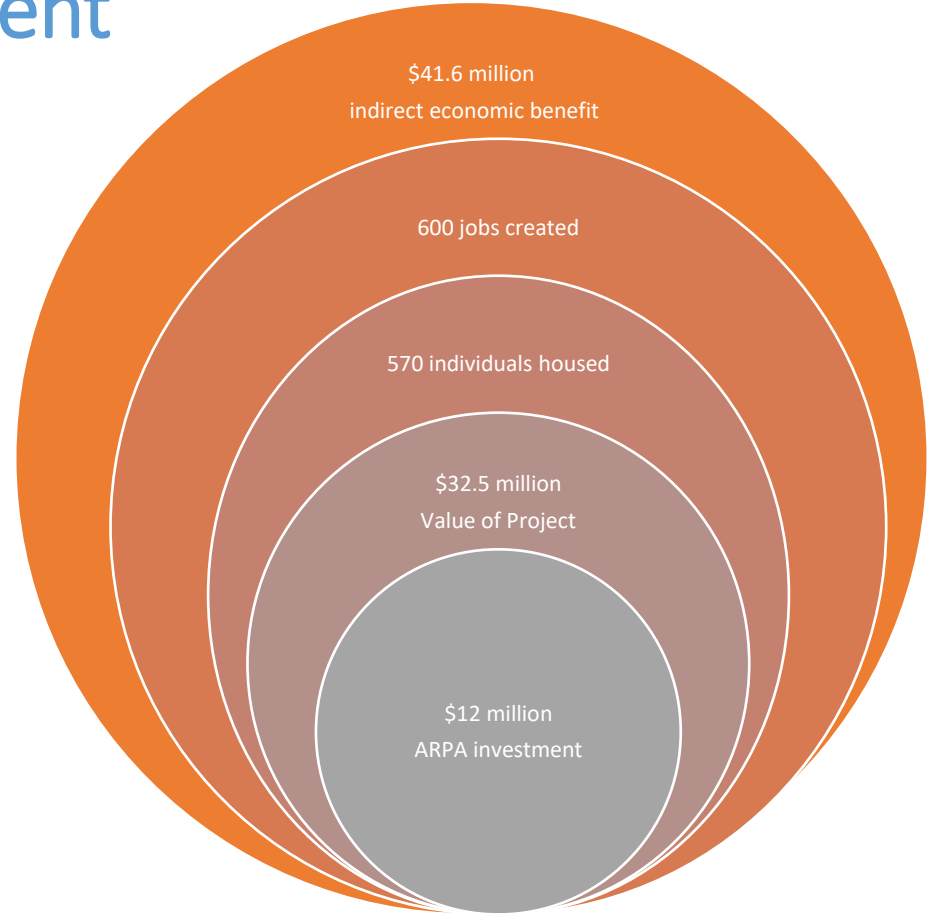
Total project Value: \$8 million



The Return on Investment

Based on similar projects in other communities, **the three projects mentioned above** will have the following return on investment. This rich ROI will be similar in other projects across the state.

Bottomline:
The forced multiplier opportunity with this investment is vast.



The Timeline



Why Fahe as an Intermediary

Fahe has 40 years of finance, development and intermediary experience:

- Since 1980 Fahe has invested \$1.05B generating \$1.6B in finance.
- This investment was channeled through our Members and community partners, directly changing the lives of 687,183 people.

Fahe can scale quickly & alleviate the administrative burden on reporting for the State:

- Fahe will apply its experience in designing and implementing programs, and federal funds compliance to disseminate funding quickly and effectively.
- Fahe will identify a lead staff member to serve as a single point of contact for the State for all financial, administrative and compliance requirements.

Fahe has strong community connections:

- We will be community-focused to identify and meet local needs, provide program administration support.
- Coalition members will focus on outreach and partnership with local governments and landowners to identify and secure property that meet community needs.

Our Tennessee members and partners do this work every day:

- Between 2018 and 2020, Fahe and Neighborworks America partners deployed \$343,506,049 in public and private funding to secure.
- In that same 3 year period, we created 4,343 units of housing for 8,548 Tennesseans.

Questions & Comments



About Us:

About Fahe & NWA: Fahe TN is comprised of 15 nonprofit housing developers and the TN NeighborWorks affiliates. Members serve across the state of TN covering specifically the Appalachian counties in the Upper Cumberland region, the NE region of the State of TN. NWA organizations cover additional communities in and around Chattanooga, Hamilton County; Davidson County; Memphis and Shelby County

- [Affordable Housing Resources](#)
- [Aid to Distressed Families of Appalachian Counties \(ADFAC\)](#)
- [Appalachia Habitat for Humanity](#) [Appalachia Service Project](#)
- [Blount County Habitat for Humanity](#)
- [Chattanooga Neighborhood Enterprises](#)
- [Clinch-Powell RC&D Council](#)
- [Creative Compassion](#)
- [Crossville Housing Authority](#)
- [Eastern Eight Community Development Corp.](#)
- [HomeSource East Tennessee](#)
- [Kingsport Housing and Redevelopment Authority](#)
- [Knoxville Habitat for Humanity](#) [Knoxville Leadership Foundation](#)
- [Loudon County Habitat for Humanity](#)
- [Mountain T.O.P.](#)
- [Oak Ridge Housing Authority](#)

- [Tennessee Community Assistance Corp.](#)
- [United Housing Inc.](#)

About TAHRA: The Tennessee Association of Housing and Redevelopment Authorities (TAHRA) is the premier organization providing assistance and support to Tennessee public and affordable housing agencies. Founded in 1939, TAHRA has members in every county and collectively leverages and deploys hundreds of millions of dollars annually to create and preserve housing working families can afford.

Questions: Maggie Riden, Fahe, mriden@fahe.org



TDOE – Program Update



THANK YOU