

# **111th GENERAL ASSEMBLY BUDGET SUMMARY SESSION REPORT**

## **2019**

Budget Overview

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# FY 2019-20 BUDGET OVERVIEW

## Budget

- The Total FY19-20 State Budget is \$38.9 billion, a 2.3% increase over FY 19's Total Budget of \$38.1 billion.
- The budget adds \$239 million to the Rainy Day Fund including an additional \$14 million in the current fiscal year and \$225 million during FY19-20. This brings the total anticipated balance to \$1.1 billion by June 30, 2020. TennCare reserves are expected to be \$311.3 million by June 30, 2020.
- The budget assumes a revised general fund revenue growth rate of 2.35% compared to FY17-18 actuals for FY18-19 and a general fund revenue growth rate of 3.21% for FY19-20. These growth assumptions reflect the continued phase-out of the Hall Income Tax.
- The budget also eliminates the professional privilege tax for 15 professions, eliminates the sales tax on gym memberships, excludes installed fiber-optic cable from the sales tax, and eliminates the tax on ammunition.

## Budget Reductions

- Base budget reductions total \$63.3 million and 37 full-time positions are eliminated.

## Employee Salary and Benefit Policy

- The budget provides a salary pool of 2.0% for TEAM Act employees effective January 1, 2020, and a 2.0% pool for Non-TEAM Act employees effective July 1, 2019.
- Provides \$26 million for market rate adjustments for certain positions. This includes funding for the salary survey for State Troopers and TLETA Commissioned Officers.
- The budget includes funding for a 2.0% salary pool for Higher Education employees through the outcomes-based formula, and it separately provides a similar 2.0% pool for non-formula units.
- The budget includes \$71.3 million to increase the BEP salary component for K-12 teachers and other positions by 2.5%.
- Statutory pay raises for law enforcement, judges, district attorneys, public defenders, attorney general, and TWRA officers are included.
- \$36.6 million in additional funds are provided to increase the retirement contribution rate for state employees and to address the state's future obligations for other post-employment benefits.

## Education

- K-12 Education total funding is \$6.6 billion. The budget adds \$186 million to K-12 Education, including \$71.3 million into the BEP for Teachers, \$46.2 million to address growth and inflation, and \$30 million for school safety grants. Additional funding is provided to the Save the Children Literacy Foundation, the Science Alliance Museums, and the Tennessee Council for Career and Technical Education.
- The budget invests a total of \$4.7 billion in Higher Education, which includes \$133.6 million in new funding. The new funding includes \$25 million for G.I.V.E. student grants to expand vocational and technical training opportunities, and funding for the establishment of a new Correctional Education Investment program to expand educational opportunities in correctional institutions. Capital investment for higher education institutions totals \$174 million.

## Health and Social Services

- The budget adds over \$250 million in new funding for Health and Social Services. This new funding includes \$192.3 million for the TennCare program, \$26 million for the Department of Children's Services, and \$23.5 million for the department of Mental Health and Substance Abuse Services.

- The budget invests \$27.3 million into a new Katie Beckett program, fully funding the program that provides medical services through TennCare for children with the most significant disabilities and the highest medical needs, regardless of their parental income levels.
- The budget also provides \$4 million for grants to local governments to provide for transportation of patients with mental illness.

#### **Law, Safety and Correction**

- The budget includes \$104.6 million in new funding for agencies that address law, safety, and correction.
- The budget for the Department of Correction increased by \$72.9 million, which includes \$21.1 million to increase salaries for correctional officers and counselors, \$26.7 million for Hepatitis C treatment, \$3.3 million to strengthen penalties against Fentanyl dealers, and funding to increase penalties for physical violence against elderly and vulnerable adults.
- The Tennessee Bureau of Investigation received additional funding of \$16.7 million, including \$2.4 million in both FY18-19 and FY19-20 for operational support and \$5 million to fund 24 additional special agent positions in the Medicaid Fraud Control Unit.
- The budget also invests an additional \$2.25 million in the electronic monitoring indigency fund to stabilize and expand the program to support the use of GPS devices.

#### **Resources and Regulations**

- The budget appropriates \$1.4 million to the Department of Commerce and Insurance to increase the pay supplement for local law enforcement and firefighters from \$600 to \$800, and \$500,000 for grants to local volunteer fire departments to help with the purchase of equipment.
- The capital budget includes an additional \$19.5 million to complete replacement inn projects at Paris Landing and Fall Creek Falls State Parks and add \$700,000 in FY18-19 for a new conference center at the Fire Academy.

#### **Business, Economic Development and Transportation**

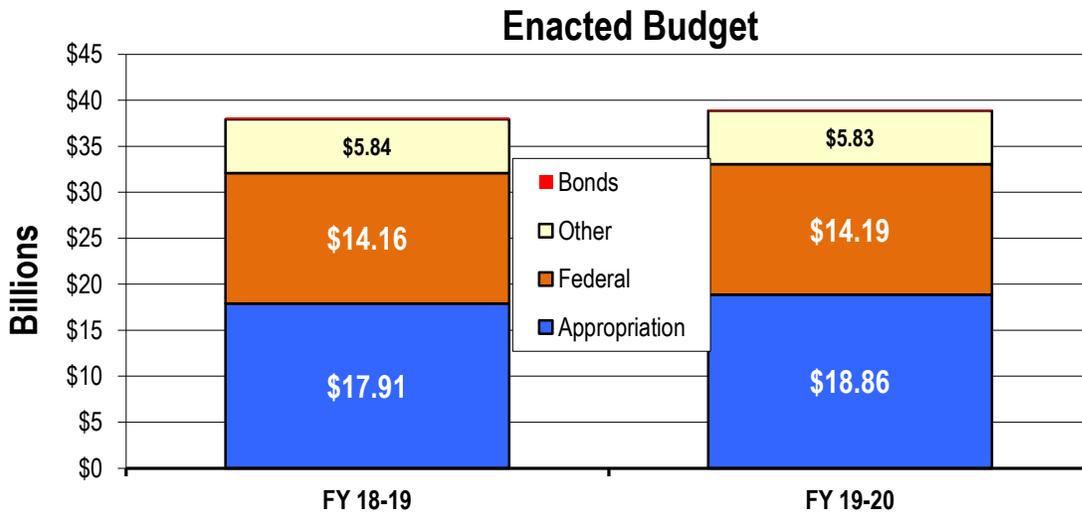
- The budget includes \$224 million in additional funding to address infrastructure and job training, rural development and broadband accessibility grants. This includes a \$65 million grant for a new Amazon operations center, \$50 million to help expand a Volkswagen facility, and \$20 million for grants to expand access to broadband in rural communities.
- Tourist Development will receive \$500,000 to continue the Waterways Accessibility for Tennessee Recreation grants.
- The budget also includes \$6 million to the Aeronautics Economic Development Fund for grants to local airports.

#### **Capital Outlay/Maintenance/Facilities Revolving Fund**

- In addition to appropriating over \$127 million for maintenance of existing facilities, the budget funds a number of capital improvements, including:
  - \$15.4 million to purchase the TennCare building;
  - \$11 million to complete the replacement of the Fall Creek Falls State Park Inn;
  - \$8.5 million to add additional rooms for the replacement Paris Landing State Park Inn;
  - \$34 million for a new facility for the School of Concrete and Construction Management at Middle Tennessee State University;
  - \$14.2 million for a new collaborative higher education facility in McMinn County;
  - \$81.5 million for a new Energy and Environmental Science Education Research Center at UT Institute of Agriculture;
  - \$3.99 million in additional funds to complete the THP HQ in Knoxville;
  - \$5.6 million in additional funds to complete the TBI Crime Lab in Jackson;
  - \$5.8 million for renovations at the University of Memphis Lambuth Campus; and
  - \$3.3 million in planning costs for an Engineering Building at Tennessee Technological University.

# FY 19-20 FINAL BUDGET ACTION TOTAL STATE BUDGET

		Est. FY 18-19	Prelim. FY 19-20	Change
<b>TOTAL</b>		<b>\$38,135,624,500</b>	<b>\$38,998,696,200</b>	<b>2.3%</b>
<b>Preliminary Estimate</b>	Appropriation	\$17,912,272,900	\$18,855,517,700	5.3%
	Federal	14,164,781,000	14,187,320,500	0.2%
	Other	5,843,275,600	5,831,858,000	-0.2%
	Bonds	215,295,000	124,000,000	-42.4%
<b>Preliminary Estimate</b>				

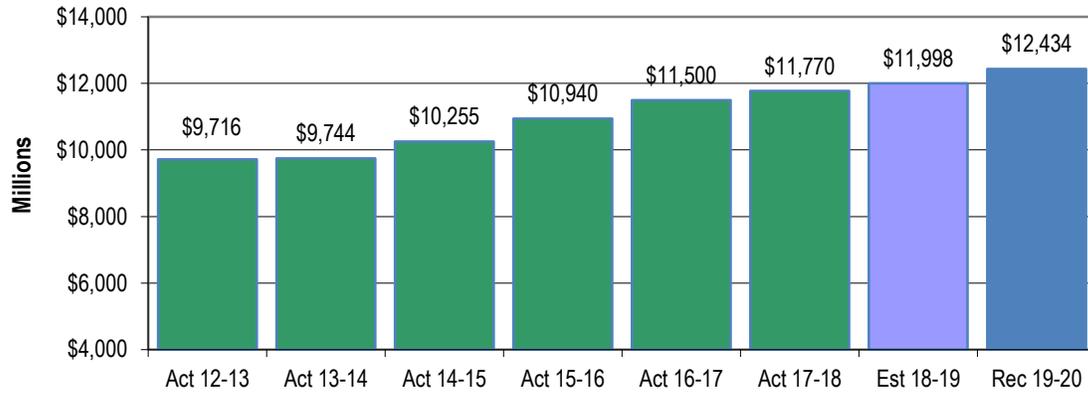


### STATE BUDGET FUNDING HISTORY - (Excludes Bonds)

	Total (Billions)	State	Federal	Other	% Change
2008-09	\$29.21	13.54	9.56	4.40	
2009-10	\$29.68	12.20	12.92	4.56	1.6%
2010-11	\$31.73	12.91	13.97	4.85	6.9%
2011-12	\$31.72	13.73	13.24	4.75	0.0%
2012-13	\$31.28	13.98	12.52	4.79	-1.4%
2013-14	\$32.97	15.09	13.23	4.64	5.4%
2014-15	\$32.86	14.88	13.18	4.79	-0.3%
2015-16	\$33.55	15.58	12.87	5.10	2.1%
2016-17	\$35.19	16.53	13.42	5.24	4.9%
2017-18	\$37.27	17.95	13.63	5.69	5.9%
<b>Est. 2018-19</b>	<b>\$37.92</b>	<b>17.91</b>	<b>14.16</b>	<b>5.84</b>	<b>1.8%</b>
<b>Prelim. 2019-20</b>	<b>\$38.87</b>	<b>18.86</b>	<b>14.19</b>	<b>5.83</b>	<b>2.5%</b>

# STATE TAX REVENUES

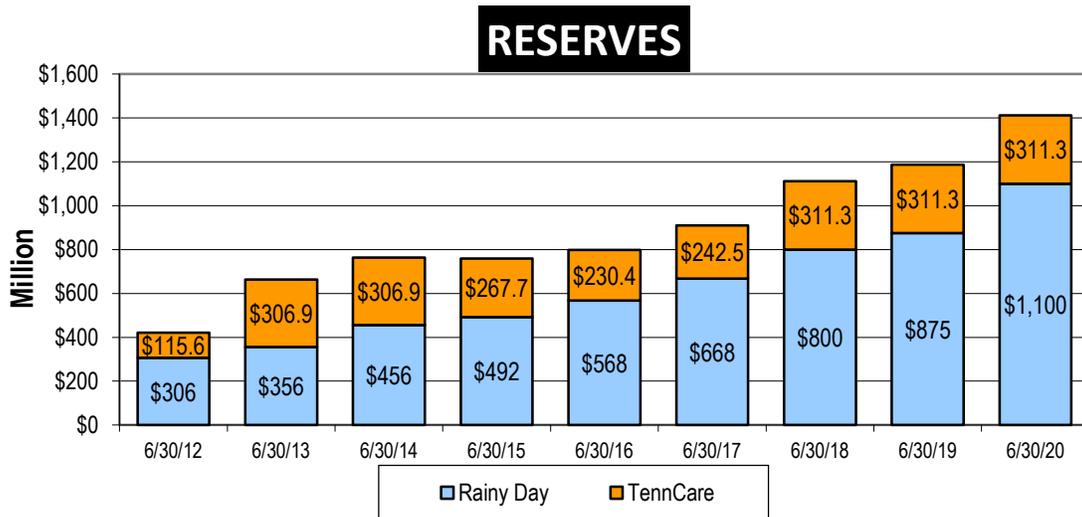
## General Fund Revenues\*



\* Includes General Fund revenue collected by Department of Revenue. Does not include tobacco tax revenue.

# RESERVES

	Rainy Day	% of GF Rev	TennCare	TOTAL
<b>6/30/12</b>	306,000,000	3.1%	115,600,000	\$421,600,000
<b>6/30/13</b>	356,000,000	3.7%	306,877,300	\$662,877,300
<b>6/30/14</b>	456,000,000	4.7%	306,877,300	\$762,877,300
<b>6/30/15</b>	491,500,000	4.8%	267,729,800	\$759,229,800
<b>6/30/16</b>	568,000,000	5.2%	230,394,300	\$798,394,300
<b>6/30/17</b>	668,000,000	5.9%	242,493,900	\$910,493,900
<b>6/30/18</b>	800,000,000	6.8%	311,265,100	\$1,111,265,100
<b>Est 6/30/2019</b>	875,000,000	7.2%	311,265,100	\$1,186,265,100
<b>Rec 6/30/2020</b>	1,100,000,000	8.7%	311,265,100	\$1,411,265,100



# 2019 SESSION - NOTED LEGISLATION

				General Fund - Fiscal Impact		
	Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	Gen Fund Revenue
<b>Budget Bills</b>	Appropriation Bill	1518	1508			
	Bond Bill - Authorizes bonds for transportation & other projects	1517	1509			
	Budget Implementation Act - statutory revisions necessary for implementation of the annual appropriations act; authorizes the transfer of funds from the department of safety handgun permit reserves	1516	1510			
Health Care	Ambulance Service Assessment	1349	527			
Health Care	Hospital Assessment	474	771			
Health Care	Nursing Home Assessment	1201	557			
Abortion	Human Life Protection Act	1257	1029	Sum Sufficient		
Alcoholic Beverages	Permits selling and consuming alcohol at facilities used for higher education sanctioned sporting events	598	850			1,282,200
Charter Schools	Revises various provisions of the Tennessee Public Charter Schools Act of 2002; creates public charter school commission	796	940	701,600	250,000	
Child Abuse	Creates a Class A misdemeanor offense of withdrawing, transferring, or altering a child's enrollment in school with intent to hinder an active child abuse or neglect investigation. Creates a Class E felony offense if such child is taken out of state	1359	917	3,400		
Children's Services	Requires the Commissioner of the DCS to provide a report to the District Attorney General with jurisdiction following a fatality or near fatality of a child in the custody of DCS or who is the subject of an investigation by Child Protective Services (CPS)	1403	867			
Controlled Substances	Enhances penalties for the sale, manufacture, distribution, and possession with intent to distribute fentanyl and similar substances	798	942	3,304,500		
Courts	Extends the "Tennessee Zero to Three Court Initiative" from January 1, 2022, to January 1, 2025; establishes five additional safe baby courts through the state on January 1, 2020	649	1047	250,000		
Courts	Sets the minimum full-day licensed court reporter compensation and authorizes court reporters to charge per page fee for transcripts	667	729	683,500		
Criminal Offenses	Repeals the Motor Vehicle Habitual Offenders Act; revises the punishment for introduction of certain contraband in penal institutions; requires 30-day minimum confinement for anyone convicted of firearm theft	403	167	(13,738,700)		
Criminal Offenses	Enhances the penalty for destruction or alteration of governmental records	911	502	68,400		
Criminal Offenses	Enacts the "Leigh Ann Act" regarding violations of a non contact order issued to a domestic violence victim	1163	1340			
Criminal Procedure	Provides persons convicted of first degree murder who receive the death penalty as a sentence with direct appeal to the Tennessee Supreme Court, bypassing the Criminal Court of Appeals	400	258	(36,700)		
Drivers Licenses	Authorizes the Commissioner of Safety to issue farm-related service industry employee restricted commercial driver licenses to persons who meet certain qualifications	517	714	2,000	250,000	13,000
Education	Establishes a two-year deaf mentor pilot program for families of young children who are deaf, hard of hearing, or deaf-blind	310	567		147,000	
Education	Creates the Tennessee Education Savings Accounts Pilot Program	795	939	771,300		

**General Fund - Fiscal Impact**

	Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	Gen Fund Revenue
Education	Requires the Tennessee School Safety Center to reserve monies to fund school safety grants based on applications received from LEAs with schools that did not have a full-time School Resource Officer (SRO) during the 2018-2019 school year; funding must be available for school safety grants awarded for the 2019-20 and 2020-21 school years	803	947	10,000,000	20,000,000	
Elder Abuse	Enacts the Elderly and Vulnerable Adult Protection Act of 2019	1039	909	490,600		
Expunction	Removes \$180 expunction fee for certain criminal offenses; removes \$350 fee for a defendant applying for expunction of an offense following the completion of a diversion program	797	941			
Gambling	Authorizes sports betting; renames Tennessee Gaming Commission to the Tennessee Education Lottery Corporation Sports Wagering Advisory Council	16	1			
Handgun Permits	Creates a concealed handgun carry permit	705	1264	135,700	103,300	
Human Services	Authorizes state and national criminal history background checks and investigations of employees and contractors of the department who have access to individuals with disabilities	789	933	3,400	19,400	
Local Education Agencies	Requires an LEA to report to the department of education, how their increase in state funding for instructional wages and salaries was utilized; department must report that information to the BEP review committee	802	946			
Parks	Extends a 50 percent discount on camping fees at state parks to veterans who have a 100-percent permanent total service-connected disability	1119	1004			
Probation and Parole	Limits the prohibition of sentence reduction credits to persons convicted of Class A, B, or C felonies against a person	215	197	(7,668,100)		
Rule Omnibus Bill	Recognizes \$44M in tax collections from online sales per Wayfair decision	165	667			44,000,000
Scholarships and Financial Aid	Enacts the GIVE Act, the Governor's Investment in Vocational Education Act; requires the Tennessee Student Assistance Corporation (TSAC) Board of Directors to determine an additional dual enrollment grant (DEG) amount for dual enrollment courses taken related to programs identified as high-need areas in the workforce	805	949	3,077,000		
School Transportation	Permits LEAs to install cameras on buses to record vehicles unlawfully passing a stopped school bus	205	268			
Sentencing	JaJuan Latham Act: increases the penalty for an aggravated assault or homicide that occurs by a person discharging a firearm from within a motor vehicle and the victim is a minor at the time of the offense	10	2	138,900		
Statutes of Limitations and Repose	Extends the statute of limitation for prosecution of second degree murder from 15 years from the offense to at any time after the offense is committed	593	113			
Statutes of Limitations and Repose	Enhances the penalty for intentional failure to report child abuse or child sexual abuse; extends civil and criminal statutes of limitation for certain acts of abuse against minors	1252	565	41,100		
TennCare	Requires TennCare to submit a medicaid waiver amendment to establish a Katie Beckett Program	476	498	27,344,100		
TennCare	Requires TennCare to submit a waiver amendment to provide funding by means of a block grant	1428	1280			
Traffic Safety	Prohibits holding cellphone while driving	173	164			269,200
Veterans	Removes the fee for the interment of an eligible veteran's spouse in a state veterans' cemetery	844	1187			

**General Fund - Fiscal Impact**

	Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	Gen Fund Revenue
Tax Type	TAX BILLS			Fiscal Impact		
Sales and Use	Exempts from sales and use tax services by car wash facilities, coin-operated or otherwise, where vehicle's wash is completed by the customer or automated equipment	237	84			3,977,900 Forgone Revenue
Privilege	Repeals the professional privilege tax for 15 professions	398	1262			(22,082,900)
Privilege	Repeals the ammunition tax imposed on shotgun shells and metallic cartridges	423	494	(19,900)		
Excise	Revises provisions governing net earnings and net losses for purposes of the Excise Tax Law of 1999	558	1028			5,000,000 Forgone Revenue
Sales and Use	Exempts from state and local sales and use tax all sales of trailers used to transport livestock, farm products, nursery stock, or equipment, supplies, or products used in agriculture, or for other agricultural purposes relating to the maintenance of a farm	713	1271			(257,200)
Amusement	Exempts from state and local sales and use tax all admission, dues, fees, and other charges paid to any person principally engaged in offering services or facilities for physical fitness	960	1138			(6,424,800)
Sales and Use	Increases the annual threshold for any temporary sales, to be exempt from state and local sales and use tax that are made by charitable entities in support of a city, county, or metropolitan library system. Online sales are also exempt	1137	779			(13,500)
Sales and Use	Creates a sales and use tax exemption on qualified building materials, purchased between July 1, 2019, and December 31, 2026, and used in the construction, expansion, or renovation of one or more qualified, new, or expanded warehouse or distribution facilities; provided, the taxpayer, lessor, or both makes a minimum capital investment of at least \$1,000,000,000 in the construction or renovations of such facilities within the qualified capital investment period	1161	1461			7,497,700 Forgone Revenue
Sales and Use	Exempts from state and local sales and use tax the leasing of a dumpster or other container for waste or debris removal	1309	1441			(199,100)
Sales and Use	Exempts from state and local sales and use tax fiber-optic cable after it has been attached to a utility pole, building, or other structure or installed underground	1458	605			(2,475,100)
Sales and Use	Exempts water furnished by a utility district and used exclusively in a farming operation from sales and use tax	1460	634			(589,900)
Franchise and Excise Tax Credits	Expands the definition of "eligible activity" and "eligible housing entity" for purpose of calculation of tax credits against franchise and excise tax liability	1462	1410			(10,000)

## Senate and House Amendments to the Appropriation Bill

Entity	Purpose	Recurring	NonRecurring	Earmark
Administrative Office of the Courts	Annualize salaries and benefits of the judges of the new courts created in the sixteenth, nineteenth, and twenty-first judicial districts by Chapter 974 of the 2018 Public Acts	\$118,000		
Appalachian Cultural Music Association, Inc.	Operational expenses and programs and services		\$17,000	
Arlington Community Schools Board of Education	Creating a cybersecurity classroom at Arlington High School		\$30,000	
Aspell Recovery Center	Recovery programs related to substance abuse		\$10,000	
Bedford County	Tennessee Fallen Firefighter Memorial located in the Town of Bell Buckle	\$10,500		
Bethel University	Settling a lawsuit with the Tennessee Department of Education			\$5,000,000
Blount County Veterans Treatment Court	Providing services to veterans		\$37,000	
Cannon County	Roof repairs for the courthouse		\$100,000	
Children Are People, Inc.	Operations and services		\$40,000	
City of Eagleville	A new public safety facility		\$50,000	
City of Franklin	Exterior rehabilitation of the barn at the Park of Harlinsdale Farm		\$100,000	
City of Spencer	Earmark funds from grant to Van Buren County			\$40,000
Cumberland University	Transcription of the Papers of Martin Van Buren and related operational expenses, programs, and services		\$50,000	
Delta Dental of Tennessee	A denture program for the poor		\$750,000	
Department of Children's Services	Language transferring safe baby court funding to the Department of Mental Health and Substance Abuse Services			
Department of Commerce and Insurance	Contracting for a consultant's services related to developing best practices for entities licensed in Tennessee that provide goods or services relating to health, medical care, and medicine		\$2,304,500	
Department of Correction	Increasing salaries for correctional officers and correctional counselors	\$5,478,100		
Department of Economic and Community Development	SBIR/STTR Matching Fund Grants Program administered through Launch Tennessee		\$1,000,000	
Department of Economic and Community Development	Additional \$1 million for Economic and Community Development Grants		\$1,000,000	
Department of Environment and Conservation	Restoration of the Sadie Ford Heritage Farm at the Cedars of Lebanon State Park		\$100,000	
Department of Finance and Administration	\$50,000 each to the 9 senior centers accredited by the National Council on Aging's National Institute of Senior Centers through the National Senior Center Accreditation Program		\$450,000	
Department of Finance and Administration	Grants to the four accredited Tennessee zoos and the Tennessee Aquarium for capital improvement projects		\$750,000	
Department of Finance and Administration	Additional Funding to the Science Alliance Museums		\$60,000	
Department of Health	Dispersing funding among evidence-based early childhood home visiting programs		\$1,000,000	
Department of Health	Funding for health care safety net grant fund		\$1,500,000	
Department of Mental Health and Substance Abuse Services	(a) \$1,000,000 for expanding program using naltrexone to treat adults in a drug court treatment program; and (b) \$500,000 to expand availability of naltrexone in county jails for the treatment of opioid dependence		\$1,500,000	
Department of Tourist Development	Establishing a pilot program to make grants to improve and maintain access to Tennessee's waterways		\$500,000	
Department of Veterans Services	Funding for 5 additional VRC positions	\$324,500	\$38,500	

## Senate and House Amendments to the Appropriation Bill

Entity	Purpose	Recurring	NonRecurring	Earmark
Division of TennCare	Replace non-recurring funding for DIDD DSP rate increase with recurring	\$2,950,000	-\$2,950,000	
Elcanaan Community Help Organization (ECHO)	Restoration of the historic Allen White Cultural and Community Center in Whiteville		\$50,000	
Freeman Recovery Project	Increase access to quality, evidence-based treatment for individuals with mental health issues and drug and alcohol addiction		\$10,000	
Germantown Performing Arts Center (GPAC)	Construction of an amphitheater, funded by transferring funds from the Film Commission currently earmarked for a movie about the Sewanee Football Team			\$2,500,000
Goodwill Excel Center MidSouth, Inc.	Technology upgrades at the center		\$300,000	
Graceworks Ministries	Rent and utility bill assistance for the emergency shelter program		\$10,000	
Great Smoky Mountains Heritage Center	Construction of the center's Hands-On Music Gallery		\$450,000	
High Hopes, Inc.	Operating and programming needs for an inclusive pre-school and therapeutic clinic, which serves children that have special needs		\$25,000	
Houston County	Purchase, installation, and operation of an audio-visual system and digital court recorder for the Houston County courthouse		\$15,000	
Jackson Symphony Association	To be used for free community concert expenses in September 2019		\$5,000	
Jefferson County High School	Vocational education technology		\$2,000	
LeBonheur Children's Hospital	Programs and services		\$250,000	
Legislature	Adjustment to allocation of appropriations for legislative operations and redistricting			
Marshall County Babe Ruth League, Inc.	Upgrading restrooms to meet Americans with Disabilities Act of 1990 (ADA) accessibility requirements		\$28,000	
Miscellaneous Appropriations	Adjustments to Miscellaneous Appropriations		\$150,000	
Miscellaneous Appropriations	Contribution to Other Post-Employment Benefits (OPEB)		\$4,600,000	
Mt. Juliet League, Inc.	Expenses for electrical service work and recovery from flood damage		\$40,000	
NAMI Tennessee	Crisis intervention team training		\$150,000	
Nourish Food Bank	Purchase large storage freezers		\$10,000	
Orange Heart Medal Foundation	Programs and services to honor Vietnam War veterans in Tennessee who were exposed to Agent Orange		\$25,000	
Project Return	Expansion of reentry services that reduce recidivism		\$73,600	
Sevier County	Capital outlay project - earmarked from FastTrack Funds			\$2,000,000
Sevier County High School	Vocational education technology		\$2,000	
Sevier County Volunteer Fire Department station serving the New Center community	Acquisition of equipment		\$25,000	
Shady Valley Watershed District	For lateral cleaning and upgrades		\$50,000	
Society of St. Andrew - Tennessee	Operational expenses related to hunger relief	\$100,000		
Stage Door Productions	Musical theatre programs for children and teens		\$10,000	
Sumner County	Matching funds for improvements to the Comer Barn		\$250,000	
Tennessee Commission on Children & Youth	Grants each of the 59 county Court Appointed Special Advocate (CASA) programs, including the 56 CASA programs currently in active operation and the 3 CASA programs currently in development			\$118,000
Tennessee Commission on Children & Youth	Grant to TN Court Appointed Special Advocacy Organization, Inc. for quality assurance, training, and expansion initiatives			\$56,000

## Senate and House Amendments to the Appropriation Bill

Entity	Purpose	Recurring	NonRecurring	Earmark
Tennessee Council for Career and Technical Education	Funding operational expenses and statutory duties related to career and technical education		\$200,000	
Tennessee Higher Education Commission	Grants to the six locally governed institutions and three UT institutions for scholarships for students from those universities to participate in programs at the Washington Center for Internships & Seminars in Washington, D.C. Earmarked from funds available to TBR			\$150,000
Tennessee Higher Education Commission	Student financial aid for individuals enrolled in a new medical education program jointly administered by Middle Tennessee State University and Meharry Medical College.		\$350,000	
Tennessee Historical Society	Women's Suffrage Centennial		\$250,000	
Tennessee Holocaust Commission	Outreach programming and hiring an office manager	\$125,000		
Tennessee Wing of the Civil Air Patrol	Conducting state-requested flights and cadet education and training		\$100,000	
Tipton County Juvenile Court	Handle with Care Program web application services		\$7,000	
Union City Industrial Board	Study related to railroad rehabilitation and service to Union City		\$215,000	
University of Tennessee at Martin	Increase funding at UT Martin at Selmer	\$190,000		
University of Tennessee Extension - Hamblen County	Grant to be used for the Great Smoky Mountains 4-H and FFA Fair program, which serves the Northeast Tennessee region.	\$10,000		
White County, Warren County, and Grundy County	Making grants of \$10,000 each to the specified counties to be divided equally among the volunteer fire departments and rescue squads of each county for operational expenses and equipment		\$30,000	
Wilson Central Soccer Boosters	Expenses related to the purchase and maintenance of bleachers and soccer equipment		\$20,000	
Wilson County Promotions, Inc.	Capital improvements		\$50,000	
	Language prohibiting the use of funds to sell Citizens Plaza			
	Language authorizing the transfer of \$1M from ECD to THEC in FY19 related to the LEAP program			
	Language indicating Legislative intent to reserve online sales tax collections for additional tax relief in FY20-21			
	Language adjusting distribution of grants to Big Brothers Big Sisters programs			
	Language changing authorization for salary determinations contingent on House Bill 1233 Senate Bill 1235 becoming a law			

# SALARIES and BENEFITS

**TOTAL - SALARIES AND BENEFITS (Funded in FY19-20)**

**\$ 269,722,100**

	Recurring	Non-Recurring
<b>State Employees</b>	<b>\$93,584,600</b>	<b>\$4,600,000</b>
Salary Pool @ 2.0% - TEAM ACT - Effective 1/1/2020 - Annualized	\$28,844,200	
Salary Increase @ 2.0% - Non-TEAM ACT - Effective 7/1/2019	6,740,400	
Market Rate Adjustment - Effective 7/1/2019	26,000,000	
TCRS (Retirement) Contribution Increase - Effective 7/1/2019	20,000,000	
Health Insurance - Other Post Employment Benefits 1/1/2020	12,000,000	\$4,600,000
<b>Higher Education</b>	<b>\$30,529,600</b>	<b>\$0</b>
Salary Increase @ 2.0% - Pool of Funds in Funding Formula effective 7/1/2019	\$30,529,600	
<b>K-12</b>	<b>\$113,531,800</b>	<b>\$0</b>
Salary Increase @ 2.5% to BEP Salary Component	\$71,250,000	
Teacher Training & Experience - State Special Schools	\$113,800	
Teacher Training & Experience - Youth Development Centers	11,800	
<b>Correction</b>	<b>21,078,100</b>	<b>\$0</b>
Salary Increase for series of correctional officer and counselor positions	21,078,100	
<b>Mandated Salary Increases</b>	<b>\$6,398,000</b>	<b>\$0</b>
Court System	\$1,004,500	
Attorney General	5,900	
Assistant District Attorneys and Criminal Investigators	1,703,900	
Assistant District Attorneys IV-D Child Support Enforcement	129,000	
Public Defenders (includes Memphis and Nashville)	932,500	
Post-Conviction Defender	33,000	
Governor	6,000	
Safety Step Increases	1,160,600	
Law Enforcement Training Academy Step Increases	38,200	
TWRA Step Increases	580,000	
TWRA Salary Survey @ 2.0% (not mandatory)	804,400	
<b>Retirement</b>		
TCRS Retirement Benefit COLA Increase Effective 7/1/2019	1.9%	

# FY 2019-20 CAPITAL and MAINTENANCE PROJECTS

## CAPITAL APPROPRIATIONS

	County	Total	State	Bonds	Federal	Other
<b>Correction</b>						
Maintenance	Statewide	\$24,600,000	-	-	-	24,600,000
<b>Economic and Community Development</b>						
Amazon Operations Center, infrastructure grant	Davidson	\$65,000,000	65,000,000	-	-	-
Volkswagen, infrastructure grant	Hamilton	\$50,000,000	50,000,000	-	-	-
<b>Sub-Total</b>		<b>\$115,000,000</b>	<b>\$115,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Education</b>						
Maintenance	Statewide	\$4,374,500	-	2,304,500	-	2,070,000
<b>Environment and Conservation</b>						
Maintenance	Statewide	\$8,520,000	2,925,500	-	-	5,594,500
Fall Creek Falls State Park, inn replacement	Van Buren	\$11,000,000	11,000,000	-	-	-
Paris Landing State Park, inn replacement	Henry	\$8,470,000	8,470,000	-	-	-
<b>Sub-Total</b>		<b>\$27,990,000</b>	<b>\$22,395,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,594,500</b>
<b>General Services</b>						
Maintenance	Statewide	\$4,200,000	4,200,000	-	-	-
Emergency and Contingency	Statewide	\$5,000,000	5,000,000	-	-	-
Great Smoky Mountains Heritage Center	Blount	\$450,000	450,000	-	-	-
Cannon County Courthouse, roof repairs	Cannon	\$100,000	100,000	-	-	-
Grants to 4 Zoos and the TN Aquarium	Statewide	\$750,000	750,000	-	-	-
<b>Sub-Total</b>		<b>\$10,500,000</b>	<b>\$10,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Human Services</b>						
Maintenance	Statewide	\$5,330,000	-	-	-	5,330,000
<b>Intellectual and Developmental Disabilities</b>						
Maintenance	Statewide	\$590,000	-	-	-	590,000
Campuses Study and Evaluation	Statewide	\$250,000	250,000	-	-	-
<b>Sub-Total</b>		<b>\$840,000</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$590,000</b>
<b>Mental Health</b>						
Move of Pre-Arrest Diversion Program	Statewide	\$1,500,000	1,500,000	-	-	-
<b>Military</b>						
Maintenance	Statewide	\$8,705,000	-	-	3,262,500	5,442,500
<b>Veterans Services</b>						
Upper Cumberland Cemetery, architectural and planning	Upper Cumberland	\$8,525,000	775,000	-	7,750,000	-
East TN Cemetery, permanent alignment system	Knox	\$2,820,000	-	-	2,820,000	-
<b>Sub-Total</b>		<b>\$11,345,000</b>	<b>\$775,000</b>	<b>\$0</b>	<b>\$10,570,000</b>	<b>\$0</b>
<b>Austin Peay State University</b>						
Maintenance	Statewide	\$2,239,000	2,239,000	-	-	-
<b>East Tennessee State University</b>						
Maintenance	Statewide	\$5,650,000	5,650,000	-	-	-
<b>Middle Tennessee State University</b>						
Maintenance	Statewide	\$4,902,000	4,902,000	-	-	-
School of Concrete and Construction Management	Rutherford	\$40,100,000	34,085,000	-	-	6,015,000
<b>Sub-Total</b>		<b>\$45,002,000</b>	<b>\$38,987,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,015,000</b>
<b>Tennessee State University</b>						
Maintenance	Statewide	\$3,816,000	3,816,000	-	-	-

		County	Total	State	Bonds	Federal	Other
<b>Tennessee Technological University</b>							
Maintenance		Statewide	\$6,875,000	6,875,000	-	-	-
Engineering Building, planning		Putnam	\$3,250,000	3,250,000	-	-	-
	<b>Sub-Total</b>		<b>\$10,125,000</b>	<b>\$10,125,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>University of Memphis</b>							
Maintenance		Statewide	\$9,075,000	6,755,000	-	-	2,320,000
Lambuth Campus, classroom conversion		Madison	\$6,000,000	5,760,000	-	-	240,000
	<b>Sub-Total</b>		<b>\$15,075,000</b>	<b>\$12,515,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,560,000</b>
<b>Board of Regents</b>							
Maintenance		Statewide	\$14,618,000	720,000	-	-	13,898,000
McMinn County Higher Education Center		McMinn	\$17,750,100	14,231,300	-	-	3,518,800
	<b>Sub-Total</b>		<b>\$32,368,100</b>	<b>\$14,951,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,416,800</b>
<b>University of Tennessee</b>							
Maintenance		Statewide	\$20,120,000	1,430,000	-	-	18,690,000
UTIA, Energy & Environmental Science Education Research Center		Knox	\$89,000,000	81,500,000	-	-	7,500,000
Facilities Assessment		Statewide	\$1,000,000	1,000,000	-	-	-
UTHSC, elevator upgrades		Statewide	\$8,220,000	3,128,000	-	-	5,092,000
	<b>Sub-Total</b>		<b>\$118,340,000</b>	<b>\$87,058,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,782,000</b>
<b>Total Capital Appropriations</b>			<b>\$442,799,600</b>	<b>\$325,761,800</b>	<b>\$2,304,500</b>	<b>\$13,832,500</b>	<b>\$93,400,800</b>

<b>FACILITIES REVOLVING FUND</b>							
		County	Total	General Fund Current	Bonds	Residual Maintenance	Other
<b>Capital Improvement</b>							
TennCare Building purchase		Davidson	\$26,900,000	15,400,000	-	4,700,000	6,800,000
THP District 1 HQ - Knoxville, new facility		Knox	\$3,990,000	3,990,000	-	-	-
TBI Crime Lab - Jackson, new facility		Madison	\$5,600,000	5,600,000	-	-	-
	<b>Sub-Total</b>		<b>\$36,490,000</b>	<b>\$24,990,000</b>	<b>\$0</b>	<b>\$4,700,000</b>	<b>\$6,800,000</b>
<b>Capital Maintenance</b>							
TN Tower Plaza, waterproofing		Davidson	\$2,400,000	-	-	-	2,400,000
TN Residence, lightning protection		Davidson	\$803,000	-	-	-	803,000
TN Tower, equipment removal & roof replacement		Davidson	\$1,790,000	-	-	-	1,790,000
Ellington Ag Center, Bruer Building roof and window replacement		Davidson	\$240,000	-	-	-	240,000
THP District 5 HQ - Fall Branch, roof replacement		Davidson	\$150,000	-	-	-	150,000
TN Capitol - Motlow Tunnel, waterproofing and interior renovation, phase 1		Davidson	\$2,300,000	-	-	-	2,300,000
Foster Avenue/TPS Campus, roof replacements		Davidson	\$1,110,000	-	-	-	1,110,000
East TN Regional Health Office, renovations and chiller replacement		Knox	\$2,680,000	-	-	-	2,680,000
	<b>Sub-Total</b>		<b>\$11,473,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,473,000</b>
<b>Total Facilities Revolving Fund</b>			<b>\$47,963,000</b>	<b>\$24,990,000</b>	<b>\$0</b>	<b>\$4,700,000</b>	<b>\$18,273,000</b>

# HOSPITAL COVERAGE ASSESSMENT FEE

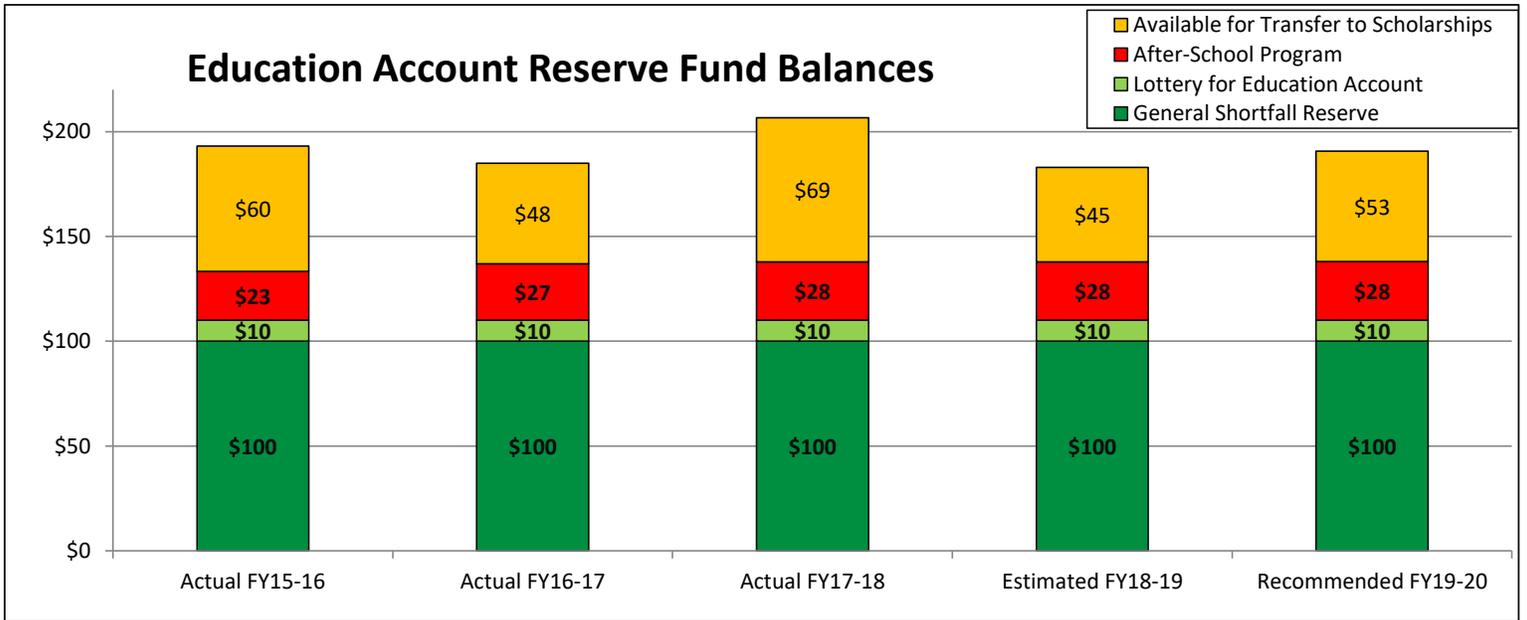
SB 474 / HB 771

Description	SFY 2019-2020		
	State Appropriation	Federal	Total
Uncompensated Charity and Self-Pay Pool	\$ 49,901,200	\$ 94,217,800	\$ 144,119,000
Virtual DSH Payments	\$ 68,115,600	\$ 128,608,100	\$ 196,723,700
Charity Care Fund	\$ 9,002,500	\$ 16,997,500	\$ 26,000,000
Directed Hospital Payments	\$ 210,693,100	\$ 397,806,900	\$ 608,500,000
<b>Total Waiver Supplemental Pools</b>	<b>\$ 337,712,400</b>	<b>\$ 637,630,300</b>	<b>\$ 975,342,700</b>
<b>Graduate Medical Education</b>	<b>\$ 17,312,500</b>	<b>\$ 32,687,500</b>	<b>\$ 50,000,000</b>
<b>TN Center for Health Workforce Development</b>	<b>\$ 750,000</b>	<b>\$ 1,416,100</b>	<b>\$ 2,166,100</b>
<b>Other Hospital Items Funded</b>			
Medicare Part A Reimbursement	\$ 12,309,300	\$ 23,241,100	\$ 35,550,400
Provider Reimbursement and Co-Pay	\$ 68,581,400	\$ 129,487,700	\$ 198,069,100
Postpone Reduction for Non-Emergent Care at Hospitals	\$ 581,300	\$ 1,097,500	\$ 1,678,800
Offset Elimination of 340B Pricing Provision of MCO Contractor Agreement	\$ 2,077,500	\$ 3,922,500	\$ 6,000,000
Match for ADT contract payments	\$ 275,000	\$ 275,000	\$ 550,000
<b>Total Other Hospital Items</b>	<b>\$ 83,824,500</b>	<b>\$ 158,023,800</b>	<b>\$ 241,848,300</b>
<b>Funding for Benefit Limits</b>			
Hospital Reimbursement Ceiling	\$ 8,168,700	\$ 15,423,300	\$ 23,592,000
In-Patient Services	\$ 47,167,000	\$ 89,055,300	\$ 136,222,300
Lab and X-Ray Procedures	\$ 14,564,000	\$ 27,498,100	\$ 42,062,100
Therapies	\$ 9,780,000	\$ 18,465,400	\$ 28,245,400
Out-Patient Services	\$ 36,935,700	\$ 69,737,800	\$ 106,673,500
Office Visits	\$ 20,763,800	\$ 39,203,900	\$ 59,967,700
<b>Total Benefit Limits</b>	<b>\$ 137,379,200</b>	<b>\$ 259,383,800</b>	<b>\$ 396,763,000</b>
<b>Loss of CPE Funding</b>	<b>\$ 14,430,000</b>	<b>\$ (14,430,000)</b>	<b>\$ -</b>
<b>Total Expenditures from Assessment Excluding Trust Fund</b>	<b>\$ 591,408,600</b>	<b>\$ 1,074,711,500</b>	<b>\$ 1,666,120,100</b>

# LOTTERY FOR EDUCATION ACCOUNT & TENNESSEE PROMISE PROGRAM

**LOTTERY FOR EDUCATION ACCOUNT (Millions):**

	Actual FY17-18	Estimated FY18-19	Rec. FY19-20	Projected		
				FY20-21	FY21-22	FY22-23
<b>Appropriation Expenditure Requirements:</b>						
Lottery Scholarships	(\$328.1M)	(\$367.7M)	(\$364.0M)	(\$367.5M)	(\$371.0M)	(\$374.6M)
GIVE Student Grants	\$0.0M	\$0.0M	(\$4.0M)	(\$4.0M)	(\$4.0M)	(\$4.0M)
TSAC Operations	(\$3.4M)	(\$6.7M)	(\$5.0M)	(\$3.4M)	(\$3.4M)	(\$3.4M)
THEC Operations	(\$1.7M)	(\$1.8M)	(\$1.8M)	(\$1.7M)	(\$1.7M)	(\$1.7M)
Transfer to TSAC Student Assistance Awards	(\$5.6M)	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
<b>Total Requirements</b>	<b>(\$339.0M)</b>	<b>(\$376.2M)</b>	<b>(\$374.8M)</b>	<b>(\$376.6M)</b>	<b>(\$380.1M)</b>	<b>(\$383.7M)</b>
<b>Revenue:</b>						
Net Education Lottery Proceeds	\$406.5M	\$421.1M	\$427.4M	\$438.1M	\$449.1M	\$460.3M
Interest on Lottery for Education Account	\$1.3M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M
General Shortfall Reserve @ prior year June 30	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M
Lottery for Education Account Reserve @ prior year June 30	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M
<b>Total Revenue</b>	<b>\$517.8M</b>	<b>\$531.2M</b>	<b>\$537.5M</b>	<b>\$548.2M</b>	<b>\$559.2M</b>	<b>\$570.4M</b>
<b>Reserves at June 30:</b>						
General Shortfall Reserve	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M	\$100.0M
Lottery for Education Account Reserve	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M
After-School Program	\$27.8M	\$27.9M	\$28.0M	\$28.1M	\$28.2M	\$28.3M
Available to transfer for Tennessee Promise Scholarships	\$68.9M	\$45.0M	\$52.7M	\$61.6M	\$69.1M	\$76.7M
<b>Total Reserve</b>	<b>\$206.7M</b>	<b>\$182.9M</b>	<b>\$190.7M</b>	<b>\$199.7M</b>	<b>\$207.3M</b>	<b>\$215.0M</b>



*Note: Reduction in Lottery for Education Account Reserve of (\$312,542,000) made in FY13-14 to endow the Tennessee Promise Program.*

**TENNESSEE PROMISE PROGRAM:**

Original Endowment	\$48.8M	\$48.8M	\$48.8M	\$48.8M	\$48.8M	\$48.8M
Additional Endowments	\$312.5M	\$312.5M	\$312.5M	\$312.5M	\$312.5M	\$312.5M
<b>Total Endowment</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>	<b>\$361.4M</b>
Transfer from TSAC	\$18.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Transfer of Net Lottery Proceeds	\$47.9M	\$68.9M	\$45.0M	\$45.0M	\$45.0M	\$45.0M
Interest on Endowment and Reserve @ 3%	\$12.7M	\$23.0M	\$25.7M	\$25.7M	\$25.7M	\$25.7M
<b>Total Revenue</b>	<b>\$78.6M</b>	<b>\$91.9M</b>	<b>\$70.7M</b>	<b>\$70.7M</b>	<b>\$70.7M</b>	<b>\$70.7M</b>
Cost of Tennessee Promise Scholarships	(\$28.3M)	(\$29.9M)	(\$30.8M)	(\$30.8M)	(\$30.8M)	(\$30.8M)
Cost of Dept. of Treasury administrative fees	(\$0.4M)	(\$0.4M)	(\$0.5M)	(\$0.5M)	(\$0.5M)	(\$0.5M)
Surplus or Deficit	\$49.88	\$61.61	\$39.45	\$39.45	\$39.45	\$39.45
<b>Balance Forward</b>	<b>\$150.8M</b>	<b>\$212.4M</b>	<b>\$251.9M</b>	<b>\$251.9M</b>	<b>\$251.9M</b>	<b>\$251.9M</b>