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# BUDGET SUMMARY SESSION REPORT

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## 2012

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# FY 12-13 Budget Overview

## Total Budget

- This budget continues to be conservative in order to face uncertainties with proposed health care reform and the economy.
- The Total FY 12-13 Budget is \$31.5 billion and is 2% less than last year's budget of \$32.1 billion.

## Reductions

- Restores \$133.4 million in state funds, including \$94 million recurring, to reinstate core services scheduled to end July 1, 2012
- Includes \$107.8 million in recurring base budget reductions.

## Reserves

- Adds \$50 million to the Rainy Day Fund to reach a projected balance of \$356 million at June 30, 2013
- TennCare reserves are expected to be \$111 million at June 30, 2013.

## Tax Cuts

- Lowers sales tax on groceries from 5.5 percent to 5.25 percent effective July 1, 2012
- Increases from \$1 million to \$1.25 million the maximum single allowable exemption for state inheritance tax on estates of decedents dying in tax year 2013
- Eliminates gift taxes beginning in tax year 2012.

## State Employees, Higher Education Employees and K-12 Employees

- Includes a 2.5% across-the-board salary increase for employees. This is the second general salary increase for state employees, teachers and higher education in the last five years
- Funds all statutory pay raises for law enforcement, judges, district attorneys, public defenders, attorney general, and TWRA officers
- Provides funding for a salary market adjustment for state employees effective January 2013
- Continues to actuarially fund the State's retirement program for employees
- Continues the \$50 match for the 401(k) program
- Reduces 1,075 positions from the budget due to base budget reductions and the overappropriation adjustment.

## Health and TennCare

- Continues the Medically Needy Program
- Restores funding for 1.75 percent of the 4.25 percent provider rate reductions
- Extends the Hospital Coverage Assessment for another year to maintain hospital payments and medical service levels
- Funds Federally Qualified Health Centers' and primary care clinics' grants on a recurring basis.

## **Crime and Public Safety**

- Funds the Governor's Public Safety Plan addressing issues with:
  - gang violence
  - gun violence
  - prescription drugs
  - repeat domestic violent offenders
  - synthetic drugs
- Increases local jail payments from \$35 to \$37.

## **Education**

- Fully funds the BEP and appropriates \$5.3 billion in total funding for K-12 Education
- Contains an additional \$47.8 million for annual growth and inflationary adjustments to the BEP formula's various expenditure components
- Adds an additional \$1.2 million for annual inflationary adjustments to existing Pre-K classrooms.

## **Higher Education**

- Increases funding for Higher Education by over \$81 million and appropriates total funding at \$3.8 billion
- Implements the second year of an outcomes-based funding formula that is heavily focused on credit accumulation and degree production
- Includes an additional \$10 million for Year 2 of 3 of a hold harmless phase-out of the old enrollment-driven formula
- Funds capital outlay projects totaling \$342.6 million and capital maintenance totaling \$72.2 million.

## **Economic Development**

- Includes \$20 million to create new jobs and provide job training and educational opportunities for Tennessee's workforce.

## **Capital Outlay**

- Includes over \$574.9 million in capital projects and maintenance:
  - \$145.9 million funded with cash
  - \$300.9 million funded with bonds
  - \$337.6 million for higher education
  - \$25 million for west Tennessee mega-site development.

## **Other Services**

This budget continues to fund services for citizens such as:

- public television
- science alliance museums
- school internet connectivity
- West Tennessee River Basin Authority
- epilepsy program
- family support services for those with intellectual disabilities
- poison control center
- mental health peer support centers
- family resource centers
- Healthy Start
- Child Health and Development.

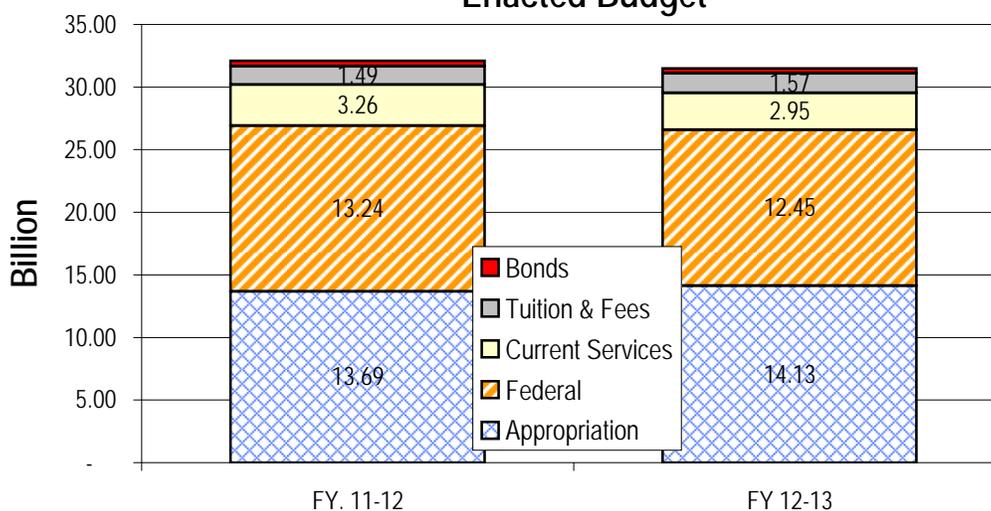
## FY 12-13 Final Budget Action

	Est. FY 11-12	Est. FY 12-13	Change
<b>TOTAL</b>	<b>32,103,895,160</b>	<b>31,482,922,100</b>	-1.9%
Appropriation	13,685,116,860	14,131,071,600	3.3%
Federal	13,244,413,100	12,448,103,000	-6.0%
Current Services	3,260,428,000	2,950,710,300	-9.5%
Tuition & Fees	1,490,937,200	1,571,137,200	5.4%
Bonds	423,000,000	381,900,000	-9.7%

Preliminary Estimate

Preliminary Estimate

### Enacted Budget



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

	Total (Billions)	State	Federal	Other
2003-04	\$22.11	9.92	8.70	3.49
2004-05	\$24.89	11.08	9.68	4.13
2005-06	\$25.89	11.66	9.93	4.30
2006-07	\$26.03	12.46	9.39	4.18
2007-08	\$27.75	13.79	9.56	4.40
2008-09	\$29.21	13.54	11.03	4.64
2009-10	\$29.68	12.20	12.92	4.56
2010-11	\$31.73	12.91	13.97	4.85
Est 2011-12	\$31.68	13.69	13.24	4.75
Rec 2012-13	\$31.10	14.13	12.45	4.52

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# Legislation

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2012 SESSION - NOTED LEGISLATION

				Gen Fund - Fiscal Impact			
	Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	Gen Fund Revenue	
1	Budget Bills	Appropriation Bill	3768	3835			
3		Bond Bill - Issue bonds for state projects	3769	3836			
4		Indexing Bill for FY 11-12.	3770	3837			
5		Omnibus Bill - General Law Changes needed to enact budget; changes apportionment of sales tax, revises process for film incentives.	3771	3839	-	-	(\$742,300)
6	Children's Services	Removes the 2012 repeal date for the Tennessee's Transitioning Youth Empowerment Act of 2010	2199	2337	\$889,400	-	-
7	General Assembly	Redistricting	House 1513 Senate 1514 Conaressional 1515	1555 1557 1558			
8	Constitutional	Proposes an amendment to Section 3 of Article VI of the Tennessee Constitution to unequivocally authorize the general assembly, by statute, to establish a system of merit-based appointments with retention elections for appellate court judges.	SJR0710		-	\$18,000	-
9	Criminal Procedure	Increases the punishment for unlawful possession of firearm by person with previous felony conviction	2250	2388	\$271,000	-	-
10	Criminal Procedure	Establishes increased punishment for second and subsequent convictions for domestic assault	2251	2389	NS	-	-
11	Criminal Procedure	Establishes enhanced punishment for crimes of force or violence committed while acting in concert with two or more other persons	2252	2390	\$2,850,500	-	-
12	Criminal Procedure	Enhances the penalty for involuntary labor servitude where the victim was under age 13 and adds means by which the crime is possible.	2368	2488	\$18,100	-	-
13	Criminal Procedure	Creates the offense of trafficking for commercial sex acts and describes acts that constitute the crime	2371	2493	\$73,000	-	-
14	Criminal Procedure	Requires that persons convicted of aggravated rape serve 100 percent of sentence.	2349	2311	\$841,800	-	-
15	Criminal Procedure	Creates new Class A felony theft provision if the amount stolen is \$250,000 or more; allows state to aggregate value of property stolen into single count if the conduct arose from a common scheme; and changes venue for all offenses graded by value.	2606	2655	\$110,600	-	-
16	Criminal Procedure	Creates Class E felony of aggravated cruelty to livestock, which is intentionally engaging in specified conduct in a depraved and sadistic manner that results in serious bodily injury or death to the animal and is done without lawful or legitimate purpose.	2759	3082	\$5,700	-	-

				Gen Fund - Fiscal Impact			
	Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non- Recurring Exp	Gen Fund Revenue	
17	Criminal Procedure	Increases from \$1,500 to \$2,000 the fine that may be imposed for a third or subsequent public indecency offense.	2438	2733	\$63,100	-	-
18	Criminal Procedure	Increases expunction fee following the successful completion of diversion programs - earmarks TBI	2780	2774	-	-	-
19	Criminal Procedure	Allows nonviolent offenders who have completed all requirements of their sentence and have no violent convictions to petition the court for expungement of their criminal records every two years.	3520	2865	\$175,700	\$4,900	\$7,600,000
20	Criminal Procedure	Includes criminal gangs and conspiring to commit gang activity as racketeering for RICO purposes	3005	2868	\$109,800	-	-
21	Criminal Procedure	Jaclyn's Law / 911 Responders	2480	2215	NS		
22	Courts	Dissolves the Court of the Judiciary and replaces it with the Board of Judicial Conduct.	2671	2935	NS	-	-
23	Drugs, Prescription	Enacts the Tennessee Prescription Safety Act of 2012	2253	2391	\$287,700	\$281,700	-
24	Drugs, Prescription	Controlled substance analogue	3018	3175	\$236,100		
25	Drugs, Prescription	Synthetic substances intended to imitate controlled substances	2280	2286	\$86,100		
26	Education	TBR - Dual Credit Courses	2809	2613	\$150,000	\$300,000	-
27	Education	Urges inclusion of study of Tennessee government at some appropriate grade level or levels in high school.	2066	2114	\$100,000	-	-
28	Education	Requires standardized testing of K-2 students in schools in the achievement school district or in schools feeding into schools in the achievement school district to determine how to best target student learning needs and if any learning disparities exist	3155	3272	\$3,800	-	-
23	Education	Changes kindergarten starting date to August 15 birthdate beginning in FY 14-15	2630	2566	-	-	-
29	Human Services	Requires applicants for TANF benefits to undergo a drug test before receiving such benefits; restricts TANF benefits for positive drug test results under certain circumstances.	2580	2725	NS	-	-
30	Immigration	Enacts the "Eligibility Verification for Entitlements Act."	1325	1379	-	-	-
31	Labor & Workforce	Defines terms relative to seasonal employment	3657	3430	-		
32	Labor & Workforce	Enacts the "Unemployment Insurance Accountability Act of 2012.	3658	3431		\$122,000	-

		Gen Fund - Fiscal Impact					
		Description	SB	HB	(Decrease) Recurring Exp	(Decrease) Non-Recurring Exp	Gen Fund Revenue
33	Labor & Workforce	Tennessee Works Act of 2012	2129	2309	-	-	-
34	Labor & Workforce	Recoupment of overpaid unemployment benefits - earmark unemployment trust fund and unemployment compensation special administrative fund.	2742	2212	-	-	-
35	Lottery Scholarships	Increases from \$50,000,000 to \$100,000,000 the required balance for the general shortfall reserve - earmark lottery	2515	2650	-	-	-
36	Probation and Parole	Transfers from board of probation and parole to department of correction certain functions relating to probation and parole services and the community correction grant program	2248	2386	(\$714,800)	-	-
37	Revenue	Sales and use tax nexus - Amazon (Fiscal impact FY 13-14)	2232	2370	-	-	-
38	Revenue	Eliminates the Gift Tax	2777	2840	(\$112,600)	-	(\$14,953,400)
39	Revenue	Reduces the sales tax on food from 5.5% to 5.25%	3763	3761	-	-	(\$21,331,900)
40	Revenue	Extends limited sales tax refund for certain appliances, furniture, and building supplies purchased in response to May 2010 flood	2701	2889	\$250,000	-	
41	Revenue	Authorizes property tax relief for spouses of veterans whose deaths resulted from being deployed in support of peace operations	2863	3213	\$10,000	-	-
42	Revenue	Inheritance tax - Increases the maximum allowable exemption from \$1 million to \$1.25 million (Effective Tax Year 2013)	3762	3760	-	-	-
43	Revenue	Revises various provisions regarding the job tax credit for new full-time employee jobs filled by a person with disabilities	2213	2351	NS	-	-
44	State Government	Enacts the Tennessee Excellence, Accountability, and Management (T.E.A.M) Act of 2012	2246	2384	-	-	-
45	State Government	Reorganizes several boards and commissions and changes appointing authority of directors and board members.	2249	2387	(\$248,400)	-	-
46	TennCare	Annual Coverage Assessment Act of 2012 - earmark Maintenance of Coverage Trust Fund	2766	3446	-	-	-
47	Tennessee Regulatory Authority	Changes the membership of the authority to five part-time directors instead of four full-time directors - earmark TRA	2247	2385	-	-	
48	TBI	Increases litigation \$2 to \$3 - earmarks to TBI and SAVIN	2711	3673	-	-	-

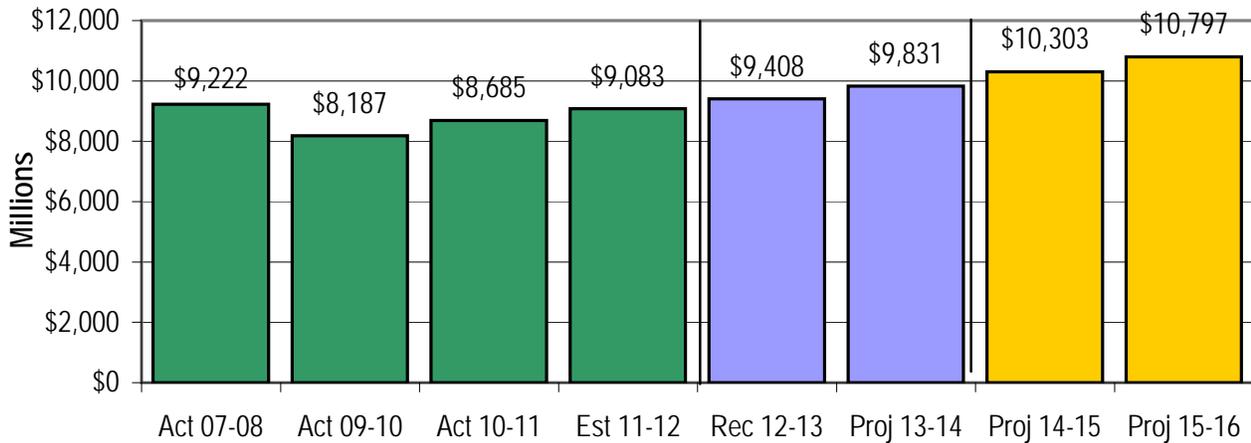
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# Revenues

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# STATE TAX REVENUE

## General Fund Revenues



### FY 12-13 Enacted Budget

The FY 12-13 budget assumes a revenue growth rate of 4.03% - approx new dollars \$365.9M.

### Out-Year Projections

The administration presented a multi-year plan to demonstrate potential budget levels using growth rates of 4.5% and 5%. (Demonstrated Above) -- reflects phase-out of inheritance tax

**NOTE: Based on F&A projections, revenue collections returned to FY 07-08 levels in FY 12-13; however, diminished spending power continues to exist due to inflationary increases, programs increases in areas such as education, corrections, etc.**

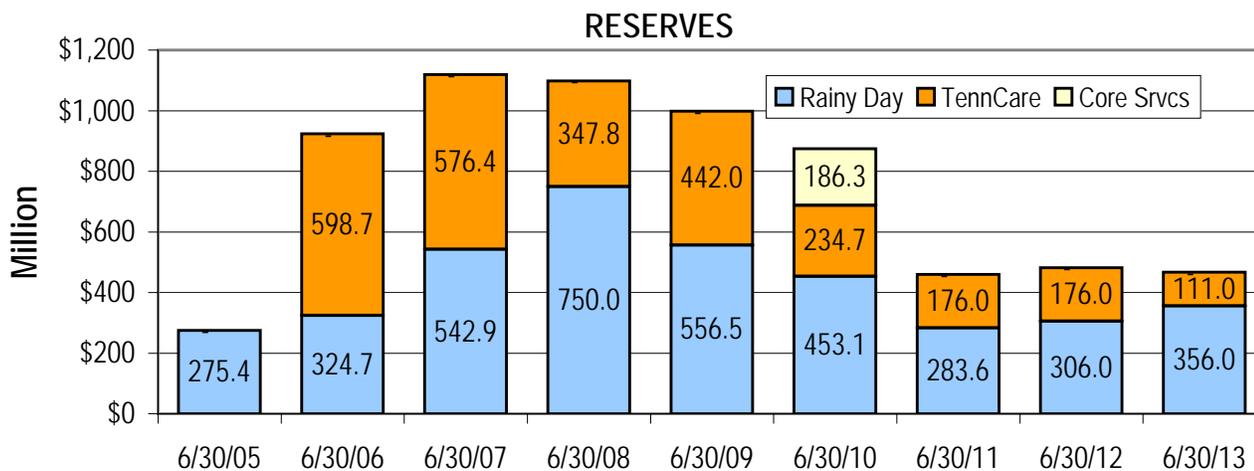
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# Reserves

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# RESERVES

	Rainy Day	% of GF Rev	TennCare	Core Services	TOTAL
6/30/05	\$275,400,000	3.2%			\$275,400,000
6/30/06	324,700,000	3.3%	\$598,709,645	-	\$923,409,645
6/30/07	542,900,000	5.9%	576,432,467	-	\$1,119,332,467
6/30/08	750,000,000	9.0%	347,832,500	-	\$1,097,832,500
6/30/09	556,500,000	6.8%	442,000,000	-	\$998,500,000
6/30/10	453,065,800	5.2%	234,700,000	\$186,279,600	\$874,045,400
6/30/11	283,600,000	3.1%	176,000,000	-	\$459,600,000
Est 6/30/12	306,000,000	3.3%	176,000,000	-	\$482,000,000
Est 6/30/13	356,000,000	3.8%	111,000,000	-	\$467,000,000



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# Salary & Benefits

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<b>TOTAL - SALARIES &amp; BENEFITS (funded in FY12-13)</b>		<b>\$187,084,700</b>
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	Recurring	Non-Recurring
<b>State Employees</b>		<b>\$67,497,000</b>
Salary Increase - 2.5%	35,500,000	
Market Adjustment	15,000,000	
401(K) - Continue \$50 match (\$40 Recurring) (\$10 Non-recurring)	6,697,000	\$2,500,000
Health insurance increase (effective 1/1/13)	7,800,000	
<b>Higher Education</b>		<b>\$43,166,600</b>
Salary Increase - 2.5%	29,800,000	
401(K) - Continue \$50 match (\$40 Recurring) (\$10 nonrecurring)	5,553,600	\$1,613,000
Health insurance increase (effective 7/1/12)	6,200,000	
<b>K-12</b>		<b>\$71,300,000</b>
Salary Increase - 2.5%	58,000,000	
Health insurance increase (effective 1/1/13)	13,300,000	
<b>Mandated Salary Increases</b>		<b>\$6,221,100</b>
Court System - Judges	1,119,000	
Attorney General	6,500	
District Attorneys General	992,300	
Assistant District Attorneys	39,000	
Public Defenders	594,900	
Post-Conviction Defender	31,100	
T&E: Youth Development Centers	53,900	
Safety Step Increases	800,900	
Safety Salary Survey	1,394,800	
Training Academy Step Increases	14,900	
Training Academy Salary Survey	21,300	
TWRA Step Increases	424,200	
TWRA Salary Survey	728,300	
<b>Retirement</b>		<b>-\$1,100,000</b>
COLA - 3.0% increase effective 7/1/12	N/A	
Increase in contribution rate for state employees	1,161,700	
Increase in contribution rate for higher education employees	738,300	
Decrease in contribution rate for K-12 BEP	(3,000,000)	

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# Capital Projects

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## FY12-13 CAPITAL PROJECTS & MAINTENANCE PROJECTS

### 2012 ADDITIONAL PROJECTS

		Total	State	Bonds	Federal	Other
<b>ECONOMIC DEVELOPMENT PROJECTS</b>						
Volkswagen Project	Hamilton	\$19,110,000	19,110,000	-	-	-
		\$19,110,000	\$19,110,000	\$0	\$0	\$0
<b>ENVIRONMENT AND CONSERVATION</b>						
Land Acquisition	Johnson	\$8,800,000	8,800,000	-	-	-
		\$8,800,000	\$8,800,000	\$0	\$0	\$0
<b>TOTAL 2012 ADDITIONAL PROJECTS</b>		<b>\$27,910,000</b>	<b>\$27,910,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FY 2012-2013 CAPITAL APPROPRIATIONS

#### CORRECTION

Maintenance	Statewide	\$24,450,000	-	-	-	24,450,000
Command and Technology Center	Davidson	\$8,600,000	-	-	-	8,600,000
<b>Sub-Total</b>		<b>\$33,050,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,050,000</b>

#### CHILDREN'S SERVICES

Command and Technology Center	Davidson	\$1,560,000	640,000	-	-	920,000
<b>Sub-Total</b>		<b>\$1,560,000</b>	<b>\$640,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$920,000</b>

#### COMMERCE & INSURANCE

Maintenance	Statewide	\$220,000	-	-	-	220,000
TLETA Generator Installation	Davidson	\$400,000	400,000	-	-	0
<b>Sub-Total</b>		<b>\$620,000</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$220,000</b>

#### EDUCATION

Maintenance	Statewide	\$4,530,000	1,130,000	2,800,000	-	600,000
TN School for the Blind - New parking lot	Davidson	\$470,000	470,000	-	-	-
<b>Sub-Total</b>		<b>\$5,000,000</b>	<b>\$1,600,000</b>	<b>\$2,800,000</b>	<b>\$0</b>	<b>\$600,000</b>

#### ECONOMIC & COMMUNITY DEVELOPMENT

West TN Mega-site Development - Phase 2	Haywood	\$25,000,000	11,000,000	14,000,000	-	-
<b>Sub-Total</b>		<b>\$25,000,000</b>	<b>\$11,000,000</b>	<b>\$14,000,000</b>	<b>\$0</b>	<b>\$0</b>

#### ENVIRONMENT & CONSERVATION

Maintenance	Statewide	\$17,440,000	9,130,000	3,750,000	-	4,560,000
Fall Creek Falls SP - Irrigation & restrooms upgrades	Van Buren	\$2,250,000	2,250,000	-	-	-
Fall Creek Falls SP - Old Inn renovation & upgrade	Van Buren	\$7,560,000	860,000	6,700,000	-	-
Bledsoe Creek SP - New visitors center	Sumner	\$800,000	200,000	600,000	-	-
State Parks Small Projects	Statewide	\$500,000	500,000	-	-	-
Radnor Lake SNA - land acquisition	Davidson	\$1,000,000	1,000,000	-	-	-
<b>Sub-Total</b>		<b>\$29,550,000</b>	<b>\$13,940,000</b>	<b>\$11,050,000</b>	<b>\$0</b>	<b>\$4,560,000</b>

#### FINANCE & ADMINISTRATION

State Architect Consultants	Statewide	\$575,000	575,000	-	-	-
<b>Sub-Total</b>		<b>\$575,000</b>	<b>\$575,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### GENERAL SERVICES

Maintenance	Statewide	\$10,060,000	9,160,000	-	-	900,000
Bradley Co. Veterans Home - Community living center	Bradley	\$23,220,000	-	3,100,000	13,040,000	7,080,000
Shelby Farms Park Conservancy - grant	Shelby	\$5,000,000	5,000,000	-	-	-
Blount Mansion Association - grant	Knox	\$500,000	500,000	-	-	-
Capital Improvements Master Plan - Phase 2	Montgomery	\$1,000,000	1,000,000	-	-	-
<b>Sub-Total</b>		<b>\$39,780,000</b>	<b>\$15,660,000</b>	<b>\$3,100,000</b>	<b>\$13,040,000</b>	<b>\$7,980,000</b>

		Total	State	Bonds	Federal	Other
<b>INTELLECTUAL &amp; DEVELOPMENT DISABILITIES</b>						
Maintenance	Statewide	\$3,750,000	2,100,000	1,650,000	-	-
Greene Valley - Admin. building backup chiller	Greene	\$600,000	150,000	450,000	-	-
Clover Bottom - Jordan Center renovation	Davidson	\$1,000,000	500,000	500,000	-	-
<b>Sub-Total</b>		<b>\$5,350,000</b>	<b>\$2,750,000</b>	<b>\$2,600,000</b>	<b>\$0</b>	<b>\$0</b>
<b>MENTAL HEALTH</b>						
Maintenance	Statewide	\$520,000	120,000	400,000	-	-
<b>Sub-Total</b>		<b>\$520,000</b>	<b>\$120,000</b>	<b>\$400,000</b>	<b>\$0</b>	<b>\$0</b>
<b>MILITARY</b>						
Maintenance	Statewide	\$3,540,000	1,770,000	-	1,770,000	-
<b>Sub-Total</b>		<b>\$3,540,000</b>	<b>\$1,770,000</b>	<b>\$0</b>	<b>\$1,770,000</b>	<b>\$0</b>
<b>SAFETY</b>						
Interoperable Communication System - Phase 2	Statewide	\$80,000,000	10,000,000	70,000,000	-	-
<b>Sub-Total</b>		<b>\$80,000,000</b>	<b>\$10,000,000</b>	<b>\$70,000,000</b>	<b>\$0</b>	<b>\$0</b>
<b>TN REHABILITATIVE INITIATIVE IN CORRECTION</b>						
Cook-chill equipment replacement and repair	Davidson	\$2,600,000	2,600,000	-	-	0
<b>Sub-Total</b>		<b>\$2,600,000</b>	<b>\$2,600,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>VETERANS AFFAIRS</b>						
West TN Cemetery enhancements	Shelby	\$2,700,000	300,000	-	2,400,000	-
Middle TN Cemetery enhancements	Davidson	\$2,000,000	200,000	-	1,800,000	-
East TN Cemetery enhancements	Davidson	\$650,000	100,000	-	550,000	-
<b>Sub-Total</b>		<b>\$5,350,000</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$4,750,000</b>	<b>\$0</b>
<b>HIGHER EDUCATION</b>						
MTSU Science Facilities improvement	Rutherford	\$126,650,000	38,700,000	69,200,000	-	18,750,000
NSCC - academic & support building planning	Davidson	\$1,100,000	-	-	-	1,100,000
NESCC - technical education complex planning	Sullivan	\$810,000	-	-	-	810,000
UofM - biochemistry and biology facility planning	Shelby	\$1,200,000	-	-	-	1,200,000
VSCC - humanities building planning	Sumner	\$1,500,000	-	-	-	1,500,000
COSCC - Williamson Co. center planning	Williamson	\$1,800,000	-	-	-	1,800,000
RSCC - Allied health and technologies building, 3rd floor buildout	Anderson	\$2,300,000	1,000,000	-	-	1,300,000
UTK - Strong Hall science lab facilities	Knox	\$94,000,000	20,200,000	55,050,000	-	18,750,000
UTHSC - multidisciplinary simulation center	Shelby	\$24,100,000	4,690,000	17,000,000	-	2,410,000
UTHSC - buildings demolition	Shelby	\$4,000,000	4,000,000	-	-	-
UTHSC - classroom and lab building planning	Shelby	\$2,000,000	-	-	-	2,000,000
UTC - life sciences lab facility planning	Hamilton	\$3,000,000	-	-	-	3,000,000
UTK - academic and instructional center planning	Knox	\$3,000,000	-	-	-	3,000,000
UTK - Joint Institute of Advanced Materials Science Bldg.	Knox	\$5,000,000	-	-	-	5,000,000
Maintenance - TBR	Statewide	\$39,930,000	10,230,000	29,300,000	-	400,000
Maintenance - UT	Statewide	\$32,255,000	5,455,000	26,400,000	-	400,000
<b>Sub-Total</b>		<b>\$342,645,000</b>	<b>\$84,275,000</b>	<b>\$196,950,000</b>	<b>\$0</b>	<b>\$61,420,000</b>
<b>Grand Total</b>		<b>\$575,140,000</b>	<b>\$145,930,000</b>	<b>\$300,900,000</b>	<b>\$19,560,000</b>	<b>\$108,750,000</b>

Note: Does not include projects funded from FRF, Dedicated Revenues, School Bonds or other Sources

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# American Recovery & Reinvestment Act

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## AMERICAN RECOVERY & REINVESTMENT ACT

- Passed by Congress in 2009, the majority of the funding from this Act is available through FY10-11 only.  
 - ARRA 'Race to the Top' funds for Education will be available through FY13-14.  
 - Over this multi-year period, Tennessee anticipates receiving approximately \$6.4 Billion. Of this amount, \$3.7 Billion is directed to support specific federal programs and CANNOT be used to benefit general budget operations.

	Total	08-09	09-10	10-11	11-12	12-13	13-14
<b>Stabilization Funds</b>							
<b>Education</b>							
Higher Education	\$ 247,427,700	\$ 3,854,700	\$ 149,958,500	\$ 79,429,300	\$ 14,185,200	\$ -	\$ -
K12 - BEP	527,707,300	18,000,000	172,400,000	337,307,300	-	-	-
General Purpose	170,243,100	-	90,331,100	46,300,000	33,612,000	-	-
<b>Total</b>	<b>\$ 945,378,100</b>	<b>\$ 21,854,700</b>	<b>\$ 412,689,600</b>	<b>\$ 463,036,600</b>	<b>\$ 47,797,200</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grant Programs</b>							
TennCare	\$ 1,832,656,600	\$ 316,000,000	\$ 720,968,600	\$ 547,964,800	\$ 122,323,200	\$ 62,700,000	\$ 62,700,000
Aging & Disability (CD Mgmt.)	800,000	-	-	405,600	394,400	-	-
Children's Services	11,312,300	3,500,000	4,400,000	3,412,300	-	-	-
Education (K-12)	1,233,978,000	3,473,600	200,777,400	317,898,200	457,240,500	125,210,600	129,377,700
Higher Education	-	-	-	-	-	-	-
Treasury	1,472,800	1,472,800	-	-	-	-	-
Tennessee Regulatory Authority	644,400	-	41,400	181,500	421,500	-	-
Aging (Elderly Nutrition)	2,178,500	-	1,353,200	825,300	-	-	-
Tennessee Housing Development Authority	208,635,100	-	41,922,500	136,857,300	29,855,300	-	-
Arts Commission	321,800	-	279,100	42,700	-	-	-
Finance and Administration	35,526,800	-	17,088,500	13,753,300	4,685,000	-	-
Agriculture	2,021,600	-	551,400	1,407,200	63,000	-	-
Environment & Conservation	84,485,400	-	10,290,200	52,490,200	21,705,000	-	-
Economic and Community Development	90,229,000	-	2,435,100	67,012,100	20,781,800	-	-
Labor and Workforce Development	83,517,100	12,338,900	42,983,000	15,911,200	12,284,000	-	-
Military	720,000	-	720,000	-	-	-	-
Health	11,119,100	-	5,190,400	1,847,400	4,081,300	-	-
Human Services	774,526,400	56,103,000	335,149,600	326,419,400	56,854,400	-	-
Strategic Health-Care Programs	11,664,600	-	70,500	933,700	10,660,400	-	-
<b>Total General Fund</b>	<b>\$ 5,331,187,600</b>	<b>\$ 414,743,000</b>	<b>\$ 1,796,910,500</b>	<b>\$ 1,950,398,800</b>	<b>\$ 789,147,000</b>	<b>\$ 187,910,600</b>	<b>\$ 192,077,700</b>
Transportation	\$ 659,538,200	\$ 7,593,600	\$ 304,020,800	\$ 184,001,000	\$ 163,922,800	\$ -	\$ -
<b>Total Operating Budget</b>	<b>\$ 5,990,725,800</b>	<b>\$ 422,336,600</b>	<b>\$ 2,100,931,300</b>	<b>\$ 2,134,399,800</b>	<b>\$ 953,069,800</b>	<b>\$ 187,910,600</b>	<b>\$ 192,077,700</b>
Unemployment - \$25 per Week Benefit Increase	\$ 293,065,500	\$ 68,065,500	\$ 215,000,000	\$ 10,000,000	\$ -	\$ -	\$ -
Unemployment Trust Fund	141,000,000	-	141,000,000	-	-	-	-
<b>Grand Total State Programs</b>	<b>\$ 6,424,791,300</b>	<b>\$ 490,402,100</b>	<b>\$ 2,456,931,300</b>	<b>\$ 2,144,399,800</b>	<b>\$ 953,069,800</b>	<b>\$ 187,910,600</b>	<b>\$ 192,077,700</b>

Stabilization / FMAP	\$ 2,778,034,700	\$ 337,854,700	\$ 1,133,658,200	\$ 1,011,001,400	\$ 170,120,400	\$ 62,700,000	\$ 62,700,000
Flow-thru Funds	3,646,756,600	152,547,400	1,323,273,100	1,133,398,400	782,949,400	125,210,600	129,377,700
<b>Grand Total</b>	<b>\$ 6,424,791,300</b>	<b>\$ 490,402,100</b>	<b>\$ 2,456,931,300</b>	<b>\$ 2,144,399,800</b>	<b>\$ 953,069,800</b>	<b>\$ 187,910,600</b>	<b>\$ 192,077,700</b>

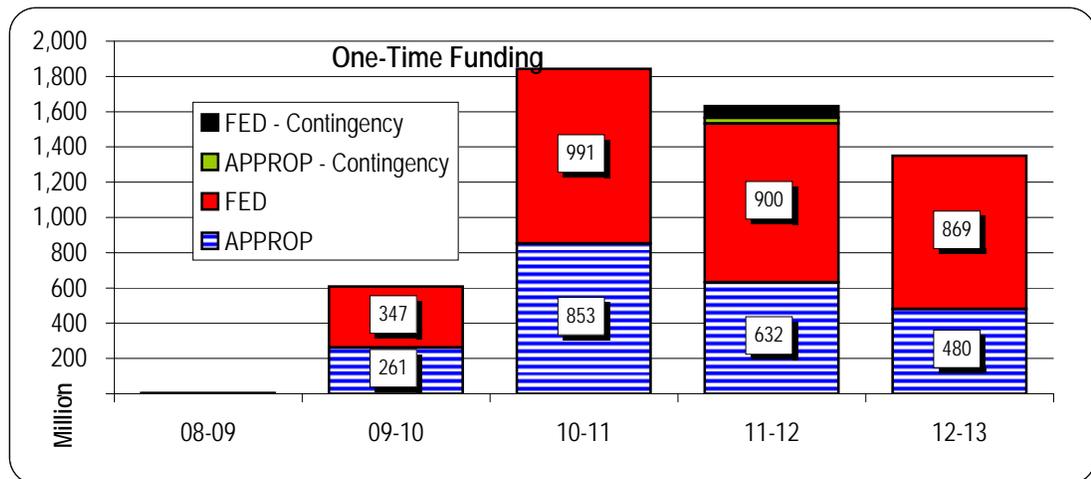
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**Reductions  
Delayed in FY 12-13  
Budget Action**

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## REDUCTIONS - Delayed with State/Federal One-Time Funding

- "The Cliff" - defined as the extent to which reductions have been identified but delayed with either state or federal funding.
- In the FY12-13 budget, there are \$1.35 billion in one-time funds being used to delay already identified reductions.
- Of the \$1.35 billion, \$1.3 billion (\$449.8M State / \$868.8M Fed) are related to the Hospital Assessment Fee which was renewed only for the FY12-13 budget.



ALL SOURCES	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
APPROPRIATION	-	261,385,900	852,666,000	631,735,500	480,480,900
APPROPRIATION - Contingency	-	-	-	33,375,300	-
FEDERAL	3,854,700	346,706,500	991,048,100	900,316,500	868,811,800
FEDERAL - Contingency	-	-	-	65,465,200	-
<b>Total</b>	<b>\$3,854,700</b>	<b>\$608,092,400</b>	<b>\$1,843,714,100</b>	<b>\$1,630,892,500</b>	<b>\$1,349,292,700</b>

• \$1.35 billion in reductions will automatically drop out of the FY13-14 base budget and can only be restored if funding is added back to the budget as either an improvement item in the Governor's Budget or by Legislative action.

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TennCare

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## Hospital Coverage Assessment Fee Fiscal Year 2012-2013

Public Chapter 645 (SB 2766/HB 3446) continues the hospital coverage assessment for one year. This fee raises an estimated \$449.8 million that will be used to drawdown \$868.8 million in Federal Matching Funds and to temporarily restore the following reductions.

	State	Federal	Total
<b>FY 2009-2010 Base Reductions Restored:</b>			
Medically Needy Category *	\$ -	\$ -	\$ -
Essential Access Hospital Payments	33,812,000	66,188,000	100,000,000
Graduate Medical Education	16,906,000	33,094,000	50,000,000
Critical Access Hospital Payments	3,381,200	6,618,800	10,000,000
Medicare Part A Reimbursement	12,020,300	23,530,100	35,550,400
Provider Reimbursement and Co-Pay	66,531,600	130,237,500	196,769,100
<b>Sub-Total</b>	<b>\$ 132,651,100</b>	<b>\$ 259,668,400</b>	<b>\$ 392,319,500</b>
<b>FY 2010-2011 Base Reductions Restored:</b>			
Hospital Reimbursement Ceiling	\$ 23,655,100	\$ 46,305,500	\$ 69,960,600
In-Patient Services	47,581,500	93,142,200	140,723,700
Lab and X-Ray Procedures	28,376,000	55,546,900	83,922,900
Therapies	4,664,500	9,131,000	13,795,500
Out-Patient Services	11,151,700	21,829,900	32,981,600
Office Visits	15,360,200	30,068,000	45,428,200
<b>Sub-Total</b>	<b>\$ 130,789,000</b>	<b>\$ 256,023,500</b>	<b>\$ 386,812,500</b>
<b>Other Appropriations:</b>			
Disproportionate Share Hospital Payments	\$ 27,395,500	\$ 53,627,500	\$ 81,023,000
Additional Cost-Based Reimbursement-Critical Access	6,000,000	-	6,000,000
Hospital Payments - Unreimbursed Costs	152,964,400	299,432,400	452,396,800
<b>Sub-Total</b>	<b>\$ 186,359,900</b>	<b>\$ 353,059,900</b>	<b>\$ 539,419,800</b>
<b>Grand Total</b>	<b>\$ 449,800,000</b>	<b>\$ 868,751,800</b>	<b>\$ 1,318,551,800</b>

\* \$32,237,100 is funded from General Fund dollars

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# Lottery

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# LOTTERY FUNDED PROGRAMS

\$s shown in Millions

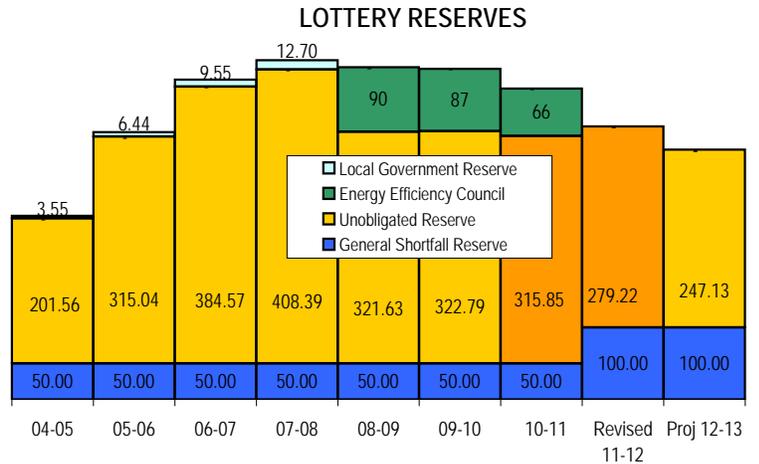
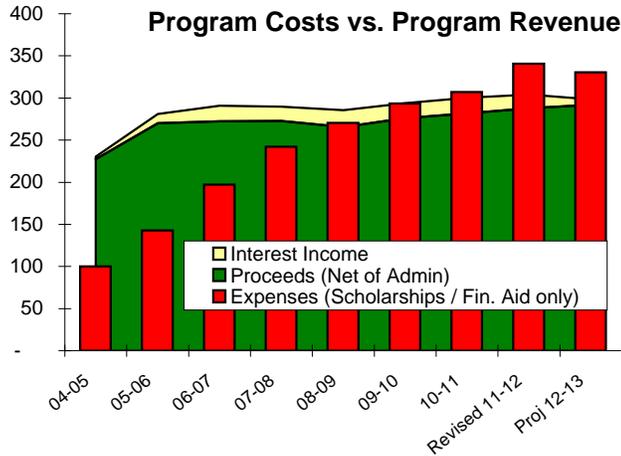
	Actual 04-05	Actual 05-06	Actual 06-07	Actual 07-08	Actual 08-09	Act 09-10	Act 10-11	Revised 11-12	Proj 12-13
<b>Revenue</b>									
Net Lottery Proceeds	227.42	269.86	271.97	272.42	265.49	275.98	281.85	288.00	292.00
Interest Earnings - Ed Acct	3.08	10.80	18.54	16.76	19.96	17.85	18.41	16.10	6.50
Interest Earnings - Local Govt Acct	0.04	0.19	0.39	0.43	-	-	-	-	-
<b>\$</b>	<b>230.55</b>	<b>280.85</b>	<b>290.90</b>	<b>289.61</b>	<b>285.44</b>	<b>293.83</b>	<b>300.26</b>	<b>304.10</b>	<b>298.50</b>
<b>Expenditures</b>									
Scholarships	(93.46)	(136.87)	(191.67)	(225.48)	(259.85)	(282.92)	(297.50)	(309.10)	(309.30)
TSAA Allocation	-	-	-	(10.00)	(6.80)	(6.80)	(6.80)	(6.80)	(6.80)
Pre-K	-	(24.68)	(24.04)	(23.85)	(24.44)	0.67	-	-	-
Administration	(4.26)	(2.92)	(2.54)	(3.31)	(3.82)	(3.62)	(2.90)	(3.80)	(3.80)
Local Government Acct	(2.32)	(2.89)	(3.11)	(3.15)	-	-	-	-	-
Dual Enrollment / Medical Disability	-	-	-	-	-	-	-	(1.12)	(0.12)
Summer School	-	-	-	-	-	-	-	(19.90)	(10.50)
Move on when Ready - new	-	-	-	-	-	-	-	-	(0.07)
<b>\$</b>	<b>(100.04)</b>	<b>(167.36)</b>	<b>(221.37)</b>	<b>(265.79)</b>	<b>(294.90)</b>	<b>(292.67)</b>	<b>(307.20)</b>	<b>(340.72)</b>	<b>(330.59)</b>
<b>Surplus/Deficit</b>	<b>\$ 130.51</b>	<b>\$ 113.48</b>	<b>\$ 69.53</b>	<b>\$ 23.81</b>	<b>\$ (9.46)</b>	<b>\$ 1.16</b>	<b>\$ (6.94)</b>	<b>\$ (36.62)</b>	<b>\$ (32.09)</b>
<b>Cumulative Balance</b>	<b>\$ 251.56</b>	<b>\$ 365.04</b>	<b>\$ 434.57</b>	<b>\$ 458.39</b>	<b>\$ 448.93</b>	<b>\$ 372.79</b>	<b>\$ 356.05</b>	<b>\$ 319.43</b>	<b>\$ 287.34</b>
Transfer to Energy Efficiency	-	-	-	-	(77.30)	-	-	-	-
Unrealized Gain/Loss	-	-	-	-	-	(9.80)	-	-	-
<b>Net Balance</b>	<b>\$ 251.56</b>	<b>\$ 365.04</b>	<b>\$ 434.57</b>	<b>\$ 458.39</b>	<b>\$ 371.63</b>	<b>\$ 362.99</b>	<b>\$ 356.05</b>	<b>\$ 319.43</b>	<b>\$ 287.34</b>

<b>Unclaimed Prize Money - After School Acct</b>									
Revenue	6.87	7.39	10.44	13.72	14.67	12.89	11.64	12.00	12.00
Interest Earnings	0.04	0.32	0.51	0.41	0.25	0.05	-	-	-
Gen Fund Transfer	-	-	-	5.50	-	-	-	-	-
Expenditures	-	(4.08)	(14.73)	(13.45)	(11.91)	(12.96)	(11.43)	(13.50)	(13.50)
<b>Net Change</b>	<b>\$ 6.91</b>	<b>\$ 3.63</b>	<b>\$ (3.79)</b>	<b>\$ 6.18</b>	<b>\$ 3.00</b>	<b>\$ (0.02)</b>	<b>\$ 0.21</b>	<b>\$ (1.50)</b>	<b>\$ (1.50)</b>

## RESERVES

### Ending Balance

General Shortfall Reserve	50.00	50.00	50.00	50.00	50.00	50.00	50.00	100.00	100.00
Unobligated Reserve	201.56	315.04	384.57	408.39	321.63	322.79	315.85	279.22	247.13
subtotal - Education Acct	251.56	365.04	434.57	458.39	371.63	372.79	365.85	379.22	347.13
<b>Other Reserves</b>									
Energy Efficiency Council	-	-	-	-	90.00	86.66	66.24	Unknown	Unknown
Local Government Reserve	3.55	6.44	9.55	12.70	-	-	-	-	-
After School Prgm Acct	8.96	12.59	8.80	14.98	17.99	17.97	18.18	16.68	15.18
subtotal - Other	12.51	19.03	18.35	27.69	107.99	104.63	84.42	16.68	15.18
<b>Total Reserves</b>	<b>\$ 264.07</b>	<b>\$ 384.07</b>	<b>\$ 452.93</b>	<b>\$ 486.07</b>	<b>\$ 479.61</b>	<b>\$ 477.41</b>	<b>\$ 450.27</b>	<b>\$ 395.90</b>	<b>\$ 362.31</b>



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