

Glossary of Budget Terms

A

Accrual Basis of Accounting - Records revenues in the period in which they are earned and become measurable; expenses are recorded in the period incurred, if measurable.

Agency - Any department, commission, board, authority, government-owned corporation, or other independent governmental entity.

Allotment - Funds established for agency expenditure, in accordance with the appropriations made by the General Assembly.

Allotment Code - The five-digit number used to designate a program or programs for budgeting and accounting purposes.

American Recovery and Reinvestment Act (ARRA), U.S. Public Law 111-5 - A multi-year, non-recurring federal economic package making supplemental appropriations for job preservation and creation; infrastructure investment; energy efficiency and science; assistance to the unemployed; and state and local fiscal stabilization.

Appropriation - The amount authorized by the General Assembly to be allocated from a fund to an allotment code. Also, in the context of funding type, the general state revenue allocated to an allotment code by the General Assembly.

Appropriations Bill - Annual legislation authorizing the allocation and expenditure of funds for a two-year period: the year of bill passage and the subsequent year. The bill also sets policies, assigns certain responsibilities, and at times, specifies legislative intent on certain issues.

Authorized Positions - The maximum number of positions an agency may establish at any given time; authorized positions must receive legislative approval by legislation, by expansion, or by inclusion in the Governor's recommended budget document.

B

Balanced Budget - A budget in which the expenditures incurred during a given period are matched by revenues.

Base Budget - The estimated expenditures and associated revenues or appropriation necessary to maintain the current level of service or activity.

BEP - The Basic Education Program is the formula that determines the funding level each school system needs in order to provide a basic level of service for all students.

BHO - Behavioral Health Organizations are responsible for managing the behavioral and substance abuse services for the TennCare program.

Biomass Fuels - An alternative to petroleum produced from woody materials, such as corn stalks and switchgrass.

Glossary of Budget Terms

Brian A. - A settlement agreement, signed in July 2001, which requires reform of child welfare services provided by the Department of Children's Services.

Budget Request - The annual spending and revenue plan submitted by each agency for review by the Department of Finance and Administration, the State Comptroller, and the Fiscal Review Committee.

C

Capital Budget - The portion of the budget devoted to proposed additions or maintenance to capital assets and the means of financing those additions.

Capital Maintenance - Major non-routine repairs and replacements unrelated to new construction. Improvements of this type have a cost of \$100,000 or more.

Capital Outlay - Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings, and equipment related to construction).

Capital Projects Fund - The fund used to account for financial resources related to the acquisition, construction, or maintenance of major capital facilities.

Cellulosic Ethanol - Ethanol produced from biomass of various kinds, including waste from urban, agricultural, and forestry sources.

Clean Air and Water Acts - Federal laws designed to restore and maintain the nation's air and water supply.

Component Unit - Entities for which the state is considered financially accountable.

ConnecTen - A Department of Education initiative to provide Internet access to all public schools in Tennessee.

Cost Increases - Increases in departmental budgets needed to implement mandated requirements, compensate for revenue reductions, initiate new programs, or enhance the base level.

CPI - Consumer Price Index – For purposes of the judges' salary adjustment, state law requires use of the CPI. A year-to-year comparison of the average CPI (For All Urban Consumers: All Items) is used to index the statutory adjustment.

Current Services Revenue - Program funds generated by a specific activity to support that activity. This includes fees and assessments, gifts, and interest from reserves or endowments (e.g., licenses, permit and certificate fees, and inspection fees).

D

Debt Rating - A measure of a governmental entity's ability to pay debt on bonds, etc.

Debt Service - Expenses for principal, interest, and discounts on bonds and other types of borrowed money.

Debt Service Fund - Funds used to retire bonds in an orderly process over the bonds' life. Each year, the state sets aside a sum of money equal to a certain percentage of the total bond issue.

DNA - Deoxyribonucleic acid is a nucleic acid that is the molecular basis of heredity.

Glossary of Budget Terms

E

Earmarked Revenue - Funds that are legislatively limited in how they can be expended.

eCMATS - The Case Management Activity Tracking System is utilized by the Department of Labor and Workforce Development to track contacts between the agency and its customers.

Econometric Model - A quantitative forecasting method used to project revenues based on historical data and growth estimates for the economy.

Education Trust Fund - The fund into which all revenues earmarked and allocated exclusively for educational purposes are deposited.

EEO - Equal employment opportunity is a series of policies and procedures enacted by the Department of Human Resources to comply with federal laws governing fair employment practices as provided in the Equal Employment Opportunity Act.

EMS - Emergency medical services provide pre-hospital emergency medical care and medical transportation systems, primarily ambulatory services.

Encumbrance - Commitments related to unexecuted contracts for goods and services issued by the Division of Purchasing, Department of General Services.

Environmental Protection Fund (EPF) - A fund, administered by the Department of Environment and Conservation, to improve performance in permitting, monitoring, investigation, enforcement, and administration of the department's function under each regulatory program.

F

Facilities Revolving Fund - A self-perpetuating fund for the maintenance and renovation of state-owned buildings and the leasing of office space.

Families First - This program, administered by the Department of Human Services, replaced Aid to Families with Dependent Children (AFDC) and provides time-limited cash grants, education, job training, child care, employment assistance, and transitional benefits to poor or low-income Tennesseans in order to reduce or eliminate welfare dependency.

FDIC - The Federal Deposit Insurance Corporation insures bank deposits up to \$100,000.

Federal Funds - Funds received from federal government agencies for the support of programs at state and local levels. Federal funds are received by way of block grants, entitlement programs, and specific grants.

Federal Mandates - A provision of federal law or regulation which requires state government implementation. This includes the creation of new programs, changes in existing programs, and increases in state financial participation in jointly funded federal programs.

Fiscal Year - A 12-month accounting period; in Tennessee, July 1 through June 30.

Full-time Equivalent (FTE) Enrollment - A standard measure of student enrollment designed to equate part-time students to full-time students on the basis of total hours of course work for which they are registered.

Glossary of Budget Terms

Fund - A repository of money set aside for a specific purpose.

Fund Balance - Excess of the assets of a fund over its liabilities and reserves.

G

Geier Desegregation Settlement - A settlement agreement implemented in January 2001 to end the Geier higher education lawsuit, originally filed in 1968. The agreement resulted in dismissal of the lawsuit in September 2006. The agreement was intended to create a system of public higher education that preserves and enhances access and opportunities at Tennessee's public colleges and universities.

General Fund - The fund maintained by the Treasurer into which revenues collected by the state, other than highway taxes, are deposited for appropriation by the General Assembly to support the operation of state agencies.

Geographic Information System (GIS) - A computer-based system for managing spatial data and mapping applications. Spatial data includes roads, elevation data, streams and lakes, imagery, and parcel boundaries.

Governmental Accountability Act - Law enacted by the Public Acts of 2002, which requires the phase-in of strategic planning and performance-based budgeting.

H

Highway Fund - The fund maintained by the Treasurer into which certain revenues collected by the state are deposited for appropriation by the General Assembly to the Department of Transportation.

Revenues generated mostly from petroleum-related taxes comprise the Highway Fund.

HMO - Health Maintenance Organizations arrange basic health services to enrollees based on a prepaid basis. The TennCare Oversight program in the Department of Commerce and Insurance reconciles claims submitted by HMOs.

HUD - The federal Housing and Urban Development Agency provides income-eligible individuals with resources to assist with their housing needs.

I

IGT - An intergovernmental transfer; specifically, revenue collected as state revenue from a city or county government.

Interdepartmental Revenue - Revenue received by one entity of state government from another entity of state government. These funds are received as reimbursement of shared costs, as a grant, or as some other inter-agency agreement.

L

LSTA - The federal Library Services and Technology Act provides for the sharing of resources among libraries to promote equal delivery of library services to the public.

LEA - Local education agencies, which are defined as any county, city, or special school district, unified school district, school district of any metropolitan form of government, or any other school system established by law.

Liability - An obligation that legally binds the state to settle a debt.

Glossary of Budget Terms

M

MCO - Managed Care Organizations are responsible for managing the distribution of medical services for the TennCare program.

Modified Accrual Basis of Accounting - Recognizes revenues in the period in which they become available and measurable; revenues are considered available when they will be collected, either during the current period or soon enough after the end of the period to pay current year liabilities.

N

NAIC - The National Association of Insurance Commissioners provides policy development and technical support to state insurance regulators.

NCUA - The National Credit Union Administration charters and supervises federal credit unions, and insures Tennessee's state-chartered credit union deposits up to \$100,000.

Ned McWherter Scholars Program - In-state scholarships offered to academically outstanding Tennessee high school students, to encourage them to attend college in Tennessee.

Non-Recurring Funds - Funds that are appropriated to be used for a one-time expense.

O

Oak Ridge National Laboratory - A division of the United States Department of Energy.

OBE - The Office of Business Enterprise, within the Department of Economic and Community Development, provides assistance to disadvantaged businesses to foster equal competition among businesses.

Operating Budget - That money which is necessary to maintain a program, excluding the cost of capital construction.

Organic Farming - The process of raising crops and livestock without the use of artificial nutrients or hormones, and with a focus on conservation of natural resources.

Other Revenue - A collection of funding sources, excluding state appropriations and federal funds. These funding sources are generally from local governments, current services, and interdepartmental activities.

Overappropriation - The anticipated savings resulting from position vacancies and other unexpended funds.

Overlaps - Term used when an appointing authority places more than one incumbent in a single position in an overlap status. This is subject to budgetary limits as well as approval of the Commissioner of Human Resources.

P

Performance-Based Budgeting - Process to identify objectives, activities, and performance indicators for each budget unit. This process has been fully implemented in all executive agencies as of fiscal year 2011-2012.

Performance Measure - A quantitative or qualitative indicator that is used to assess performance.

Glossary of Budget Terms

Performance Standard - A desired level of performance of a program, measured by outcome or output.

PLHSO - Prepaid Limited Health Service Organizations arrange limited health care services, such as vision or dental services, for enrollees on a prepaid basis. The TennCare Oversight program in the Department of Commerce and Insurance reconciles claims submitted by Prepaid Limited Health Service Organizations.

Pre-Need Funeral Contracts - Contracts entered into with funeral establishments for services required at a later date.

Program - Any of the major activities of an agency expressed as a primary function.

R

Rainy Day Fund - A fund established to ensure stability in the event of an extended economic downturn (also referred to as the Revenue Fluctuation Reserve Fund).

RDA - The Records Disposition Authority is the primary record management agency for state government and directs the disposition of all records, including electronically processed records and computer output microfilm records.

Reappropriation - The extension of the termination date for the availability of appropriated money.

Reclassification - A change in the duties and responsibilities of a state employee's job.

Recommended Funds - The funds proposed by the Governor for legislative approval, including the base budget and cost increases.

Recurring Funds - Funds that are appropriated on an ongoing basis.

Reserve Funds - Funds held for future needs or a special purpose.

Reversion - The return of the unused portion of an appropriation to the fund from which the appropriation was made.

Revolving Fund - A fund provided to carry out a cycle of operations. The amounts expended from a fund of this type are restored by earnings from operations or by transfer from other funds. Thus, the fund is always intact in the form of cash, receivables, inventory, or other assets.

Rural Opportunity Fund - A fund created to provide small-business loans to small, minority, and women-owned rural businesses that are unable to access traditional loan capital.

S

Second Injury Fund - A fund providing money for judgments against the State of Tennessee and for legal costs awarded by the state in order to encourage employers to hire workers with prior injuries or disabilities.

Section 8 - A federally funded rental subsidy program offered through the Tennessee Housing Development Agency for individuals and families with very low incomes.

Sinking Fund - See **Debt Service Fund**.

Special Schools - Schools operated by the state Department of Education to provide educational opportunities in residential settings for legally blind, deaf, and multi-disabled children ages preschool to 21, and to provide a model rural high school.

Glossary of Budget Terms

State Taxpayers Budget - The section of the budget that includes only state appropriations and state revenues from general tax sources. The State Taxpayers Budget section excludes appropriations from dedicated taxes and fees which are narrowly levied and earmarked for specific purposes, federal revenues, and all other departmental revenues.

Supervision Fees - Fees collected from felons under the supervision of the Department of Correction, used to defray the costs of supervision and rehabilitation.

Supplemental Appropriation - Additional appropriations to the original allotment authorized by the General Assembly after the beginning of the fiscal year.

T

TANF - Temporary Assistance for Needy Families is a federal program administered by the Department of Human Services and provides cash grants for families with financial need and dependent children deprived of support or care.

Taxpayers Budget - See **State Taxpayers Budget**.

TCAP - The Tennessee Comprehensive Assessment Program is used to assess academic progress of Tennessee students at specified points in their academic career.

Tennessee Valley Authority - A federal power-producing and economic development program.

Three-Star Program - Comprehensive plan developed and administered by the Department of Economic and Community Development to assist local communities in their development efforts.

TLDA - The Tennessee Local Development Authority is given the responsibility of issuing bonds and notes to provide funds to local governments and certain other entities for projects related to economic development and specific environmental and public health concerns.

TMDL - The total maximum daily load is a calculation of the maximum amount of a pollutant that a body of water can receive while still meeting federal water quality standards.

TNKids - Internet initiative to coordinate data from various state departments dealing with children and youth.

Tobacco Master Settlement Agreement - A settlement agreement, signed by attorneys general representing 46 states in November 1998, with the major cigarette companies to settle all lawsuits seeking to recover the Medicaid costs of treating smokers. The agreement imposes restrictions on advertising, marketing, and promotion and requires the manufacturers to make annual payments to states through 2025.

TPA - Third Party Administrators contract with life and health insurance companies to collect premiums and adjust or settle claims relative to Tennessee residents' insurance coverage. The TennCare Oversight program in the Department of Commerce and Insurance reconciles claims submitted by Trading Partner Agreements.

TRUST - The Title and Registration User's System of Tennessee automates title processing between county clerks, the general public, and the Department of Revenue.

Glossary of Budget Terms

U

USDOE - The U.S. Department of Energy is a federal agency charged with oversight of the distribution of funds for various energy-related initiatives.

W

West Tennessee River Basin Authority - Preserves the natural flow and function of the Hatchie, Obion, and Forked Deer river basins.

Workers' Compensation Reform Act - Legislation that revised the state workers' compensation program.