Recommended FY16 Budget

FY16 Budget Objectives

- Realistic revenue assumptions.
- Continue to achieve efficiencies in operations.
- Appropriately fund Education and Health & Social Services.
- Fair, market-driven total compensation program.
- Continue to build the Rainy Day Fund.

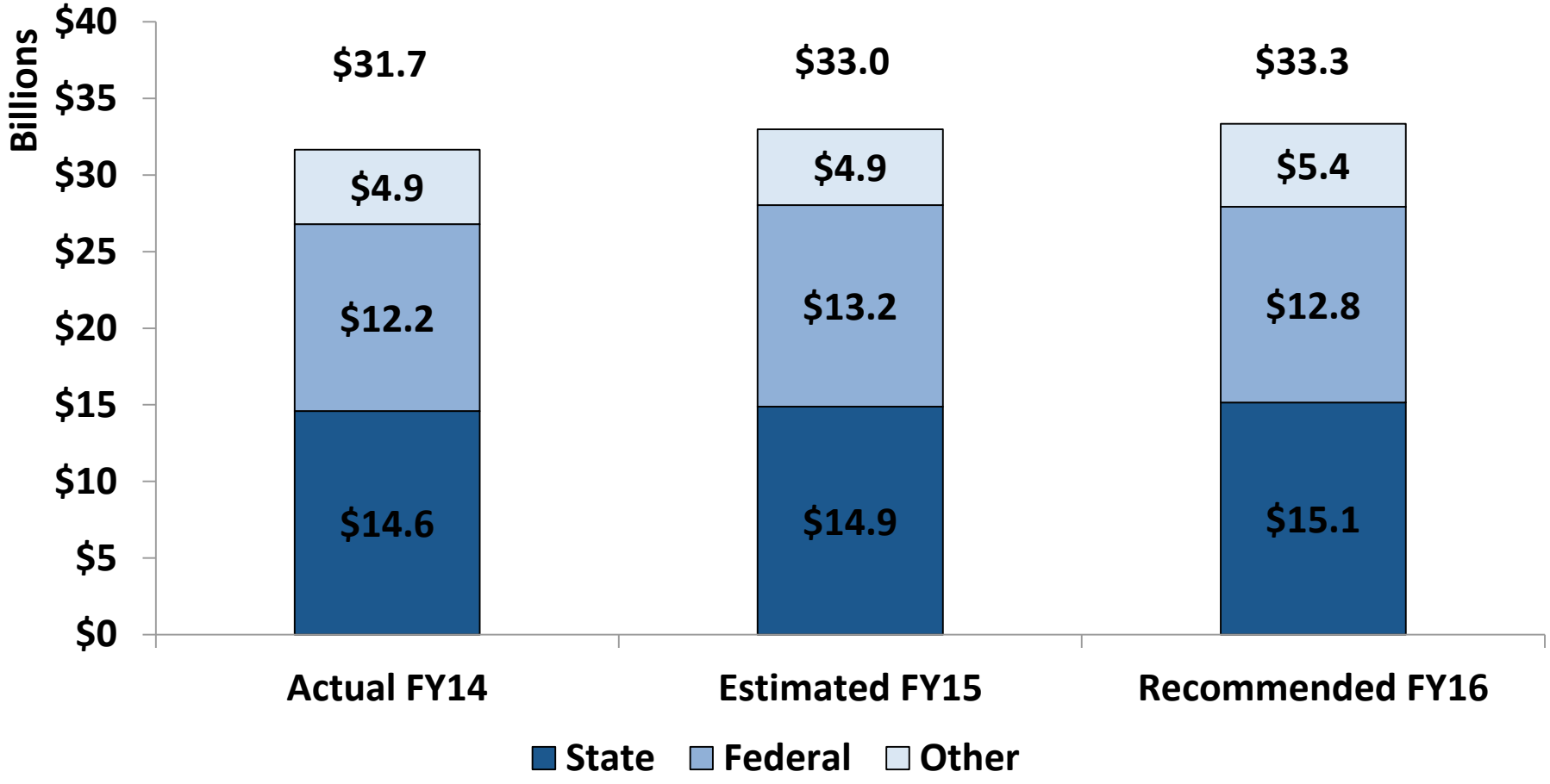
Overview: Available Revenues

	Recurring	Non-Recurring
Revenue Growth @ 3.0%	$303,200,000	$0
Inheritance Tax Exemption	(41,300,000)	41,300,000
2015 Legislation	20,200,000	0
Other State Revenue	4,100,000	0
HMO Tax Rate from 5.5% to 6.0%	33,542,100	0
Hospital and Nursing Home Assessment	0	556,900,000
Tobacco MSA @ $132.1M	(2,500,000)	0
Available Funds @ 06-30-15	0	149,970,900
Debt Service Reduction	13,300,000	0
Total Available Revenues	$330,542,100	$748,170,900

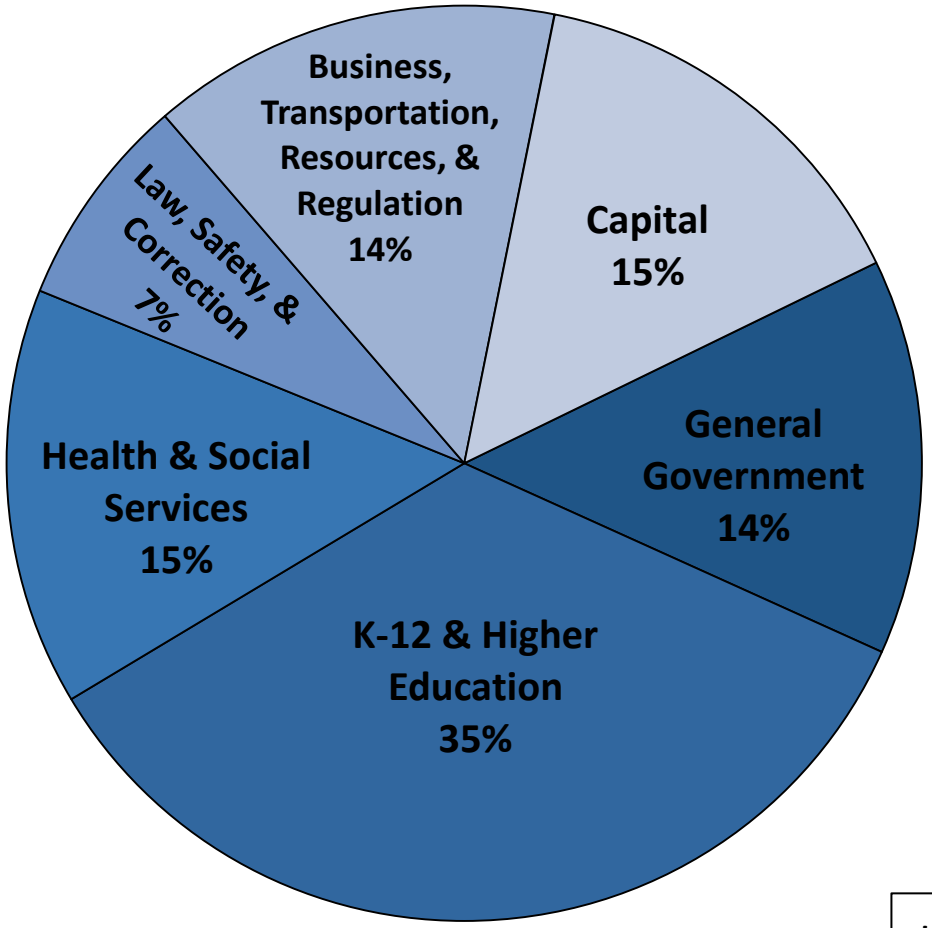
Overview: Revenues and Expenditures

	Recurring	Non-Recurring
Available Revenues	$330,542,100	$748,170,900
(Less Cost Increases)	(531,123,200)	(191,201,900)
Shortfall	(200,581,100)	556,969,000
Revenue From Base Adjustments	52,453,700	(556,900,000)
Revenue From Reductions	148,236,200	0
Final Balance	$108,800	$69,000

State Budget By Fiscal Year

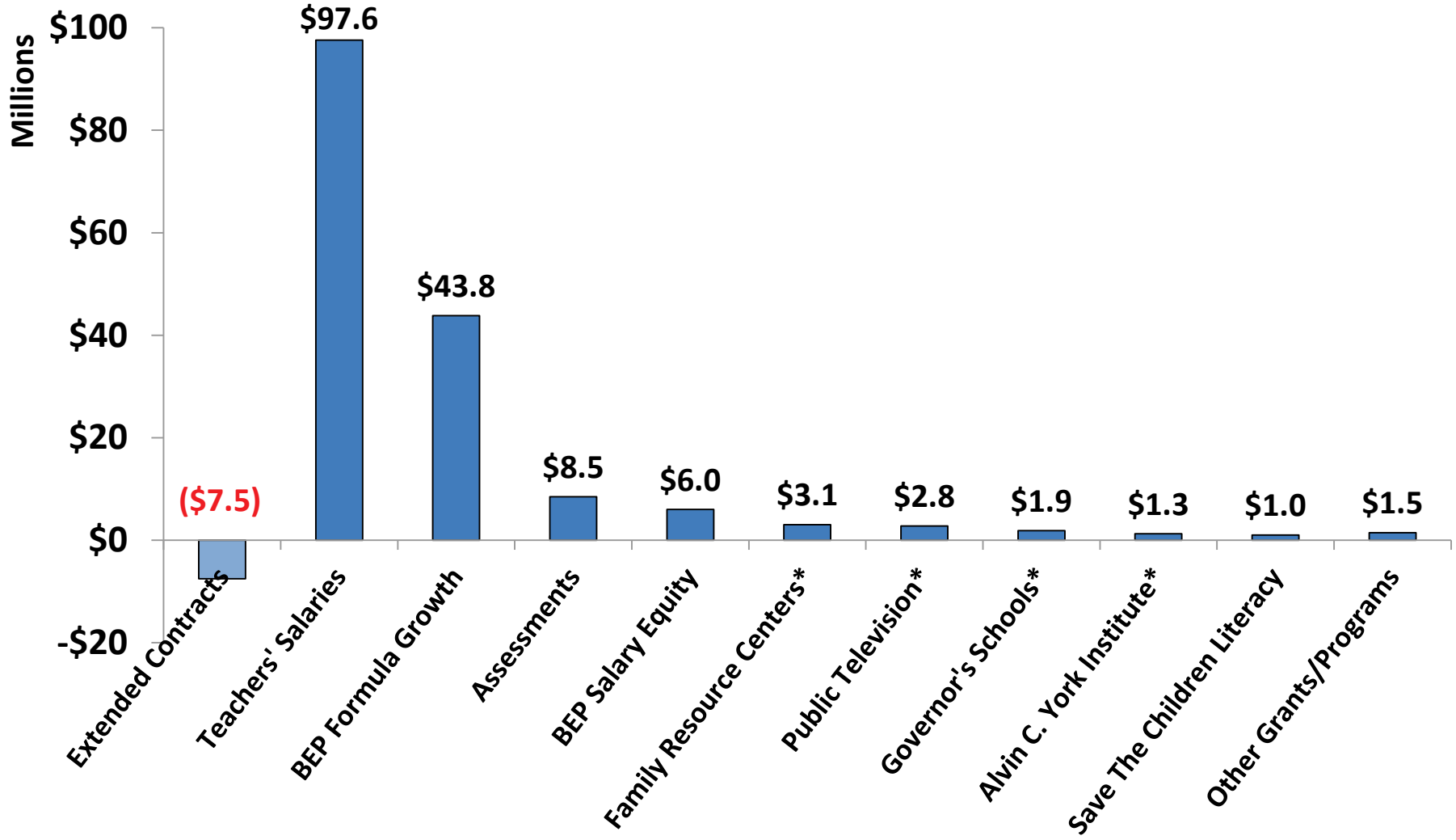


State Funding of Cost Increases



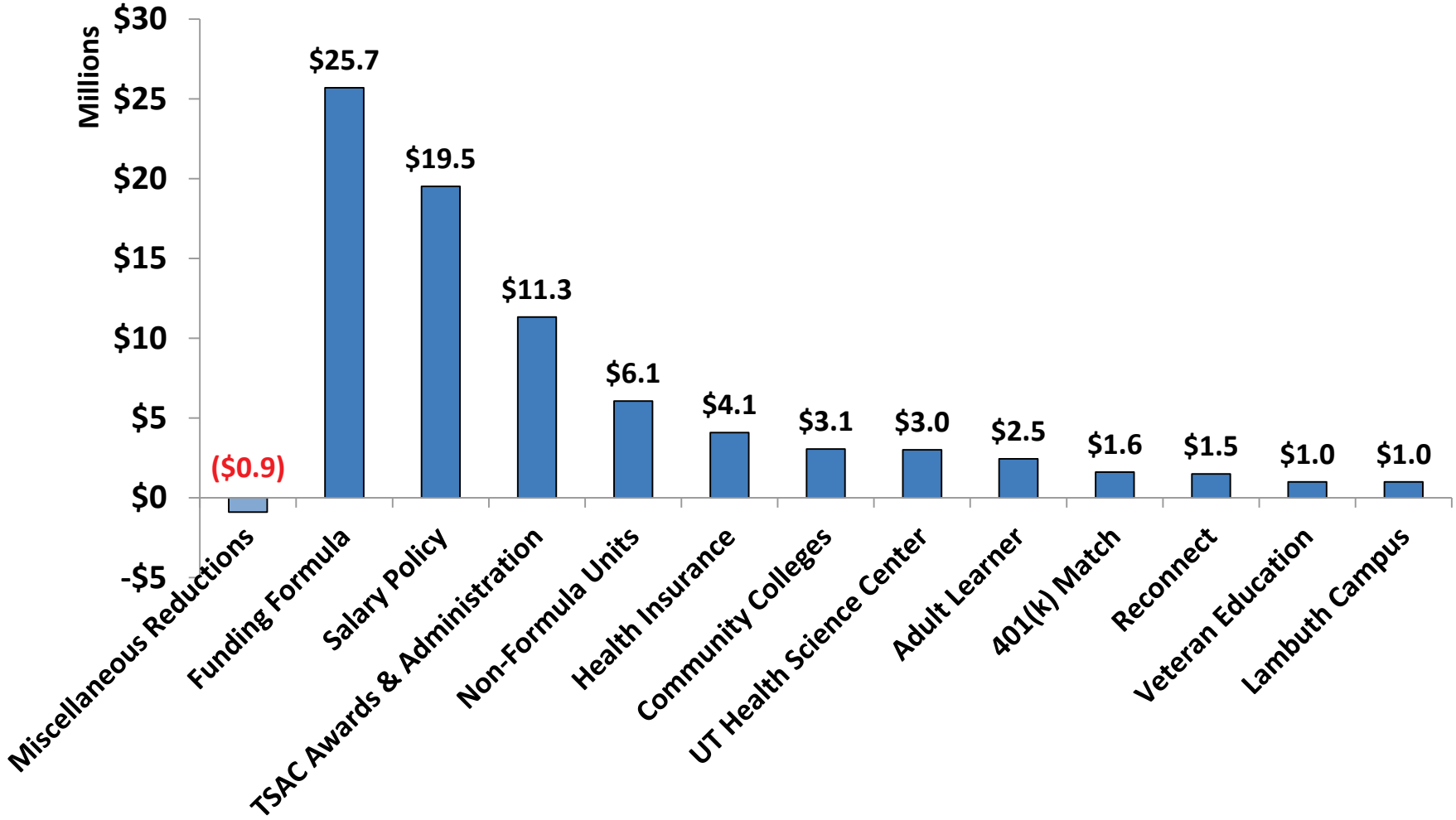
$715.4 million

Adjustment Summary: Education

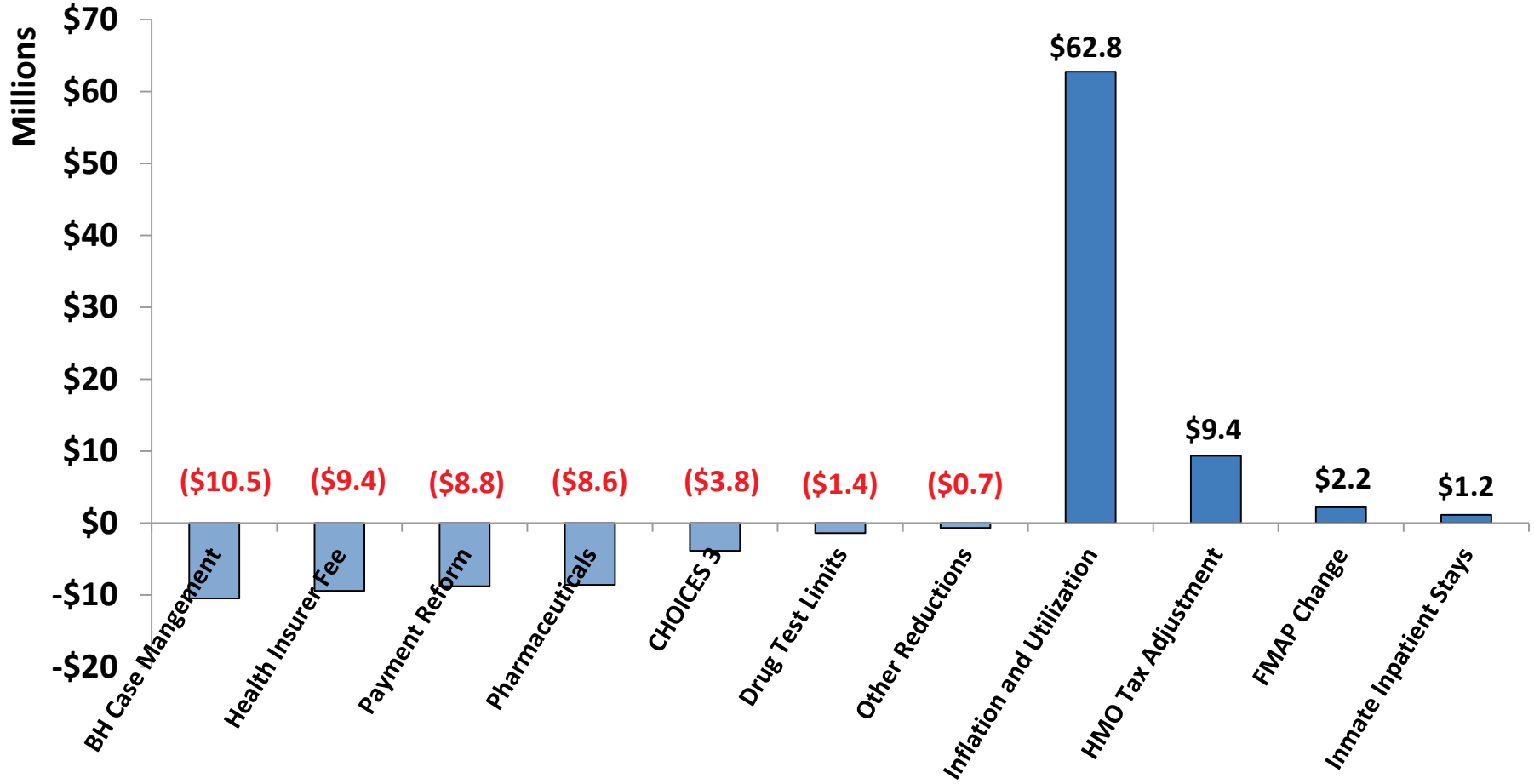


* Restored with recurring funding

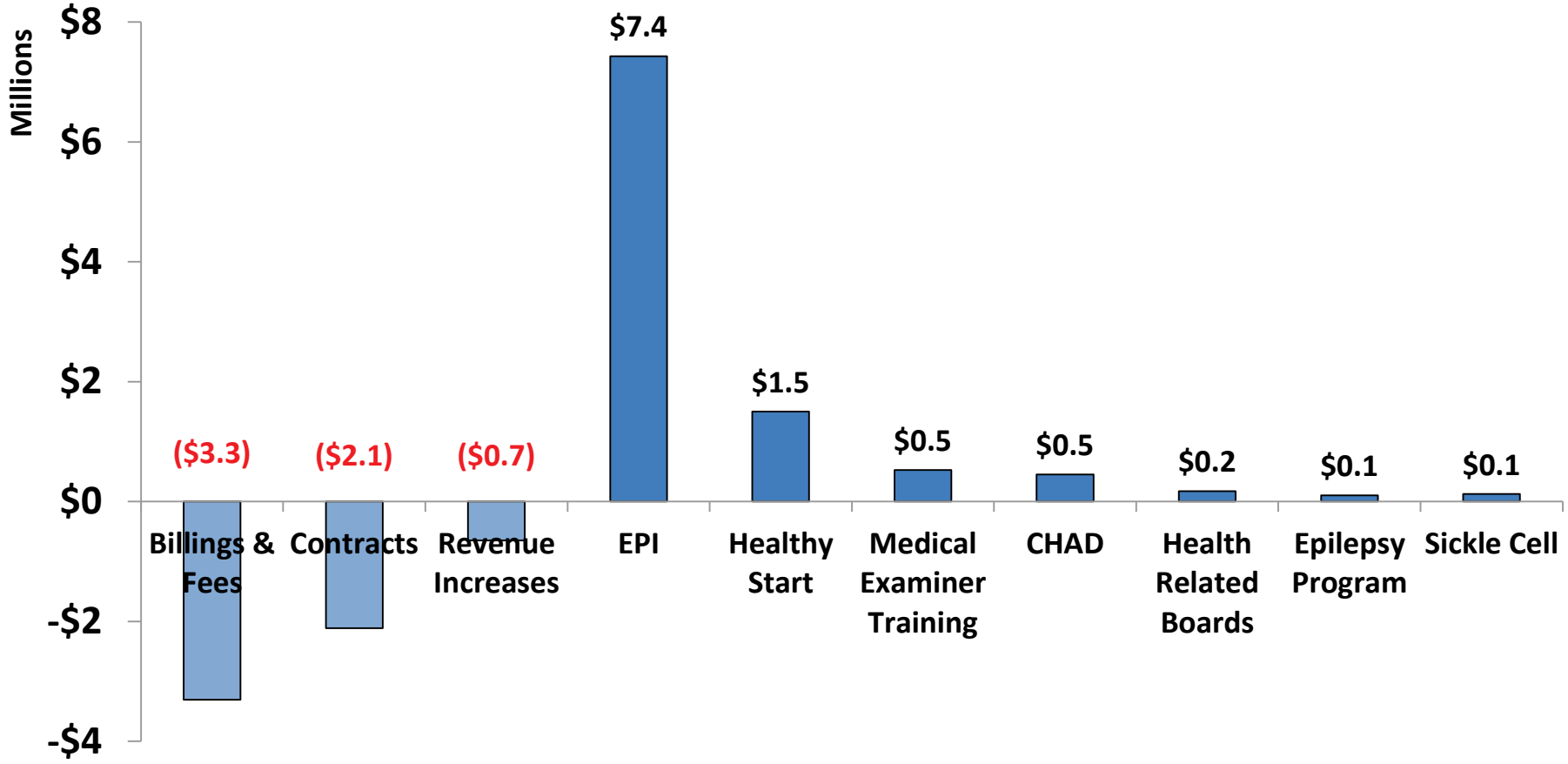
Adjustment Summary: Higher Ed



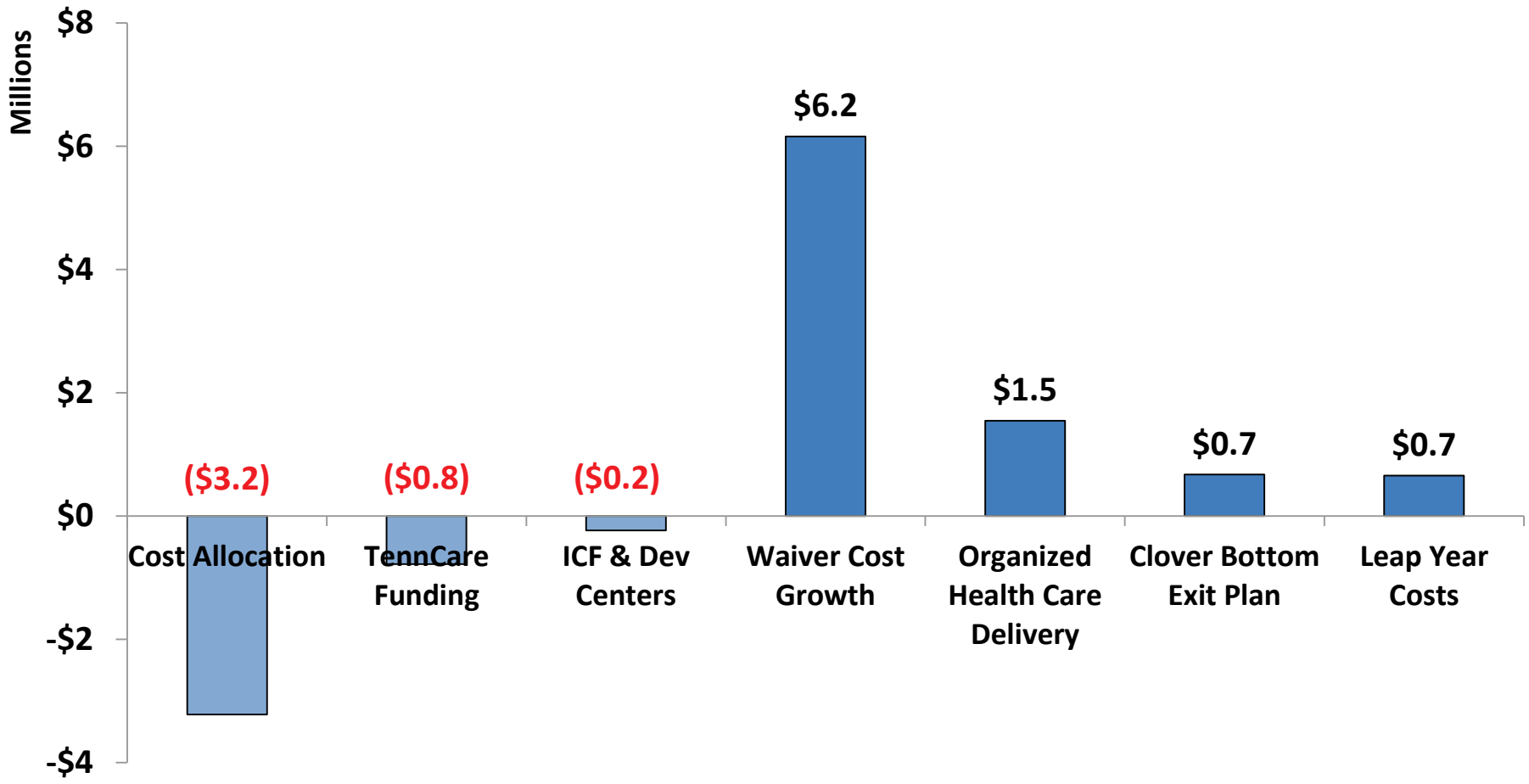
Adjustment Summary: TennCare



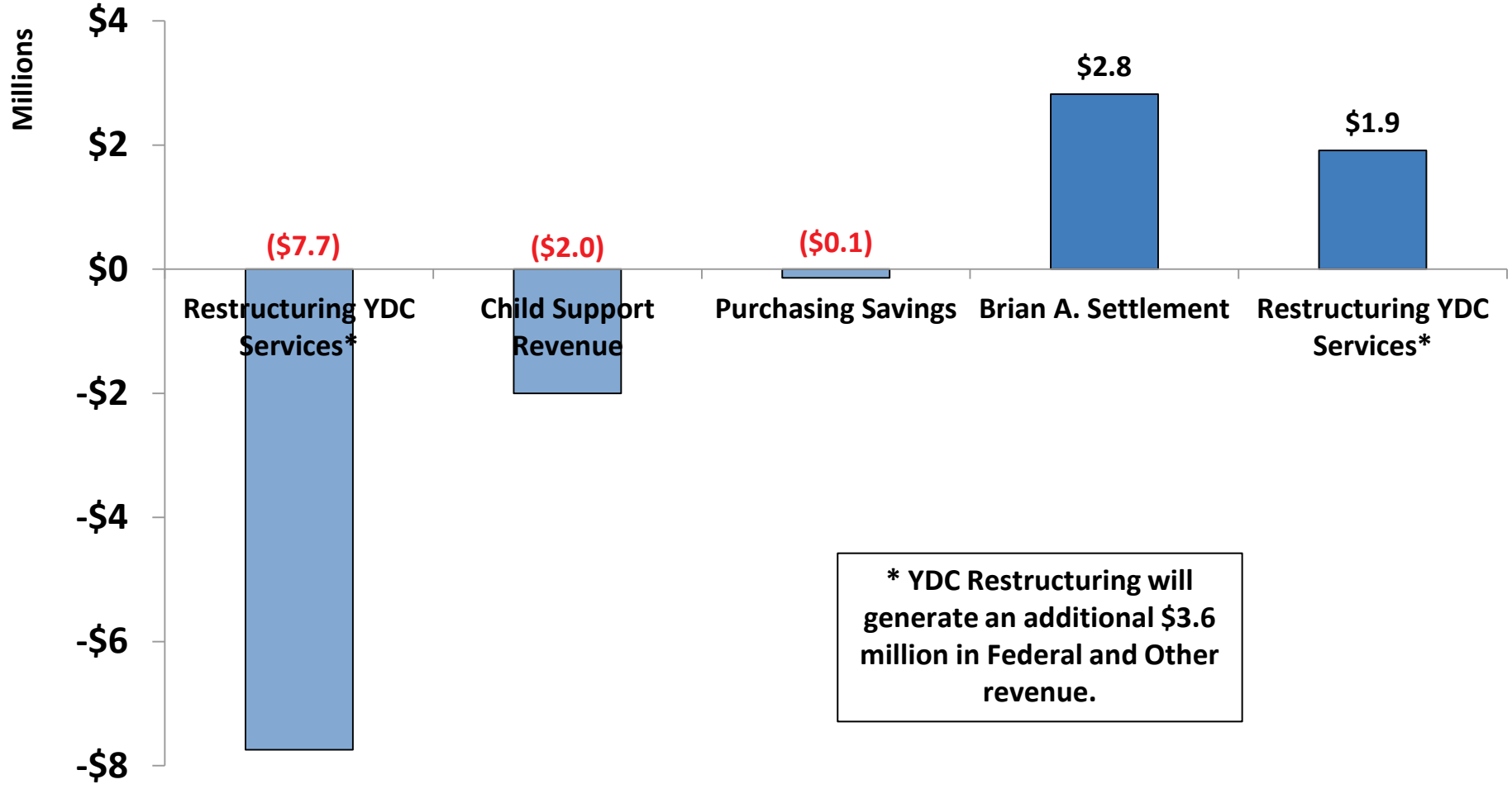
Adjustment Summary: Health



Adjustment Summary: DIDD



Adjustment Summary: Children's Services

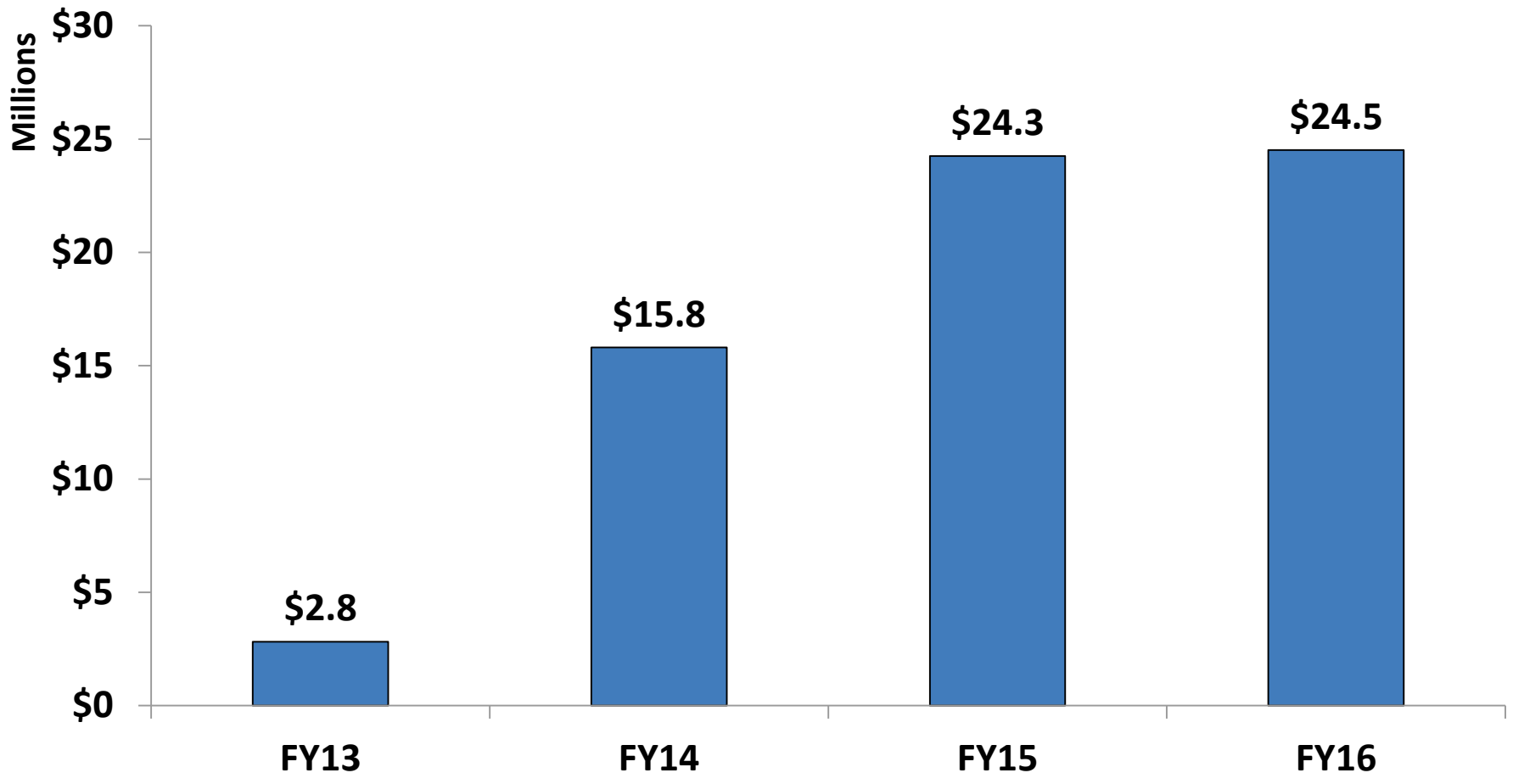


* YDC Restructuring will generate an additional $3.6 million in Federal and Other revenue.

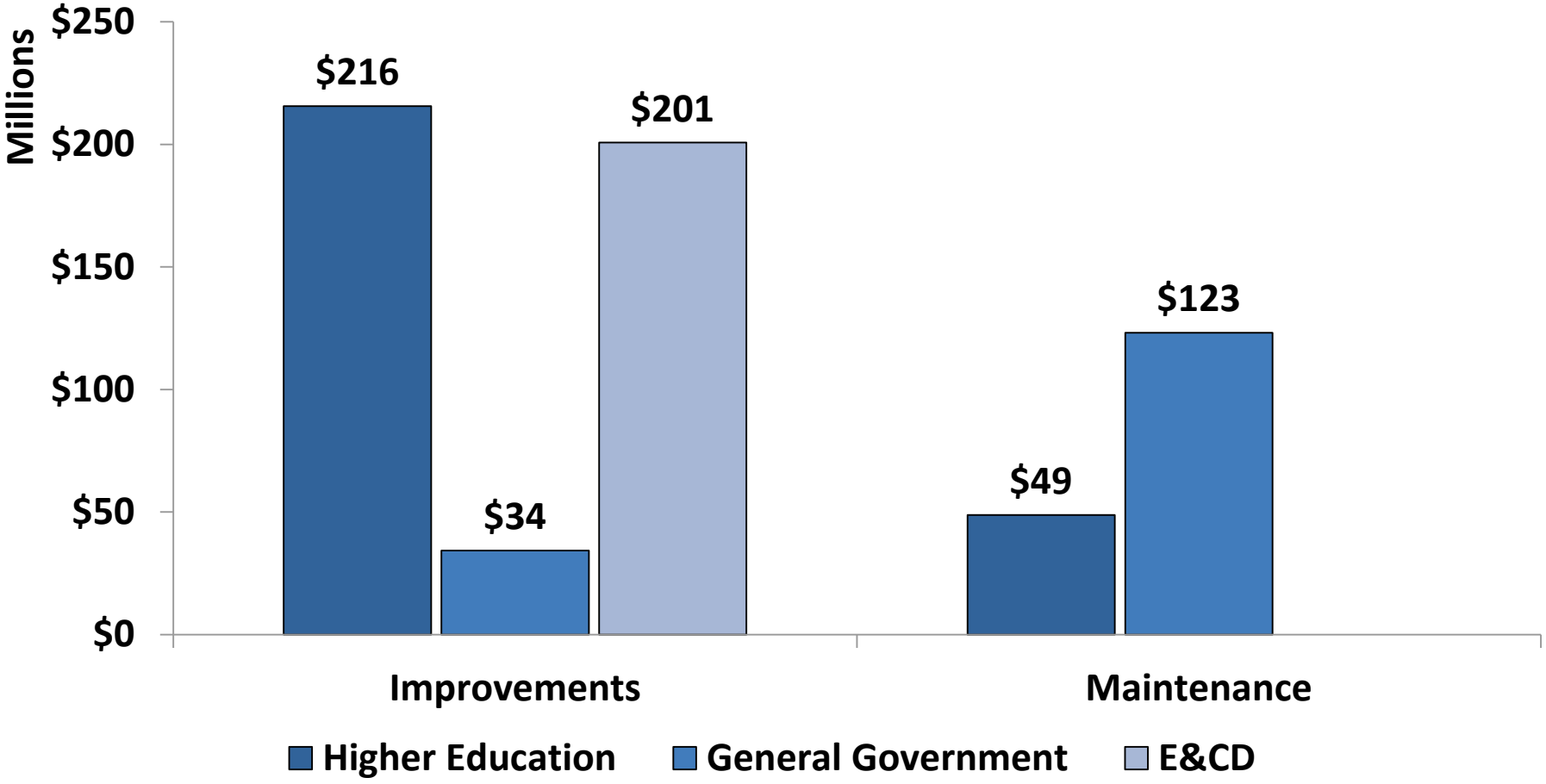
Position Reductions

Department	Filled	Vacant	Total
Correction (Charles Bass Closure)	-305	0	-305
Children's Services (Residential Services)	-131	0	-131
DIDD (53 positions at Greene Valley)	-61	-8	-69
Revenue	-3	-14	-17
Labor	0	-17	-17
Mental Health	0	-7	-7
Safety	0	-6	-6
Finance & Administration	0	-6	-6
Commerce & Insurance	-1	0	-1
Total Position Reductions	-501	-58	-559

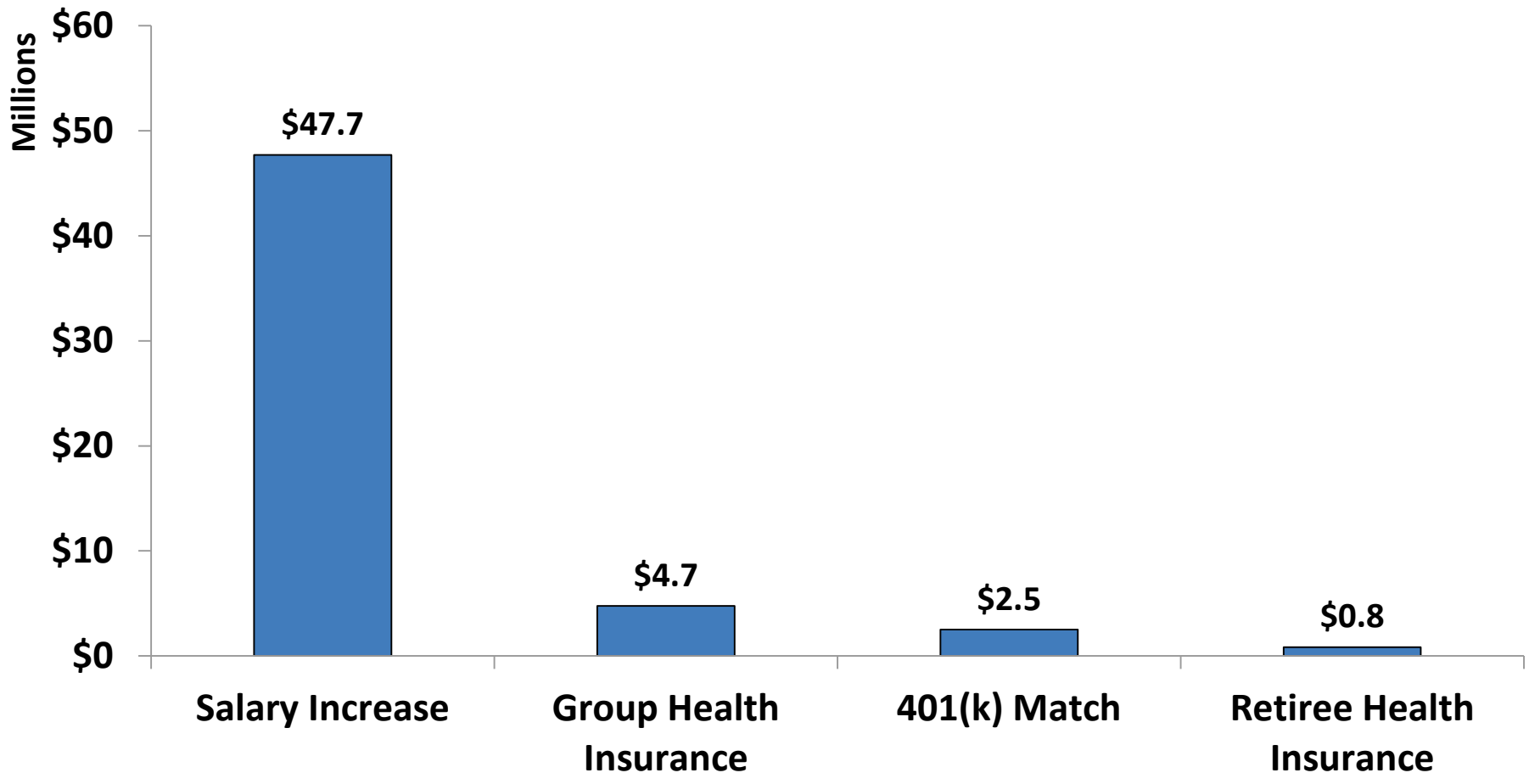
New Information Technology Funding



Capital Appropriations



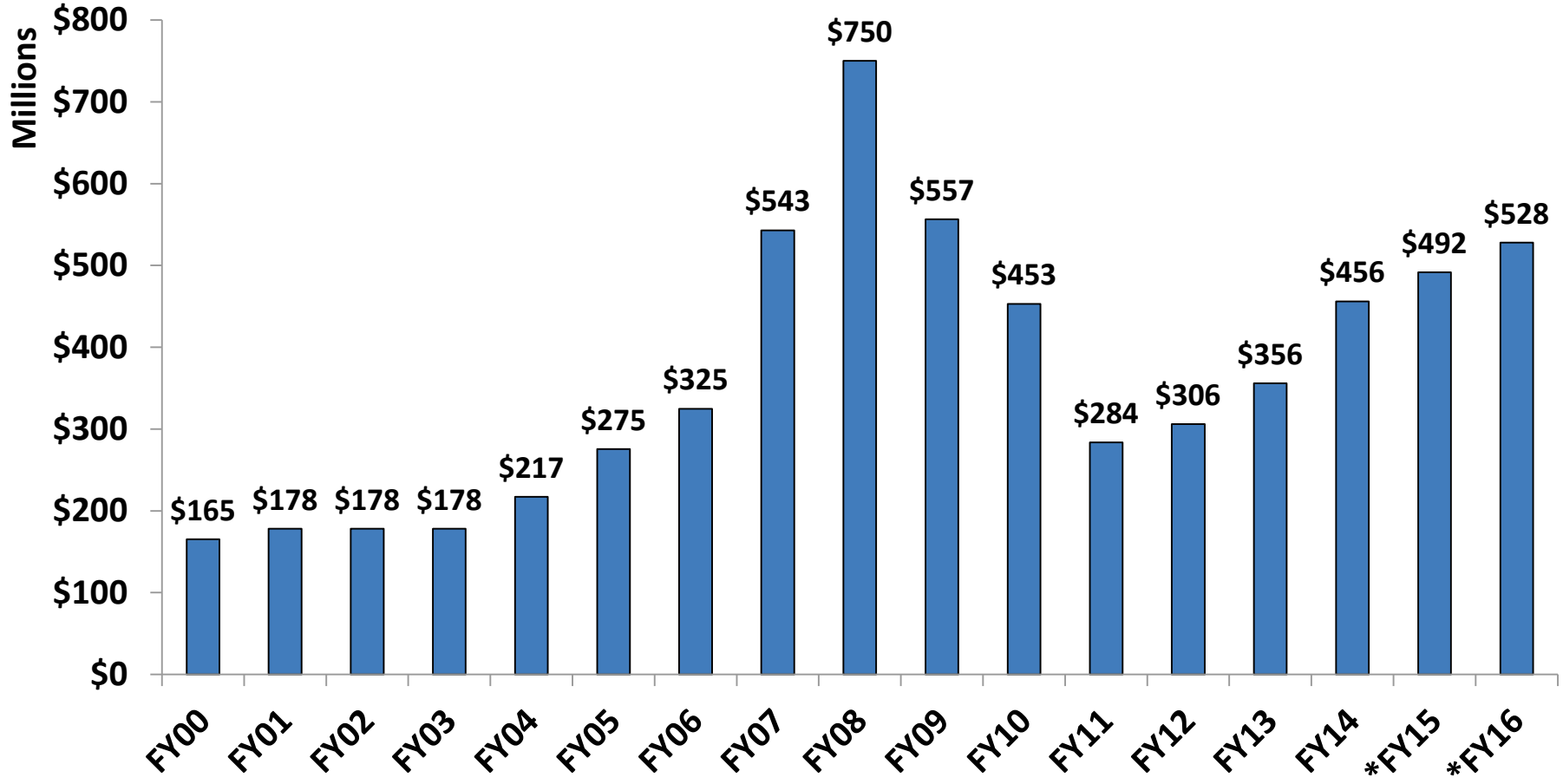
State Workforce Investments



Market & Performance-Based Compensation

- Salary Range Adjustments
- Salary Increases Based On Performance Ratings
- Justified Market Adjustments

Rainy Day Fund Balances



* Estimated

Key Points

- Realistic revenue assumptions.
- Achievable and responsible base reduction plans.
- Wise investment in programs.
- Continued building of Rainy Day Fund.
- Tennessee remains a low-tax state.
- Reductions in revenue must be off-set with reductions in services.