

Budget Overview
Fiscal Year 2026-2027

	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Dedicated</u>
I. Available Revenues - Increase / (Decrease)			
1. FY 2026-2027 Department of Revenue Growth at 2.35%	\$ 450,100,000	\$ (35,000,000)	\$ -
2. Other State Revenue			
a. C&I - Insurance Premiums	30,000,000	-	-
b. Unclaimed Property	2,250,000	-	-
3. Revenue Continuation - Hospital Coverage, Nursing Home Bed, Ambulance Assessments	-	-	1,876,759,700
4. Reduction of Debt Service Fund Requirements	11,600,000	-	-
5. Debt Service for Proposed New Bond Issuance	(34,200,000)	-	-
6. Metro Sports Authority Debt Service Adjustment	23,300	-	-
7. Tobacco Master Settlement Agreement - FY27 Estimate at \$115M	(6,000,000)	-	-
8. Available Funds at June 30, 2026:			
a. Budget Surplus from FY 2024-2025 Closing	-	1,142,683,200	-
b. FY 2025-2026 Other State Revenue	-	502,000,000	-
c. Tobacco Master Settlement Agreement - FY26 Estimate at \$115M	-	(6,000,000)	-
d. Reduction of Debt Service Fund Requirements	-	98,323,000	-
e. 2025 PC 526 Tax on Hemp Products - Revise FY26 Revenue Estimate	-	(46,200,000)	-
f. FY 2025-2026 Unclaimed Property Revenue	-	2,250,000	-
g. FY 2025-2026 Supplemental Appropriations	-	(97,893,400)	-
9. FY 2025-2026 Enacted Budget Available Funds	491,651,560	71,909,810	-
10. Dedicated Revenue	-	-	13,649,300
11. Rounding Adjustment	(10,060)	(10)	-
Total Available Revenues	\$ 945,414,800	\$ 1,632,072,600	\$ 1,890,409,000
II. Cost Increases - Expense / (Savings)			
State Agencies (Less Salary Policy and Benefits Contribution)			
12. Children's Services	\$ 85,010,700	\$ 3,023,000	\$ -
13. Correction	21,830,700	9,571,200	-
14. Economic and Community Development	1,538,900	95,000,000	-
15. Education	337,239,900	40,665,000	816,200
16. Environment and Conservation	246,200	1,374,800	-
17. Health	12,053,400	37,077,100	-
18. Higher Education	47,901,700	16,250,000	-
19. Human Services	60,250,000	13,334,700	-
20. Mental Health and Substance Abuse Services	1,250,000	-	-
21. Military	356,400	100,012,000	-
22. Safety	15,311,700	6,545,100	-
23. TennCare	229,672,500	547,700	-
24. Tennessee Bureau of Investigation	4,668,200	6,050,100	-
25. Transportation	25,000,000	456,200,000	-
26. Other Agencies	32,105,400	419,490,000	9,566,000
Subtotal State Agency Cost Increases	\$ 874,435,700	\$ 1,205,140,700	\$ 10,382,200
Salary Policy and Benefits Contribution			
27. Mandated Salary Increases	\$ 9,866,800	\$ -	\$ 2,546,800
28. Pay for Performance Funding Pool - TEAM Act Agencies	33,151,400	-	-
29. Across-the-Board Funding Pool - Non-TEAM Act Agencies	8,179,600	-	-
30. Commissioned Officer Salary Survey	19,790,300	-	917,300
31. TCRS Rate Contribution	10,000,000	-	-
32. Group Health Insurance Rate Increase	63,203,900	-	-
Subtotal Salary Policy and Benefits Contribution Cost Increases	\$ 144,192,000	\$ -	\$ 3,464,100
Capital Outlay			
33. Improvements	\$ -	\$ 434,667,000	\$ -
34. Maintenance	-	21,930,000	-
Subtotal Capital Outlay Cost Increases	\$ -	\$ 456,597,000	\$ -
Deposits and Transfers			
35. Rainy Day Fund Deposit	\$ -	\$ 20,000,000	\$ -
Subtotal Deposits and Transfers	\$ -	\$ 20,000,000	\$ -
Total Cost Increases	\$ 1,018,627,700	\$ 1,681,737,700	\$ 13,846,300
III. Preliminary Base Adjustments	\$ -	\$ -	\$ 1,876,759,700
IV. Balance Before Reductions (I - II - III)	\$ (73,212,900)	\$ (49,665,100)	\$ (197,000)
V. Base Budget Reductions and Reallocations	\$ (79,798,400)	\$ (44,578,400)	\$ (197,000)
VI. Final Balance (IV - V)	\$ 6,585,500	\$ (5,086,700)	\$ -

**Budget Overview
Fiscal Year 2026-2027**

**Statement of Adjustments to Tax Estimates
Department of Revenue Taxes
General Fund and Education Fund
Increase / (Decrease)**

	<u>Total</u>	<u>Recurring</u>	<u>Non-Recurring</u>
I. FY 2024-2025			
Final Revised Estimate	\$ 18,608,400,000	\$ 18,834,500,000	\$ (226,100,000)
Reported Collections (August - July) (Less): Accruals and Adjustments	\$ 18,809,373,000 (128,960,500)	\$ 19,033,373,000 (128,960,500)	\$ (224,000,000) -
Total FY 2024-2025 Actual Collections	\$ 18,680,412,500	\$ 18,904,412,500	\$ (224,000,000)
II. FY 2025-2026			
Budget Document Estimate	\$ 19,211,200,000	\$ 19,211,200,000	\$ -
(Less): Debt Service and Tag Adjustment	(49,500,000)	(49,500,000)	-
(Less): Tax Legislation	(43,500,000)	(8,500,000)	(35,000,000)
Total FY 2025-2026 Estimate	\$ 19,118,200,000	\$ 19,153,200,000	\$ (35,000,000)
III. FY 2026-2027			
Revenue Base	\$ 19,118,200,000	\$ 19,153,200,000	\$ (35,000,000)
Growth from Revenue Base at 2.35%	450,100,000	450,100,000	-
Total FY 2026-2027 Estimate	\$ 19,568,300,000	\$ 19,603,300,000	\$ (35,000,000)

**Budget Overview
Fiscal Year 2026-2027**

**Selected State Revenue Adjustments
Increase / (Decrease)
from July 1, 2026 Budgeted Estimates**

	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Dedicated</u>
I. Other State Revenue			
1. C&I - Insurance Premiums	\$ 30,000,000	\$ -	\$ -
2. Unclaimed Property	2,250,000	-	-
3. Revenue Continuation			
a. Hospital Coverage Assessment	-	-	1,681,647,100
b. Nursing Home Bed Assessment	-	-	184,877,200
c. Ambulance Service Provider Assessment	-	-	10,235,400
Total Other State Revenue	<u>\$ 32,250,000</u>	<u>\$ -</u>	<u>\$ 1,876,759,700</u>
II. Miscellaneous Revenue			
1. Tobacco Master Settlement Agreement	\$ (6,000,000)	\$ -	\$ -
Total Miscellaneous Revenue	<u>\$ (6,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>

**Budget Overview
Fiscal Year 2026-2027**

**Fiscal Year 2024-2025 Closing
Unappropriated Budget Surplus / (Deficit)
Reserve for Future Requirements at June 30, 2025**

I. Department of Revenue Taxes	
Reported Collections (August - July)	\$ 18,809,373,000
(Less): Revised Estimate	(18,608,400,000)
Subtotal Department of Revenue Taxes - Over / (Under) Estimate	<u>\$ 200,973,000</u>
(Less): Accruals	(128,960,500)
Total Department of Revenue Taxes - Over / (Under) Estimate	<u>\$ 72,012,500</u>
II. Other State Revenue	
Actual Collections	\$ 3,040,825,500
(Less): Estimate	(2,570,525,300)
Total Other State Revenue - Over / (Under) Estimate	<u>\$ 470,300,200</u>
III. Miscellaneous Revenue	
Actual Collections	\$ 43,863,800
(Less): Estimate	(25,800,000)
Total Miscellaneous Revenue - Over / (Under) Estimate	<u>\$ 18,063,800</u>
IV. Debt Service Transfer at June 30, 2024 - Over / (Under) Estimate	\$ 18,440,000
V. Tobacco Master Settlement Agreement	
Actual Collections	\$ 115,452,900
(Less): Estimate	(132,000,000)
Total Tobacco Master Settlement Agreement - Over / (Under) Estimate	<u>\$ (16,547,100)</u>
VI. All Other Net Revenue Adjustments in Accounts	\$ (4,459,000)
Total Revenues - Net Over / (Under) Collections	<u>\$ 557,810,400</u>
VII. Agency Reversion	
Actual Reversion	\$ 859,681,300
(Less): Revised Estimate	(274,808,500)
Total Agency Reversion - Over / (Under) Estimate	<u>\$ 584,872,800</u>
VIII. Transfer from Reserves	
Actual Transfer	\$ 30,000,000
(Less): Estimate	(30,000,000)
Total Transfer from Reserves - Over / (Under) Estimate	<u>\$ -</u>
IX. Total Unappropriated Budget Surplus / (Deficit)	<u>\$ 1,142,683,200</u>

**Budget Overview
Fiscal Year 2026-2027**

**Available Funds
Fiscal Year 2025-2026**

I. Unappropriated Budget Surplus at June 30, 2025	\$ 1,142,683,200
II. Revenue Adjustments and Other Available Funds	
FY 2025-2026 Enacted Budget Available Funds	\$ 71,909,810
Other State Revenue	
a. Commerce & Insurance - Insurance Premiums	30,000,000
b. Treasurer's Earnings	472,000,000
Unclaimed Property	2,250,000
Reduction of Debt Service Fund Requirements	98,323,000
Tobacco Master Settlement Agreement	(6,000,000)
2025 PC 526 Tax on Hemp Products - Revise Revenue Estimate	(46,200,000)
Subtotal Revenue Adjustments and Other Available Funds	\$ 622,282,810
Rounding	(10)
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III. Subtotal Budget Surplus and Revenue Adjustments (I + II)	\$ 1,764,966,000
IV. Appropriation and Transfer Requirements	
FY 2025-2026 Supplemental Appropriations	\$ (97,893,400)
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V. Total Available Funds at June 30, 2026 (III + IV)	\$ 1,667,072,600

**Budget Overview
Fiscal Year 2026-2027**

**Supplemental Expenditures
Fiscal Year 2025-2026**

	<u>General Fund</u>	<u>Dedicated</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
1. <u>Children's Services</u>	53,103,200	-	(16,291,800)	-	36,811,400
1. Recalculate Residential Custodial Cost Budget	36,811,400	-	-	-	36,811,400
2. Align Eligibility Requirements in Custody Services	16,291,800	-	(16,291,800)	-	-
2. <u>Claims and Compensation</u>	2,250,000	-	-	-	2,250,000
1. Unclaimed Property - Service Contract	2,250,000	-	-	-	2,250,000
3. <u>Commerce and Insurance</u>	1,826,400	-	-	-	1,826,400
1. POST Pay Supplements	326,400	-	-	-	326,400
2. Emergency Responder Death Benefits	1,500,000	-	-	-	1,500,000
4. <u>Economic and Community Development</u>	538,900	-	-	-	538,900
1. Development District Grants	538,900	-	-	-	538,900
5. <u>Education (K-12)</u>	12,273,400	-	-	-	12,273,400
1. Paid Parental Leave	1,273,400	-	-	-	1,273,400
2. Grade A Schools	11,000,000	-	-	-	11,000,000
6. <u>Human Services</u>	16,000,000	-	-	-	16,000,000
1. Summer Nutrition Program	3,000,000	-	-	-	3,000,000
2. Summer Food Assistance	5,000,000	-	-	-	5,000,000
3. Data Analysis Contract	8,000,000	-	-	-	8,000,000
7. <u>Tennessee Bureau of Investigation</u>	1,035,500	-	-	-	1,035,500
1. Restore Funding for Crime Scene Vehicle Purchase	1,035,500	-	-	-	1,035,500
8. <u>Treasury</u>	10,616,000	-	-	-	10,616,000
1. School Construction and Maintenance Grants	10,616,000	-	-	-	10,616,000
9. <u>Veterans Services</u>	250,000	-	-	-	250,000
1. Emergency Repairs for Cemeteries	250,000	-	-	-	250,000
Total Supplemental Expenditures	\$ 97,893,400	\$ -	\$ (16,291,800)	\$ -	\$ 81,601,600

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
1. Agriculture	1,345,600	472,500	620,300	-	620,300	3,058,700
1. Consumer and Industry Services - Restore Positions (9 FT)	-	-	620,300	-	620,300	1,240,600
2. Wildfire Resiliency Team (9 FT)	845,600	472,500	-	-	-	1,318,100
3. Cul2Vate - Grant	500,000	-	-	-	-	500,000
2. Alcoholic Beverage Commission	-	-	78,800	-	-	78,800
1. New Post of Duty	-	-	57,600	-	-	57,600
2. Enforcement of Hemp and Vape Laws	-	-	21,200	-	-	21,200
3. Arts Commission	-	-	3,200,000	-	1,000,000	4,200,000
1. Specialty License Plates	-	-	3,200,000	-	1,000,000	4,200,000
4. Children's Services (see also: TennCare for DCS)	85,010,700	3,023,000	-	(13,948,700)	20,209,700	94,294,700
1. Federal Medical Assistance Percentage Adjustment	1,607,600	-	-	(1,607,600)	-	-
2. Foster Care Rate Increase	549,000	-	-	214,000	-	763,000
3. Adoption Assistance & Subsidized Permanent Guardianship Rate Increase	179,300	-	-	208,300	-	387,600
4. Recalculate Residential Custodial Cost Budget	36,811,400	-	-	-	-	36,811,400
5. Align Eligibility Requirements in Custody Services	16,291,800	-	-	(16,291,800)	-	-
6. Specialized Treatment Foster Homes - Year 3 of 3	-	1,023,000	-	274,900	1,502,300	2,800,200
7. Child Advocacy Centers	134,200	-	-	-	-	134,200
8. Private Provider Case Management						
a. Continuation of Existing Level of Services	6,154,400	-	-	1,068,800	6,145,400	13,368,600
b. Expansion of Care	9,733,000	-	-	1,692,700	9,733,000	21,158,700
9. County Office Rent Increases	1,886,000	-	-	328,000	1,886,000	4,100,000
10. Legal Representation	-	2,000,000	-	-	-	2,000,000
11. Fleet Vehicles for Case Workers	943,000	-	-	164,000	943,000	2,050,000
12. Administration Legislation - Safe Environments for Children	10,721,000	-	-	-	-	10,721,000
5. Claims and Compensation	2,250,000	-	2,196,600	(1,446,600)	1,015,400	4,015,400
1. Unclaimed Property - Service Contract	2,250,000	-	-	-	-	2,250,000
2. Risk Management Fund	-	-	-	-	1,015,400	1,015,400
3. Criminal Injuries Compensation Fund						
a. Funding Realignment	-	-	1,446,600	(1,446,600)	-	-
b. Compensation Plan	-	-	750,000	-	-	750,000
6. Commerce and Insurance	(3,353,900)	3,564,500	-	-	-	210,600
1. Statutory Step Increases for Commissioned Officers	210,600	-	-	-	-	210,600
2. Multi-Agency Law Enforcement Training Academy (MALETA) Realignment	(3,564,500)	3,564,500	-	-	-	-
3. Bondsmen Regulatory Board Positions (7 FT) - Funded from Existing Revenues	-	-	-	-	-	-
7. Comptroller of the Treasury	-	10,050,000	-	-	-	10,050,000
1. Conference Funding	-	50,000	-	-	-	50,000
2. Property Tax Relief Program	-	10,000,000	-	-	-	10,000,000
8. Correction	21,830,700	9,571,200	-	-	-	31,401,900
1. Private Prisons Contract Inflator	13,061,200	-	-	-	-	13,061,200
2. Food Services Contract Inflator	2,653,300	-	-	-	-	2,653,300
3. Behavioral Health Contract Inflator	1,770,400	-	-	-	-	1,770,400
4. Hepatitis C Treatment and Other Medications	-	10,410,000	-	-	-	10,410,000
5. Drone Detection Equipment at Facilities	1,757,000	-	-	-	-	1,757,000
6. MALETA Realignment	838,800	(838,800)	-	-	-	-
7. Men of Valor - Grant	1,000,000	-	-	-	-	1,000,000
8. Lipscomb University LIFE Program - Grant	250,000	-	-	-	-	250,000
9. TN Prison Outreach Ministry - Grant	500,000	-	-	-	-	500,000
9. Court System	3,652,900	39,625,000	-	-	-	43,277,900
1. Judges Salary Increase at 2.7% CPI Inflation Rate	1,543,900	-	-	-	-	1,543,900
2. Statewide Court Technology Solution (18 FT)	2,109,000	39,625,000	-	-	-	41,734,000
10. District Attorneys General Conference	3,885,800	-	-	1,500,000	868,600	6,254,400
1. Statutory Step Increases for Assistant District Attorneys & Criminal Investigators	2,234,500	-	-	-	868,600	3,103,100
2. District Office Rent Increases	403,500	-	-	-	-	403,500
3. Software and Technology	1,247,800	-	-	-	-	1,247,800
4. Sexual Assault Kit Initiative - Grant	-	-	-	1,500,000	-	1,500,000
11. District Public Defenders Conference	1,912,700	558,000	-	-	-	2,470,700
1. Statutory Step Increase for Assistant Public Defenders & Criminal Investigators	1,363,400	-	-	-	-	1,363,400
2. Statutory Increases for Davidson and Shelby Counties at 2.7% CPI Inflation Rate	266,900	-	-	-	-	266,900
3. Judicial District Offices and Conference Office Rent Increases	282,400	-	-	-	-	282,400
4. Enterprise Storage Solution	-	558,000	-	-	-	558,000

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
12. Economic and Community Development	1,538,900	95,000,000	-	-	-	96,538,900
1. Nuclear Fund	-	25,000,000	-	-	-	25,000,000
2. TN Entertainment Commission Grants	-	20,000,000	-	-	-	20,000,000
3. Rural Development Fund Grants	-	25,000,000	-	-	-	25,000,000
4. AgLaunch Grants	1,000,000	1,000,000	-	-	-	2,000,000
5. Direct International Flights	-	1,500,000	-	-	-	1,500,000
6. Development District Grants	538,900	-	-	-	-	538,900
7. Quantum Infrastructure Initiative	-	20,000,000	-	-	-	20,000,000
8. ETSU / Eastman Valleybrook iLab - Grant	-	2,500,000	-	-	-	2,500,000
13. Education (K-12)	337,933,600	40,665,000	816,200	-	21,230,300	400,645,100
1. TN Investment in Student Achievement (TISA) Growth	170,000,000	-	-	-	-	170,000,000
2. Education Freedom Scholarships - Inflationary Costs and Statutory Increase	42,350,000	-	-	-	-	42,350,000
3. State Special Schools Teacher Pay Increase	693,700	-	-	-	-	693,700
4. Paid Parental Leave	2,610,400	-	-	-	-	2,610,400
5. Summer Learning Camps and Transportation	5,000,000	-	-	-	-	5,000,000
6. School Turnaround Program	484,500	-	-	-	-	484,500
7. Information Technology Expenses	2,800,000	-	-	-	-	2,800,000
8. Charter School Commission	-	-	816,200	-	21,230,300	22,046,500
9. Jobs for TN Graduates - Grant	1,000,000	-	-	-	-	1,000,000
10. Charter School Facilities Fund	-	40,000,000	-	-	-	40,000,000
11. Appalachia Sessions Live - Grant	-	500,000	-	-	-	500,000
12. Administration Legislation - Education Freedom Scholarships - New Scholarships	112,950,000	-	-	-	-	112,950,000
13. Other Legislation - SB 677 / HB 545 - Artificial Intelligence Training for Teachers	45,000	165,000	-	-	-	210,000
14. Environment and Conservation	246,200	1,374,800	-	7,309,400	4,240,300	13,170,700
1. Preserving TN's Outdoor Heritage (see also: Capital Outlay)	-	-	-	-	-	-
a. Clinch River State Park (3 FT)	-	-	-	-	268,000	268,000
b. Roaring Creek State Park (11 FT)	-	-	-	-	1,120,700	1,120,700
c. Buffalo River Blueway State Park (9 FT)	-	-	-	-	883,700	883,700
2. New Visitor Center Staffing (6 FT)	-	-	-	-	383,800	383,800
3. Water Resources (14 FT)	-	-	-	-	1,584,100	1,584,100
4. Electrical Grid Enhancement - IJJA Grant - Year 5 (2 FT)	-	1,096,400	-	7,309,400	-	8,405,800
5. WET Center Staff (2 FT)	-	274,400	-	-	-	274,400
6. Administration Legislation - State Energy Policy Council (2 FT)	246,200	4,000	-	-	-	250,200
15. Executive Department	8,800	-	-	-	-	8,800
1. Governor's Salary Increase at 2.7% CPI Inflation Rate	8,800	-	-	-	-	8,800
16. Facilities Revolving Fund (FRF)	-	-	-	-	4,741,600	4,741,600
1. FRF Rate Increase	-	-	-	-	3,168,300	3,168,300
2. New Facility - R.S. Gass Laboratory	-	-	-	-	1,573,300	1,573,300
17. Finance and Administration (see also: Miscellaneous Appropriations)	1,700,000	-	3,200,000	-	5,198,300	10,098,300
1. Strategic Technology Solutions	-	-	-	-	-	-
a. End Point Management Services	-	-	-	-	1,103,300	1,103,300
b. Cloud Consumption North Data Center Relocation	-	-	-	-	3,000,000	3,000,000
c. Multi-State Information Sharing and Analysis Center (MS-ISAC) Fee-Based Membership	-	-	-	-	795,000	795,000
d. Unified Communications Audio/Visual Contract	-	-	-	-	300,000	300,000
2. Specialty License Plates	-	-	3,200,000	-	-	3,200,000
3. Nashville Anti-Human Trafficking Coalition - Grant	500,000	-	-	-	-	500,000
4. TN Counter-Trafficking Coalition - Grant	1,200,000	-	-	-	-	1,200,000
18. Financial Institutions	-	-	270,300	-	-	270,300
1. Bank Examiner (1 FT)	-	-	270,300	-	-	270,300
19. General Services	8,188,700	(7,300,100)	-	-	-	888,600
1. MALETA Operations (7 FT)	8,188,700	(7,350,100)	-	-	-	838,600
2. Photography Services - Purchase of Drone	-	50,000	-	-	-	50,000

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
20. Health	12,053,400	37,077,100	-	-	138,354,300	187,484,800
1. Smile TN Dental Pilot Program - Year 5 of 5	-	24,202,100	-	-	-	24,202,100
2. Lincoln Memorial University Dental Grant	-	3,375,000	-	-	-	3,375,000
3. Insurance Premiums - Ryan White Program	10,480,100	8,000,000	-	-	-	18,480,100
4. Naloxone Purchases	-	-	-	-	500,000	500,000
5. Opioid Abatement - Billion Pill Pledge	-	-	-	-	5,000,000	5,000,000
6. Rent Costs for the R.S. Gass Laboratory	1,573,300	-	-	-	-	1,573,300
7. Seeds for Seeing / TN Eye Care Access - Grant	-	500,000	-	-	-	500,000
8. Live Like Lou Foundation / ALS Research Funding - Grant	-	1,000,000	-	-	-	1,000,000
9. Shared Savings Initiatives	-	-	-	-	-	-
a. Center of Excellence	-	-	-	-	1,006,000	1,006,000
b. Center of Excellence - Grants	-	-	-	-	1,400,000	1,400,000
c. Rural Specialty Care	-	-	-	-	1,050,000	1,050,000
d. Rural Health Care Training Program	-	-	-	-	4,398,300	4,398,300
e. Rural Health Transformation Resiliency Grants	-	-	-	-	125,000,000	125,000,000
21. Higher Education - State Administered Programs	2,240,000	10,000,000	-	-	13,750,000	25,990,000
1. Reconnect Re-Entry Navigator Program Expansion	1,990,000	-	-	-	-	1,990,000
2. Nuclear Workforce Funding	-	10,000,000	-	-	-	10,000,000
3. Correction Education Coordinator (1 FT)	250,000	-	-	-	-	250,000
4. Shared Savings Initiatives	-	-	-	-	-	-
a. Rural Health Care Pathways Program	-	-	-	-	13,750,000	13,750,000
22. Higher Education - Colleges and Universities	45,661,700	6,250,000	-	-	-	51,911,700
1. Outcomes and Salaries	-	-	-	-	-	-
a. Formula Units	39,400,000	-	-	-	-	39,400,000
b. Non-Formula Units	5,261,700	-	-	-	-	5,261,700
2. TN State University - 1890 Land Grant Institutions Federal Match	1,000,000	-	-	-	-	1,000,000
3. TN Tech University - Next-Gen Academies for Nuclear and Cyber Technologies	-	3,000,000	-	-	-	3,000,000
4. Corrections Education Investment	-	-	-	-	-	-
a. Mobile Labs	-	2,250,000	-	-	-	2,250,000
b. Apprenticeship Pilots	-	1,000,000	-	-	-	1,000,000
23. Human Services	60,429,700	13,334,700	-	(57,985,900)	-	15,778,500
1. Statutory Step Increases for DA's - IV-D Child Support	179,700	-	-	348,800	-	528,500
2. SNAP Administration	60,000,000	(1,665,300)	-	(58,334,700)	-	-
3. YMCA Community Action Programs - Grant	250,000	-	-	-	-	250,000
4. Statewide Alliance of YMCA's - Grant	-	15,000,000	-	-	-	15,000,000
24. Labor and Workforce Development	2,223,400	8,087,600	-	-	8,259,700	18,570,700
1. Workers' Compensation Court Recording Systems	24,300	81,600	-	-	-	105,900
2. Re-Entry Employment Program	1,500,000	-	-	-	-	1,500,000
3. TN Works Hub Team (3 FT)	699,100	6,000	-	-	-	705,100
4. TN Youth Employment Program	-	8,000,000	-	-	-	8,000,000
5. Shared Savings Initiatives	-	-	-	-	-	-
a. Rural Health Care Apprenticeship	-	-	-	-	8,259,700	8,259,700
25. Mental Health and Substance Abuse Services	1,250,000	-	-	-	27,876,700	29,126,700
1. TN Sports Gambling Fund	-	-	-	-	5,171,300	5,171,300
2. School-Based Behavioral Health Liaison Expansion	-	-	-	-	3,000,000	3,000,000
3. Community Grants	-	-	-	-	4,000,000	4,000,000
4. Project Rural Recovery Expansion and Sustainability	-	-	-	-	3,822,700	3,822,700
5. TN Pathways Behavioral Health Scholarship Expansion	-	-	-	-	1,775,100	1,775,100
6. Creating Homes Initiative 3.0	-	-	-	-	5,000,000	5,000,000
7. Addiction Recovery Program - Year 3 of 4	-	-	-	-	2,107,600	2,107,600
8. Families Free - Grant	250,000	-	-	-	-	250,000
9. The Next Door - Grant	500,000	-	-	-	-	500,000
10. The Jason Foundation - Grant	500,000	-	-	-	-	500,000
11. Shared Savings Initiatives	-	-	-	-	-	-
a. Substance Use Disorder Treatment	-	-	-	-	2,000,000	2,000,000
b. Community Mental Health Center Workforce Development	-	-	-	-	1,000,000	1,000,000
26. Military Department	356,400	100,012,000	-	-	-	100,368,400
1. Administration Legislation - Disaster Relief (4 FT)	356,400	12,000	-	-	-	368,400
2. Governor's Response and Recovery Fund	-	100,000,000	-	-	-	100,000,000
27. Office of the Post-Conviction Defender	154,400	-	-	-	-	154,400
1. Statutory Step Increase for Asst. Post-Conviction Defenders	67,800	-	-	-	-	67,800
2. Litigation Support Specialist (1 FT)	86,600	-	-	-	-	86,600
28. Revenue	-	-	-	-	2,600,000	2,600,000
1. Electronic Lien and Title Fees	-	-	-	-	2,600,000	2,600,000

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
29. Safety	18,609,200	6,545,100	-	-	-	25,154,300
1. Statutory Step Increases for Highway Patrol Troopers	3,297,500	-	-	-	-	3,297,500
2. TN Advanced Communication Network Maintenance	1,500,000	-	-	-	-	1,500,000
3. TN Highway Patrol Troopers (50 FT)	10,270,000	7,390,000	-	-	-	17,660,000
4. Driver's Services Staff (34 FT)	2,468,400	190,400	-	-	-	2,658,800
5. MALETA Realignment	1,073,300	(1,073,300)	-	-	-	-
6. Administration Legislation - Insurance Minimum Requirement	-	38,000	-	-	-	38,000
30. Secretary of State	52,000	-	-	-	-	52,000
1. Salary for Auditor	52,000	-	-	-	-	52,000
31. Sports Wagering Council	-	-	-	-	-	-
1. Positions Funded from Existing Base (4 FT)	-	-	-	-	-	-
32. State Museum	312,000	2,345,000	-	-	-	2,657,000
1. Semiquincentennial Celebration - Year 3 of 3	-	2,145,000	-	-	-	2,145,000
2. New Capitol Visitor Center Operations (5 FT)	312,000	200,000	-	-	-	512,000
33. Strategic Healthcare Programs	1,006,700	-	-	(1,006,700)	-	-
1. Federal Medical Assistance Percentage Adjustment	1,006,700	-	-	(1,006,700)	-	-
34. TennCare (FY 26-27 Match Rate - 36.455% Recurring)	222,941,000	-	-	435,235,900	301,081,900	959,258,800
1. Federal Medical Assistance Percentage Adjustment	86,239,100	-	-	(86,239,100)	-	-
2. Medical Inflation and Utilization at 2.03% Growth	89,288,100	-	-	155,638,900	-	244,927,000
3. Medicare Services	19,705,500	-	-	34,348,700	-	54,054,200
4. Pharmacy Costs	16,724,000	-	-	29,151,700	-	45,875,700
5. ECF CHOICES Crisis Population	10,984,300	-	-	19,146,900	-	30,131,200
6. Medicaid Management Information System (MMIS)	-	-	-	133,702,400	25,784,700	159,487,100
7. TN Eligibility Determination System (TEDS)	-	-	-	32,168,700	11,837,800	44,006,500
8. Health Starts Initiative - Year 5 of 5	-	-	-	11,400,000	12,300,000	23,700,000
9. Shared Savings Initiatives:	-	-	-	-	-	-
a. Diapers for Kids Program	-	-	-	20,111,600	11,537,800	31,649,400
b. Community Mental Health Centers Quality Payments	-	-	-	-	7,000,000	7,000,000
c. Primary Care Behavioral Health Training	-	-	-	-	400,000	400,000
d. Infant and Early Childhood Mental Health Training	-	-	-	-	166,000	166,000
e. Value-Based Payment Initiative	-	-	-	4,000,000	4,000,000	8,000,000
f. ECF CHOICES Waiting List	-	-	-	34,948,300	20,049,400	54,997,700
g. Reopen CHOICES 3	-	-	-	19,857,800	11,392,200	31,250,000
h. Extend eBadge Workforce Pilot	-	-	-	-	3,000,000	3,000,000
i. Workforce Development Grants for Long-Term Services and Supports	-	-	-	-	10,000,000	10,000,000
j. Inpatient Psychiatric Care for Children	-	-	-	-	3,750,000	3,750,000
k. Intensive In-Home Behavioral Health Supports	-	-	-	-	1,000,000	1,000,000
l. Pathway to Independence	-	-	-	-	18,000,000	18,000,000
m. Community Engagement	-	-	-	27,000,000	3,000,000	30,000,000
n. Shared Savings Initiatives in Other Agencies	-	-	-	-	157,864,000	157,864,000
35. TennCare for DCS	6,731,500	547,700	-	11,987,500	-	19,266,700
1. Specialized Treatment Foster Homes - Year 3 of 3	-	547,700	-	954,600	-	1,502,300
2. Private Provider Case Management	-	-	-	-	-	-
a. Continuation of Existing Level of Services	2,240,300	-	-	3,905,100	-	6,145,400
b. Expansion of Care	3,548,200	-	-	6,184,800	-	9,733,000
3. County Office Rent Increase	943,000	-	-	943,000	-	1,886,000
36. Tennessee Bureau of Investigation	4,668,200	6,050,100	-	-	-	10,718,300
1. Operational Support Positions (7 FT)	1,036,800	287,300	-	-	-	1,324,100
2. Technology and Equipment	2,229,900	3,555,000	-	-	-	5,784,900
3. Rapid DNA Unit (3 FT)	1,317,600	2,291,700	-	-	-	3,609,300
4. MALETA Realignment	83,900	(83,900)	-	-	-	-
37. Tennessee Housing Development Agency	-	30,000,000	-	17,800,000	-	47,800,000
1. Federal Funding Increase	-	-	-	17,800,000	-	17,800,000
2. Starter Home Revolving Loan Fund	-	30,000,000	-	-	-	30,000,000
38. Tourist Development	268,900	21,500,000	-	-	-	21,768,900
1. TN Sports Hall of Fame Operational Funding - Year 3 of 3	-	500,000	-	-	-	500,000
2. Welcome Center Security Contract	268,900	-	-	-	-	268,900
3. Direct Marketing Organizations and Regional Grant Funding	-	7,500,000	-	-	-	7,500,000
4. Marketing and Destination Development	-	13,500,000	-	-	-	13,500,000
39. Transportation	25,000,000	456,200,000	-	-	-	481,200,000
1. Commercial Airports - General Fund Subsidy	-	48,000,000	-	-	-	48,000,000
2. General Aviation - General Fund Subsidy	-	8,200,000	-	-	-	8,200,000
3. Transportation Projects - General Fund Subsidy	25,000,000	400,000,000	-	-	-	425,000,000

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
40. Treasury Department	-	20,000,000	-	-	9,360,000	29,360,000
1. School Construction and Maintenance Grants	-	20,000,000	-	-	-	20,000,000
2. Investment Analyst for THDA Funds (1 FT)	-	-	-	-	180,000	180,000
3. Contracts for Verification Services	-	-	-	-	500,000	500,000
4. Investment Book of Records Replacement Project	-	-	-	-	6,000,000	6,000,000
5. Technology Infrastructure Modernization	-	-	-	-	1,700,000	1,700,000
6. Enterprise Solutions Resources	-	-	-	-	850,000	850,000
7. Financial Literacy Commission Program Coordinator (1 FT)	-	-	-	-	130,000	130,000
41. TRICOR	-	-	-	-	9,554,400	9,554,400
1. Expansion of Operations	-	-	-	-	9,554,400	9,554,400
42. Wildlife Resources Agency	2,600,000	10,000,000	2,546,800	-	-	15,146,800
1. Statutory Step Increases for Wildlife Officers	-	-	2,546,800	-	-	2,546,800
2. Projects and Maintenance - General Fund Subsidy	-	10,000,000	-	-	-	10,000,000
3. Hunters for the Hungry - Grant	100,000	-	-	-	-	100,000
4. Administration Legislation - National Guard Sportsman's Licenses	2,500,000	-	-	-	-	2,500,000
43. Retirement Contributions	10,000,000	-	-	-	-	10,000,000
1. TCRS Rate Increase	10,000,000	-	-	-	-	10,000,000
44. Group Health Insurance	63,203,900	-	-	-	-	63,203,900
1. Annualize January 1, 2026 Plan						
a. State Agencies at 5.7%	9,747,000	-	-	-	-	9,747,000
b. Higher Education at 5.7%	9,448,900	-	-	-	-	9,448,900
2. Increase Effective January 1, 2027						
a. State Agencies at 12.3%	22,152,100	-	-	-	-	22,152,100
b. Higher Education at 12.3%	21,855,900	-	-	-	-	21,855,900
45. Salary Increases	61,121,300	-	917,300	-	-	62,038,600
1. State Employees - Effective 7/1/2026						
a. TEAM Act Agencies - Pay for Performance Pool	33,151,400	-	-	-	-	33,151,400
b. Non-TEAM Act Agencies - Across-the-Board Pool	8,179,600	-	-	-	-	8,179,600
2. K-12 Education - Included in TISA Cost Increase	-	-	-	-	-	
3. Higher Education - Included in Outcomes Formula Cost Increase	-	-	-	-	-	
4. Salary Survey Pool Effective 7/1/2026						
a. Commerce and Insurance Commissioned Officers	40,800	-	-	-	-	40,800
b. Safety Commissioned Officers	19,749,500	-	-	-	-	19,749,500
c. Wildlife Resources Agency	-	-	917,300	-	-	917,300
46. Miscellaneous Appropriations	11,593,300	280,587,500	-	-	-	292,180,800
1. Administration Amendment	3,000,000	5,000,000	-	-	-	8,000,000
2. Legislative Amendment	3,000,000	5,000,000	-	-	-	8,000,000
3. Gubernatorial Transition	250,000	2,000,000	-	-	-	2,250,000
4. Strategic Technology Solutions (STS) State Appropriation Impact						
a. Artificial Intelligence Enablement Program	-	50,000,000	-	-	-	50,000,000
b. North Data Center Relocation - Year 2 of 2	-	20,000,000	-	-	-	20,000,000
c. Enterprise Resource Planning Modernization	-	70,000,000	-	-	-	70,000,000
d. ADA Digital Accessibility Compliance Tools	-	4,000,000	-	-	-	4,000,000
e. End Point Management Services	717,100	-	-	-	-	717,100
f. Cloud Consumption - North Data Center Relocation	1,950,000	-	-	-	-	1,950,000
g. Multi-State Information Sharing and Analysis Center Membership Costs	516,800	-	-	-	-	516,800
5. Facilities Revolving Fund - Rent Increase - State Impact	2,059,400	-	-	-	-	2,059,400
6. 2025 PC 324 - Vape Bill - FY26 Revenue Collections	-	14,655,300	-	-	-	14,655,300
7. 2025 PC 526 - Hemp Bill - FY26 Revenue Collections - Revised	-	8,438,900	-	-	-	8,438,900
8. Policy Management Software	-	1,443,300	-	-	-	1,443,300
9. Governor's Rural Education Foundation	100,000	-	-	-	-	100,000
10. Historic Camp Blount - Grant	-	50,000	-	-	-	50,000
11. West TN Regional Juvenile Justice Center - Grant	-	10,000,000	-	-	-	10,000,000
12. East TN Regional Juvenile Justice Center - Grant	-	10,000,000	-	-	-	10,000,000
13. City of Memphis - Grants						
a. Downtown Public Safety	-	50,000,000	-	-	-	50,000,000
b. Crime Intervention and Prevention						
- Focused Deterrence	-	15,000,000	-	-	-	15,000,000
- Work-Centered Training	-	15,000,000	-	-	-	15,000,000
Subtotal Agency Cost Increases	\$ 1,018,627,700	\$ 1,205,140,700	\$ 13,846,300	\$ 399,444,900	\$ 569,961,500	\$ 3,207,021,100

**Budget Overview
Fiscal Year 2026-2027**

**Agency Cost Increases
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
47. <u>Capital Outlay</u>	-	456,597,000	-	-	40,600,000	497,197,000
1. Improvements						
a. State Buildings - 13 Projects	-	382,389,000	-	-	40,600,000	422,989,000
b. Higher Education - 4 Projects	-	52,278,000	-	-	-	52,278,000
2. Maintenance						
a. Higher Education - 21 Projects	-	21,930,000	-	-	-	21,930,000
48. <u>Deposits and Transfers</u>	-	20,000,000	-	-	-	20,000,000
1. Rainy Day Fund Deposit	-	20,000,000	-	-	-	20,000,000
Total Cost Increases	\$ 1,018,627,700	\$ 1,681,737,700	\$ 13,846,300	\$ 399,444,900	\$ 610,561,500	\$ 3,724,218,100

**Budget Overview
Fiscal Year 2026-2027**

**TennCare Shared Savings
Non-Recurring Funding from the TennCare Reserve**

		FY27 Cost Increases
Continuation of FY 2024 Initiatives:		
1. TennCare	Tennessee Strong Families Buyback	\$ 30,642,800
2. TennCare	Diapers for Kids Program	11,537,800
 Continuation of FY 2025 Initiatives:		
1. Labor	Apprenticeship Programs	\$ 8,259,700
2. Health	Rural Healthcare Training Programs	4,398,300
3. THEC	Pathways Program	13,750,000
4. Health	Specialty Care	1,050,000
5. Health	Center of Excellence	1,006,000
6. Health	Center of Excellence Grants	1,400,000
7. TennCare	Community Mental Health Center Quality Payments	7,000,000
8. Mental Health	Community Mental Health Center Workforce Development	1,000,000
9. Mental Health	Substance Use Disorder Treatment	2,000,000
10. TennCare	In-Home Child and Adolescent Behavioral Health Supports	1,000,000
11. TennCare	Primary Care Behavioral Health Training	400,000
12. TennCare	Infant and Early Childhood Mental Health Training	166,000
13. TennCare	Value-Based Payment Initiative	4,000,000
 Continuation of FY 2026 Initiatives:		
1. TennCare	ECF CHOICES Wait List	\$ 20,049,400
2. TennCare	CHOICES 3	11,392,200
3. TennCare	Workforce Development for Long-Term Services and Supports	10,000,000
4. TennCare	Workforce Development - E-Badge Program	3,000,000
5. TennCare	Inpatient Psychiatric Care for Children	3,750,000
 FY 2027 Initiatives:		
1. TennCare	Pathway to Independence	\$ 18,000,000
2. TennCare	Community Engagement	3,000,000
3. Health	Rural Health Transformation Resiliency Grants	125,000,000
 Total FY 2027 Shared Savings Cost Increases		\$ 281,802,200

**Budget Overview
Fiscal Year 2026-2027**

**Agency Base Reductions
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
1. <u>Advisory Commission on Intergovernmental Relations (TACIR)</u>	(1,600)	-	-	-	-	(1,600)
1. Supplies	(1,600)	-	-	-	-	(1,600)
2. <u>Agriculture</u>	(827,200)	-	300,000	-	200,000	(327,200)
1. Motor Fuel Revenue Swap	(300,000)	-	300,000	-	-	-
2. Timber Sale Revenue Swap	(200,000)	-	-	-	200,000	-
3. Benefits Equity	(327,200)	-	-	-	-	(327,200)
3. <u>Arts Commission</u>	(26,800)	-	-	-	-	(26,800)
1. Grants and Travel	(26,800)	-	-	-	-	(26,800)
4. <u>Attorney General and Reporter</u>	(518,600)	-	-	-	-	(518,600)
1. Salary Equity	(518,600)	-	-	-	-	(518,600)
5. <u>Board of Parole</u>	(64,500)	-	-	-	-	(64,500)
1. Vacant Accounting Tech Position (-1 FT)	(64,500)	-	-	-	-	(64,500)
6. <u>Children's Services</u>	(1,424,900)	-	-	(24,500)	(137,400)	(1,586,800)
1. Training and Professional Development Efficiencies	(242,500)	-	-	-	-	(242,500)
2. Prevention Services Contracts Efficiencies	(689,100)	-	-	-	-	(689,100)
3. Long-Term Vacant Positions (-10 FT)	(493,300)	-	-	(24,500)	(137,400)	(655,200)
7. <u>Commerce and Insurance</u>	(189,800)	-	-	-	(13,300)	(203,100)
1. Captive Insurance Program Efficiencies	(142,600)	-	-	-	-	(142,600)
2. Pharmacy Benefits Managers (-2 FT)	-	-	-	-	-	-
3. Long-Term Vacant Position (-1 FT)	(47,200)	-	-	-	(13,300)	(60,500)
8. <u>Commission on Children and Youth</u>	(58,400)	-	-	-	-	(58,400)
1. Grants	(58,400)	-	-	-	-	(58,400)
9. <u>Comptroller of the Treasury</u>	(73,200)	-	-	-	-	(73,200)
1. Administration Legislation - Transfer Administrative Duties for the State Energy Policy Council	(73,200)	-	-	-	-	(73,200)
10. <u>Correction</u>	(6,153,600)	(14,795,500)	-	-	14,795,500	(6,153,600)
1. Operating Funds for Imprisonment Changes	(3,418,900)	-	-	-	-	(3,418,900)
2. Sex Offender Treatment Program	(1,000,000)	-	-	-	-	(1,000,000)
3. Health and Wellness Program	(637,900)	-	-	-	-	(637,900)
4. Vacant Positions (-5 FT)	(396,800)	-	-	-	-	(396,800)
5. Long-Term Vacant Positions (-12 FT)	(700,000)	-	-	-	-	(700,000)
6. Community Corrections Revenue Swap	-	(14,795,500)	-	-	14,795,500	-
11. <u>Corrections Institute</u>	(68,000)	-	-	-	-	(68,000)
1. Operational Efficiencies	(68,000)	-	-	-	-	(68,000)
12. <u>Council on Developmental Disabilities</u>	(5,900)	-	-	(17,700)	-	(23,600)
1. Conference Materials	(5,900)	-	-	(17,700)	-	(23,600)
13. <u>Disability and Aging</u>	-	-	-	-	(38,500)	(38,500)
1. Long-Term Vacant Position (-1 FT)	-	-	-	-	(38,500)	(38,500)
14. <u>District Attorneys General Conference</u>	(2,168,000)	-	-	-	-	(2,168,000)
1. Salary Equity	(2,168,000)	-	-	-	-	(2,168,000)
15. <u>District Public Defenders Conference</u>	(899,500)	-	-	-	-	(899,500)
1. Salary Equity	(899,500)	-	-	-	-	(899,500)
16. <u>Education (K-12)</u>	(3,295,800)	-	-	(35,012,200)	-	(38,308,000)
1. State Board of Education Efficiencies	(34,300)	-	-	-	-	(34,300)
2. Career Ladder Participation	(1,000,000)	-	-	-	-	(1,000,000)
3. Academic Offices - Operations	(1,000,000)	-	-	-	-	(1,000,000)
4. Salary Equity	(843,700)	-	-	-	-	(843,700)
5. Federal COVID Funding	-	-	-	(35,012,200)	-	(35,012,200)
6. Long-Term Vacant Positions (-10 FT)	(417,800)	-	-	-	-	(417,800)
17. <u>Environment and Conservation</u>	(9,118,700)	-	-	(31,224,000)	7,343,800	(32,998,900)
1. Solar for All Program Elimination (-2 FT)	-	-	-	(31,224,000)	-	(31,224,000)
2. Operational Efficiencies	(1,774,900)	-	-	-	-	(1,774,900)
3. Recognize State Parks Revenue	(7,343,800)	-	-	-	7,343,800	-
18. <u>Facilities Revolving Fund (FRF)</u>	-	-	-	-	(266,100)	(266,100)
1. Rent Reduction	-	-	-	-	(266,100)	(266,100)

**Budget Overview
Fiscal Year 2026-2027**

**Agency Base Reductions
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
19. Finance and Administration	(220,100)	-	-	-	(4,669,000)	(4,889,100)
1. Contractor Services - Edison	-	-	-	-	(695,900)	(695,900)
2. Contractor Services - Business Solutions Delivery	-	-	-	-	(1,031,600)	(1,031,600)
3. Operational Efficiencies - Office of Evidence and Impact	(86,300)	-	-	-	-	(86,300)
4. Travel and Professional Services - Volunteer TN	(9,300)	-	-	-	-	(9,300)
5. Cost Savings for Fingerprinting System Purchases - OCJP	(60,500)	-	-	-	-	(60,500)
6. Extend Refresh Cycles for Switches - STS	-	-	-	-	(2,000,000)	(2,000,000)
7. Extend Egress Upgrade - STS	-	-	-	-	(641,500)	(641,500)
8. Enterprise Agreement for Leaf Switch Connections - STS	-	-	-	-	(300,000)	(300,000)
9. Operational Efficiencies - Administration	(64,000)	-	-	-	-	(64,000)
10. Vacant Accounting Positions (-9 FT)	-	-	-	-	-	-
20. Financial Institutions	-	-	(480,800)	-	-	(480,800)
1. Long-Term Vacant Positions (-4 FT)	-	-	(480,800)	-	-	(480,800)
21. General Services	(1,569,700)	-	-	-	2,800	(1,566,900)
1. Megasite Water and Wastewater Authority Revenue Swap	(1,500,000)	-	-	-	1,500,000	-
2. Operational Efficiencies	(22,800)	-	-	-	(456,000)	(478,800)
3. Spending Reduction	(46,900)	-	-	-	(1,041,200)	(1,088,100)
22. Health	(3,257,900)	-	-	(17,500)	(8,200)	(3,283,600)
1. FRF Rent Reduction	(5,600)	-	-	-	-	(5,600)
2. EMS Training	(25,000)	-	-	-	-	(25,000)
3. Victims of Violent Crime Program	(500,000)	-	-	-	-	(500,000)
4. Environmental Health Operational Efficiencies	(52,500)	-	-	-	-	(52,500)
5. Policy, Planning, and Informatics Operational Efficiencies	(25,000)	-	-	-	-	(25,000)
6. Vacant Physician Positions (-2 FT)	(428,000)	-	-	-	-	(428,000)
7. Community Health Services Medical Efficiencies - Specialty and Training	(250,000)	-	-	-	-	(250,000)
8. Lab Operations Efficiencies	(125,000)	-	-	-	-	(125,000)
9. Family Health and Wellness Efficiencies	(200,000)	-	-	-	-	(200,000)
10. Communicable and Environmental Diseases and Emergency Preparedness Operational Efficiencies	(250,000)	-	-	-	-	(250,000)
11. Office of Informatics and Analytics Contracts	(125,000)	-	-	-	-	(125,000)
12. Metro Grant-in-Aid Funds	(521,000)	-	-	-	-	(521,000)
13. Local Health Department Grants	(521,000)	-	-	-	-	(521,000)
14. Long-Term Vacant Positions (-5 FT)	(229,800)	-	-	(17,500)	(8,200)	(255,500)
23. Health Facilities Commission	(168,200)	-	-	-	-	(168,200)
1. Operational Efficiencies	(168,200)	-	-	-	-	(168,200)
24. Higher Education - State Administered Programs	(479,600)	-	-	-	(27,900)	(507,500)
1. Grants, Centers of Excellence, Centers of Emphasis	(451,700)	-	-	-	-	(451,700)
2. Long-Term Vacant Position (-1 FT)	(27,900)	-	-	-	(27,900)	(55,800)
25. Human Services	(2,723,200)	-	-	(1,392,795,700)	(2,600)	(1,395,521,500)
1. Call Center Agents Efficiencies	(1,290,000)	-	-	(1,710,000)	-	(3,000,000)
2. Administrative Operational Efficiencies	(1,358,500)	-	-	(975,000)	-	(2,333,500)
3. SNAP Benefits - Align to Actual	-	-	-	(1,350,000,000)	-	(1,350,000,000)
4. Child Care Federal Reduction	-	-	-	(40,000,000)	-	(40,000,000)
5. Long-Term Vacant Positions (-3 FT)	(74,700)	-	-	(110,700)	(2,600)	(188,000)
26. Inmate Disciplinary Oversight Board	(20,400)	-	-	-	-	(20,400)
1. Salary Equity	(20,400)	-	-	-	-	(20,400)
27. Labor and Workforce Development	(565,600)	-	-	(210,500)	(7,800)	(783,900)
1. Adult Education Contract	(180,000)	-	-	-	-	(180,000)
2. Workers' Compensation - IT Savings	(200,000)	-	-	-	-	(200,000)
3. Mines	(35,000)	-	-	-	-	(35,000)
4. Labor Standards	(40,000)	-	-	-	-	(40,000)
5. Workforce Services Contracts	(75,000)	-	-	-	-	(75,000)
6. Long-Term Vacant Positions (-5 FT)	(35,600)	-	-	(210,500)	(7,800)	(253,900)
28. Mental Health and Substance Abuse Services	(1,285,300)	859,900	-	-	-	(425,400)
1. Community Substance Abuse Services Efficiencies	(425,400)	-	-	-	-	(425,400)
2. Peer Support Centers - Add Back as Non-recurring	(859,900)	859,900	-	-	-	-
29. Military Department	(328,000)	-	-	-	-	(328,000)
1. Operational Efficiencies	(328,000)	-	-	-	-	(328,000)
30. Revenue	(740,100)	-	62,300	-	-	(677,800)
1. Electronic Insurance Verification System Revenue Swap	(62,300)	-	62,300	-	-	-
2. Out-of-State Offices	(577,800)	-	-	-	-	(577,800)
3. Contracts Efficiencies	(100,000)	-	-	-	-	(100,000)

**Budget Overview
Fiscal Year 2026-2027**

**Agency Base Reductions
Fiscal Year 2026-2027**

	General Fund		Dedicated	Federal	Other	Total
	Recurring	Non-Recurring				
31. <u>Safety</u>	(2,131,900)	-	-	-	-	(2,131,900)
1. Office of Homeland Security Efficiencies	(274,600)	-	-	-	-	(274,600)
2. Administration Efficiencies	(219,800)	-	-	-	-	(219,800)
3. Communications Division Efficiencies	(230,900)	-	-	-	-	(230,900)
4. TN Highway Patrol Efficiencies	(1,406,600)	-	-	-	-	(1,406,600)
32. <u>State Museum</u>	(124,900)	-	-	-	-	(124,900)
1. Reduced Acquisitions	(124,900)	-	-	-	-	(124,900)
33. <u>TennCare</u>	(24,971,700)	(30,642,800)	-	(43,528,300)	90,642,800	(8,500,000)
1. TN Strong Families - Buyback with Shared Savings	-	(30,642,800)	-	-	30,642,800	-
2. Fraud, Waste, and Abuse	(911,400)	-	-	(1,588,600)	-	(2,500,000)
3. Behavioral Health Provider Initiated Hospital Discharge	(2,187,300)	-	-	(3,812,700)	-	(6,000,000)
4. Pharmacy Rebate Swap	(21,873,000)	-	-	(38,127,000)	60,000,000	-
34. <u>TennCare for DCS</u>	(50,100)	-	-	(87,300)	-	(137,400)
1. Long-Term Vacant Positions	(50,100)	-	-	(87,300)	-	(137,400)
35. <u>TennCare for DDA</u>	(10,998,300)	-	-	(19,171,300)	-	(30,169,600)
1. Waiver Attrition	(438,100)	-	-	(763,700)	-	(1,201,800)
2. Waiver Utilization	(10,546,200)	-	-	(18,383,100)	-	(28,929,300)
3. Long-Term Vacant Position	(14,000)	-	-	(24,500)	-	(38,500)
36. <u>Tennessee Bureau of Investigation</u>	(672,200)	-	-	-	-	(672,200)
1. Operational Efficiencies	(172,200)	-	-	-	-	(172,200)
2. Salary Equity	(500,000)	-	-	-	-	(500,000)
37. <u>Transportation</u>	-	-	-	-	-	-
1. Long-Term Vacant Positions (-11 FT)	-	-	-	-	-	-
38. <u>Treasury</u>	-	-	-	-	(260,500)	(260,500)
1. FRF Rent Reduction	-	-	-	-	(260,500)	(260,500)
39. <u>TRICOR</u>	-	-	-	-	(222,400)	(222,400)
1. Long-Term Vacant Positions (-3 FT)	-	-	-	-	(222,400)	(222,400)
40. <u>Veterans Services</u>	(132,900)	-	-	-	-	(132,900)
1. Operational Efficiencies	(132,900)	-	-	-	-	(132,900)
41. <u>Wildlife Resources Agency</u>	(3,800)	-	(78,500)	-	-	(82,300)
1. Operational Efficiencies	(3,800)	-	-	-	-	(3,800)
2. Long-Term Vacant Position (-1 FT)	-	-	(78,500)	-	-	(78,500)
42. <u>Other Post-Employment Benefits (OPEB)</u>	(4,460,000)	-	-	-	-	(4,460,000)
1. OPEB Savings	(4,460,000)	-	-	-	-	(4,460,000)
	-	-	-	-	-	-
Total Agency Base Reductions	\$ (79,798,400)	\$ (44,578,400)	\$ (197,000)	\$ (1,522,089,000)	\$ 107,331,200	\$ (1,539,331,600)

Budget Overview
Fiscal Year 2026-2027

FY 2026-2027 Recommended Legislation with Fiscal Impact
General and Dedicated State Appropriations, Federal, and Other Funds

	<u>General Fund</u>		<u>Dedicated / Federal / Other Funds</u>	
	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Recurring</u>	<u>Non-Recurring</u>
I. Expenditure Adjustments - (Cost) / Savings				
1. Children's Services - Safe Environments for Children	\$ (10,721,000)	\$ -	\$ -	\$ -
2. Comptroller of the Treasury - State Energy Policy Council	73,200	-	-	-
3. Education - Artificial Intelligence Training for Teachers	(45,000)	(165,000)	-	-
4. Environment and Conservation - State Energy Policy Council (2 FT)	(246,200)	(4,000)	-	-
5. Human Resources - TEAM Act 2.0	-	-	150,000	-
6. Miscellaneous Appropriations - TEMA Legislation	(1,700,000)	-	-	-
7. Military - Disaster Relief (4 FT)	(356,400)	(12,000)	-	-
8. Safety - Insurance Minimum Requirement	-	(38,000)	-	-
9. Wildlife Resources Agency - National Guard Sportsman's Licenses	(2,500,000)	-	-	-
Total Expenditure Adjustments	\$ (15,495,400)	\$ (219,000)	\$ 150,000	\$ -

**Budget Overview
Fiscal Year 2026-2027**

**Preliminary Base Budget Adjustments
(Savings) / Cost
General Fund and Dedicated State Appropriations**

	<u>General Fund</u>		<u>Dedicated</u>
	<u>Recurring</u>	<u>Non-Recurring</u>	
1. <u>TennCare</u>	-	-	1,876,759,700
1. Hospital Coverage Assessment	-	-	1,681,647,100
2. Nursing Home Bed Assessment	-	-	184,877,200
3. Ambulance Service Assessment	-	-	10,235,400
<u>Total Preliminary Base Budget Adjustments</u>	\$ -	\$ -	\$ 1,876,759,700

**Budget Overview
Fiscal Year 2026-2027**

**Rainy Day Fund and TennCare Reserve
Fiscal Year 2022-2023 through Fiscal Year 2026-2027**

	<u>Rainy Day Fund</u>	<u>TennCare Reserve</u>	<u>Total</u>
I. FY 2022-2023			
Beginning Balance	\$ 1,550,000,000	\$ 1,113,552,174	\$ 2,663,552,174
Deposit at June 30, 2023	250,000,000	394,504,287	644,504,287
Total Reserves at June 30, 2023	\$ 1,800,000,000	\$ 1,508,056,461	\$ 3,308,056,461
II. FY 2023-2024			
Beginning Balance	\$ 1,800,000,000	\$ 1,508,056,461	\$ 3,308,056,461
Deposit / (Reduction) at June 30, 2024	250,000,000	(109,265,540)	140,734,460
Total Reserves at June 30, 2024	\$ 2,050,000,000	\$ 1,398,790,921	\$ 3,448,790,921
III. FY 2024-2025			
Beginning Balance	\$ 2,050,000,000	\$ 1,398,790,921	\$ 3,448,790,921
Deposit / (Reduction) at June 30, 2025	100,000,000	(4,332,847)	95,667,153
Total Reserves at June 30, 2025	\$ 2,150,000,000	\$ 1,394,458,074	\$ 3,544,458,074
IV. FY 2025-2026			
Beginning Balance	\$ 2,150,000,000	\$ 1,394,458,074	\$ 3,544,458,074
Deposit at June 30, 2026	35,600,000	-	35,600,000
Total Reserves at June 30, 2026	\$ 2,185,600,000	\$ 1,394,458,074	\$ 3,580,058,074
V. FY 2026-2027			
Beginning Balance	\$ 2,185,600,000	\$ 1,394,458,074	\$ 3,580,058,074
Deposit at June 30, 2027	20,000,000	-	20,000,000
Total Reserves at June 30, 2027	\$ 2,205,600,000	\$ 1,394,458,074	\$ 3,600,058,074

**Budget Overview
Fiscal Year 2026-2027**

**TennCare Reserve Obligations
Fiscal Year 2024-2025 Closing**

Bureau of TennCare Reserve Obligations:

Information Technology Non-Recurring Costs	\$ 69,798,975
Health Starts Initiative Non-Recurring Costs	14,450,000
2023 Shared Savings	276,651,376
2024 Shared Savings	274,794,132
2025 Shared Savings	245,744,375
2026 Shared Savings	323,019,216
General Carryforward	190,000,000
Total Reserve Balance at June 30, 2025	<u>\$ 1,394,458,074</u>