

To: All Agency Heads and Budget Officers
From: Jim Bryson, Commissioner of Finance and Administration
Date: July 20, 2022
Subject: Fiscal Year 2023-2024 Budget Instructions



As we enter the 2023 Fiscal Year, tax collections continue to be strong. At the same time, we find ourselves facing a potential recession that many economists believe will be evident in 2023 as well as 2024. The length and depth are not yet certain which means we must approach the next budget with an element of caution. Even so, I believe this budget will have an opportunity to make some significant and valuable investments for the citizens of Tennessee.

Below are the guidelines for developing and submitting your fiscal year 2023-2024 budget request.

All submissions should have a strong connection to the Governor's Priorities to:

- Be a national leader in fiscal management, job growth and educational improvement;
- Invest in programs that work;
- Make Government work better; and
- Improve Infrastructure.

Justification and impact descriptions for both cost increase requests and reduced expenditure items should be well documented. In addition, all items should be supported by evidence and data where applicable.

Please limit requests for new positions. Agencies are encouraged to evaluate and reallocate vacant positions within the agency before asking to increase headcount. For many economic reasons, the ability to attract and fill positions (both current and new) throughout state government will be a significant challenge going forward.

Due Date

Please submit your operating and capital outlay request to the Division of Budget by **Friday, September 9th**.

Cost Increases

All cost increase requests should have justification and clear linkage to departmental goals. Increases deemed mandatory by state or federal law, court order, or contractual obligations should be clearly identified and given highest priority. Each cost increase request should include

supporting information on a form provided by F&A to provide detailed justification and projected programmatic impacts of the cost increase request. That form will be provided in a separate communication. As stated earlier, new position requests should be kept at a minimum.

We will be also asking for more detailed information on regulatory boards in the departments of Health and Commerce and Insurance. Your Budget Office analyst will be providing you with the information requested and such forms to accomplish this.

Efficiencies

Even as state tax revenue collections exceed budgeted estimates, it is important that we continue to seek efficiencies on the expense side of the ledger for all state agencies as we begin the development process for FY2023-2024. Every organization should continually review its operations and streamline where needed. We are requesting agencies with general fund appropriations to develop a list of efficiencies that total **one percent** of your discretionary base appropriation. Budget Office staff will inform each agency of their one percent target once the work program has been finalized.

As with cost increases, efficiency plans should include supporting information on a form provided by F&A to provide detail on any impacts of the reduction in funding. That form will be provided in a separate communication.

Agencies that are funded from interagency charges should assume no rate increase to agency billing rates in FY24.

Capital Outlay

Requests for capital outlay and maintenance should include essential and high priority items only. Budget officers of agencies that traditionally submit a capital budget request are receiving separate capital budget instructions. Agencies which do not receive capital budget instructions, but are planning to submit a capital budget request, should contact their Budget Office analyst.

Next Steps

Technical instructions for transmitting your fiscal year 2023-2024 budget request will be shared with your fiscal officer today. If you or your staff has questions about the budget instructions, please feel free to contact your budget office analyst.

Thank you and your fiscal team in advance for your help and cooperation as we begin development of the fiscal year 2023-2024 budget. I look forward to working with each and everyone of you in the coming months.