

Budget Overview
Fiscal Year 2024-2025

	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Dedicated</u>
I. Available Revenues - Increase / (Decrease)			
1. Revenue Base Adjustment - FY 2023-2024 Revised Recurring Estimate at 0.0% Growth	\$ (718,800,000)	\$ -	\$ -
2. FY 2024-2025 Department of Revenue Growth at 0.5%	95,400,000	(226,100,000)	-
3. Tax Legislation - Department of Revenue Taxes	(410,000,000)	-	-
4. Reduction of Debt Service Fund Requirements	44,200,000	-	-
5. Other State Revenue	99,200,000	-	-
6. Revenue Continuation - Hospital Coverage, Nursing Home Bed, Ambulance Assessments	-	-	853,156,900
7. Metro Sports Authority Debt Service Adjustment	20,300	-	-
8. Available Funds at June 30, 2024:			
a. Budget Surplus from FY 2022-2023 Closing	-	1,526,231,000	-
b. FY 2023-2024 Tax Revenue Base Adjustment at 0.0% Growth	-	(718,800,000)	-
Unbudgeted FY 2023-2024 Revenue Growth Available at June 30, 2024			
c. 2023 Extraordinary Session Legislation - Department of Revenue Taxes	-	(1,439,300)	-
d. FY 2023-2024 Other State Revenue	-	490,500,000	-
e. Debt Service Transfer	-	74,313,000	-
f. 2023 Extraordinary Special Session - Additional FY 2022-2023 TennCare Reversion	-	50,000,000	-
g. 2023 Extraordinary Special Session - Reduction of Correction Capital Project	-	30,000,000	-
h. FY 2023-2024 Additional Reversion - Mental Health CPE Funds	-	20,000,000	-
i. FY 2023-2024 Supplemental Appropriations	-	(1,340,149,500)	-
9. FY 2023-2024 Enacted Budget Available Funds	2,600,274,360	56,339,260	-
10. Dedicated Revenue	-	-	4,666,700
11. Rounding Adjustment	(60)	40	-
Total Available Revenues	\$ 1,710,294,600	\$ (39,105,500)	\$ 857,823,600
II. Cost Increases - Expense / (Savings)			
State Agencies (Less Salary Policy)			
12. Children's Services	\$ 10,851,400	\$ 3,116,500	\$ -
13. Correction	9,800,200	-	-
14. Economic and Community Development	591,500	35,800,000	-
15. Education	441,861,200	16,200,000	643,700
16. Environment and Conservation	2,720,500	155,449,500	-
17. Health	500,000	21,432,800	-
18. Higher Education	22,530,700	-	-
19. Human Services	14,750,000	28,949,200	-
20. Intellectual and Developmental Disabilities	2,292,500	1,000,000	-
21. Mental Health and Substance Abuse Services	12,394,300	5,000,000	-
22. Safety	11,719,500	6,722,100	-
23. TennCare	254,505,500	19,180,300	-
24. Tennessee Bureau of Investigation	1,056,000	39,500	-
25. Transportation	-	29,000,000	-
26. Other Agencies	14,323,600	94,961,000	937,900
Subtotal State Agency Cost Increases	\$ 799,896,900	\$ 416,850,900	\$ 1,581,600
Salary Policy and Benefits Contribution			
27. Mandated Salary Increases	\$ 8,272,000	\$ -	\$ 1,999,400
28. Pay for Performance Funding Pool - TEAM Act Agencies	49,037,300	-	-
29. Across-the-Board Funding Pool - Non-TEAM Act Agencies	15,126,000	-	-
30. Commissioned Officer Salary Survey	4,448,400	-	1,594,200
31. Higher Education Funding Pool	55,646,100	-	-
32. Group Health Insurance Rate Increase	25,339,500	-	-
Subtotal Salary Policy and Benefits Contribution Cost Increases	\$ 157,869,300	\$ -	\$ 3,593,600
Capital Outlay			
33. Improvements and Maintenance	\$ -	\$ 359,160,000	-
Subtotal Capital Outlay Cost Increases	\$ -	\$ 359,160,000	\$ -
Deposits and Transfers			
34. Rainy Day Fund Deposit	\$ -	\$ 20,000,000	\$ -
Subtotal Deposits and Transfers	\$ -	\$ 20,000,000	\$ -
Total Cost Increases	\$ 957,766,200	\$ 796,010,900	\$ 5,175,200
III. Preliminary Base Adjustments			
	\$ -	\$ -	\$ 853,156,900
IV. Balance Before Reductions (I - II - III)	\$ 752,528,400	\$ (835,116,400)	\$ (508,500)
V. Base Budget Reductions and Reallocations			
	\$ (44,123,200)	\$ (49,642,800)	\$ (508,500)
VI. Final Balance (IV - V)	\$ 796,651,600	\$ (785,473,600)	\$ -

Budget Overview
Fiscal Year 2024-2025

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 2022-2023			
Final Revised Estimate	\$ 19,246,900,000	\$ 19,423,100,000	\$ (176,200,000)
Reported Collections (August - July)	\$ 18,916,170,000	\$ 19,090,070,000	\$ (173,900,000)
Plus / (Less): Accruals and Adjustments	(2,711,300)	(2,711,300)	-
Total FY 2022-2023 Actual Collections	\$ 18,913,458,700	\$ 19,087,358,700	\$ (173,900,000)
II. FY 2023-2024			
February 6, 2023 Budget Document Estimate	\$ 19,794,300,000	\$ 19,862,300,000	\$ (68,000,000)
Plus / (Less): Tax Legislation	(407,400,000)	(56,100,000)	(351,300,000)
Budgeted FY 2023-2024 Estimate at July 1, 2023	\$ 19,386,900,000	\$ 19,806,200,000	\$ (419,300,000)
Revenue Base Adjustment at 0.0% Recurring Growth over FY 2022-2023 Recurring Collections	\$ (718,800,000)	\$ (718,800,000)	\$ -
Total FY 2023-2024 Revised Estimate	\$ 18,668,100,000	\$ 19,087,400,000	\$ (419,300,000)
III. FY 2024-2025			
Revenue Base	\$ 19,019,400,000	\$ 19,087,400,000	\$ (68,000,000)
TN Works Legislation (2023 Public Chapter 377)	(158,100,000)	-	(158,100,000)
Growth from Revenue Base at 0.5%	95,400,000	95,400,000	-
Total FY 2024-2025 Estimate	\$ 18,956,700,000	\$ 19,182,800,000	\$ (226,100,000)

Budget Overview
Fiscal Year 2024-2025

Selected State Revenue Adjustments
Increase / (Decrease)
from July 1, 2024 Budgeted Estimates

	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Dedicated</u>
I. Tax Legislation			
Department of Revenue Taxes			
1. Franchise Tax Proposal	\$ (410,000,000)	\$ -	\$ -
Total Tax Legislation	<u>\$ (410,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>
II. Other State Revenue			
1. Commerce and Insurance - Insurance Premiums	\$ 82,900,000	\$ -	\$ -
2. Secretary of State - Filing Fees	16,300,000	-	-
3. Revenue Continuation			
a. Hospital Coverage Assessment	-	-	679,376,400
b. Nursing Home Bed Assessment	-	-	163,173,500
c. Ambulance Service Provider Assessment	-	-	10,607,000
Total Other State Revenue	<u>\$ 99,200,000</u>	<u>\$ -</u>	<u>\$ 853,156,900</u>

**Budget Overview
Fiscal Year 2024-2025**

**Fiscal Year 2022-2023 Closing
Unappropriated Budget Surplus / (Deficit)
Reserve for Future Requirements at June 30, 2023**

I. Department of Revenue Taxes - Over / (Under) Collections Compared to Estimate	
Reported Collections (August - July)	\$ 18,916,170,000
(Less): Revised Estimate	(19,246,900,000)
Subtotal Department of Revenue Taxes - Over / (Under) Estimate	\$ (330,730,000)
(Less): Accruals	(2,711,300)
Total Department of Revenue Taxes - Over / (Under) Estimate	\$ (333,441,300)
II. Other State Revenue - Over / (Under) Collections Compared to Estimates	
Insurance Premium Taxes	\$ 84,043,800
Secretary of State Filing Fees	24,799,200
Treasury Earnings	507,459,700
All Other Sources	27,588,500
Total Other State Revenue - Over / (Under) Estimate	\$ 643,891,200
III. Miscellaneous Revenue - Over / (Under) Collections Compared to Estimate	
Actual Collections	\$ 50,157,400
(Less): Estimate	(25,600,000)
Total Miscellaneous Revenue - Over / (Under) Estimate	\$ 24,557,400
IV. Tobacco Master Settlement Agreement - Over / (Under) Collections Compared to Estimates	
Actual Collections	\$ 152,976,400
(Less): Estimate	(150,000,000)
Total Tobacco Master Settlement Agreement - Over / (Under) Estimate	\$ 2,976,400
V. All Other Net Revenue Adjustments in Accounts	\$ (3,507,500)
Total Revenues - Net Over / (Under) Collections	\$ 334,476,200
VI. Agency Reversion	
Actual Reversion	\$ 1,524,763,333
(Less): Revised Estimate	(283,008,500)
(Less): Additional TennCare Reversion (Extraordinary Session)	(50,000,000)
Total Agency Reversion - Over / (Under) Estimate	\$ 1,191,754,833
Rounding	\$ (33)
VII. Total Unappropriated Budget Surplus / (Deficit)	\$ 1,526,231,000

**Budget Overview
Fiscal Year 2024-2025**

**Available Funds
Fiscal Year 2023-2024**

I. Unappropriated Budget Surplus / (Deficit) at June 30, 2023 **\$ 1,526,231,000**

II. Revenue Adjustments and Other Available Funds

Dept. of Revenue Taxes - Base Adjustment at 0.0% Growth over FY 2022-2023 Actual	\$ (718,800,000)
Debt Service Fund Transfer at June 30, 2024	74,313,000
FY 2023-2024 Enacted Budget Available Funds	56,339,260
2023 Extraordinary Session Legislation - Dept. of Revenue Taxes (PC 1)	(1,439,300)
Other State Revenue	
a. Insurance Premiums	82,900,000
b. Secretary of State Filing Fees	16,300,000
c. Treasurer's Earnings	391,300,000
Subtotal Revenue Adjustments and Other Available Funds	\$ (99,087,040)

III. Subtotal Budget Surplus / (Deficit) and Revenue Adjustments (I + II) **\$ 1,427,143,960**

IV. Appropriation and Transfer Requirements

FY 2023-2024 Supplemental Appropriations	\$ (1,340,149,500)
Extraordinary Session - Additional FY 2022-2023 TennCare Reversion	50,000,000
Extraordinary Session - Reduction of Correction Capital Project for New Prison	30,000,000
Additional Reversion - Mental Health CPE Funds	20,000,000
Subtotal Appropriation and Transfer Requirements	\$ (1,240,149,500)

V. Total Available Funds at June 30, 2024 (III + IV) **\$ 186,994,460**

**Budget Overview
Fiscal Year 2024-2025**

**Supplemental Expenditures
All Funding Sources
Fiscal Year 2023-2024**

	<u>General Fund State Appropriations</u>	<u>Dedicated State, Federal, and Other Funding</u>
1. Commerce and Insurance		
Emergency Responder Death Benefits	\$ 1,250,000	\$ -
2. Education		
Extraordinary Session - Additional School Safety Grants	10,000,000	-
Summer Learning Program - Replace Federal TANF Funding	20,000,000	(20,000,000)
Subtotal Education	<u>\$ 30,000,000</u>	<u>\$ (20,000,000)</u>
3. Finance and Administration		
Office of Criminal Justice Programs - Administrative Support for Grants	50,000	-
4. General Services		
TN Serves Projects	250,000	-
5. Higher Education		
Operations Costs for Blue Oval TN College of Applied Technology	662,800	-
6. Human Services		
Summer Electronic Benefit Transfer Program for Children	4,311,500	4,311,500
7. Mental Health and Substance Abuse Services		
Extraordinary Session - Retention and Sign-On Bonuses for Public Health Workers	12,131,000	-
Extraordinary Session - Scholarship Program for Behavioral Health	3,000,000	-
Extraordinary Session - Behavioral Health Safety Net Program	4,000,000	-
Extraordinary Session - Community Mental Health Grants	50,000,000	-
School-Based Behavioral Health Liaisons - From K-12 Mental Health Trust Fund	-	2,000,000
Community Grants - From K-12 Mental Health Trust Fund	-	4,000,000
Subtotal Mental Health and Substance Abuse Services	<u>\$ 69,131,000</u>	<u>\$ 6,000,000</u>
8. Revenue		
Refund Payment	1,200,000,000	-
9. Safety		
Extraordinary Session - Firearm Locks and Public Safety Campaign	1,100,000	-
10. State Museum		
Restore Funds that Inadvertently Reverted	370,300	-
11. TN Bureau of Investigation		
Restore Funds for Equipment Purchases - Delayed due to Supply Chain Issues	3,023,900	-
12. Miscellaneous Appropriations		
Extraordinary Session - School Safety Grants to Higher Education Institutions	30,000,000	-
Total Supplemental Expenditures	<u>\$ 1,340,149,500</u>	<u>\$ (9,688,500)</u>

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
General Fund and Dedicated State Appropriations**

	General Fund		Dedicated
	Recurring	Non-Recurring	
1. <u>Agriculture</u>	<u>2,417,100</u>	<u>13,225,000</u>	-
1. Agriculture Enterprise Fund (AEF)	-	13,000,000	-
2. Vehicle Asset Management	2,210,700	225,000	-
3. Lab Operations	206,400	-	-
2. <u>Arts Commission</u>	-	-	<u>1,500,000</u>
1. Specialty License Plates	-	-	1,500,000
3. <u>Attorney General and Reporter</u>	<u>11,300</u>	-	-
1. Attorney General Statutory Salary Increase at 4.1% CPI Inflation Rate	11,300	-	-
4. <u>Children's Services (see also: TennCare for DCS)</u>	<u>10,851,400</u>	<u>3,116,500</u>	-
1. Federal Medical Assistance Percentage (FMAP) Adjustment	1,105,200	-	-
2. Foster Care Rate Increase	1,438,800	-	-
3. Adoption Assistance and Subsidized Guardianship Rate Increase	328,600	-	-
4. Specialized Treatment Foster Homes (Pilot) - Year 1 of 3	-	3,116,500	-
5. Private Provider Residential Case Management	5,056,000	-	-
6. Custody Services - 2.5% Provider Rate Increase	2,922,800	-	-
5. <u>Claims and Compensation</u>	-	-	<u>(633,600)</u>
1. Criminal Injuries Compensation Fund - Revenue Reconciliation	-	-	(633,600)
6. <u>Commerce and Insurance</u>	<u>1,361,100</u>	-	-
1. Statutory Step Increases for Commissioned Officers	111,100	-	-
2. Emergency Responder Death Benefits	1,250,000	-	-
7. <u>Correction</u>	<u>9,800,200</u>	-	-
1. Private Prison Contract Inflator	7,026,400	-	-
2. Behavioral Health Contract Inflator	2,254,600	-	-
3. Evidence-Based Programming Contract Inflator	115,300	-	-
4. Risk Needs Assessment Contract Inflator	403,900	-	-
8. <u>Court System</u>	<u>2,418,500</u>	<u>29,500</u>	-
1. Judges Statutory Salary Increase at 4.1% CPI Inflation Rate	2,025,600	-	-
2. New State Trial Court Judgeship (2 FT)	392,900	29,500	-
9. <u>District Attorneys General Conference</u>	<u>1,592,300</u>	-	-
1. Statutory Step Increases for Assistant District Attorneys and Criminal Investigators	1,210,900	-	-
2. Rent Increases	381,400	-	-
10. <u>District Public Defenders Conference</u>	<u>1,658,200</u>	-	-
1. Statutory Step Increase for Assistant Public Defenders and Criminal Investigators	1,286,000	-	-
2. Statutory Increases for Davidson and Shelby Counties at 4.1% CPI Inflation Rate	372,200	-	-
11. <u>Economic and Community Development</u>	<u>591,500</u>	<u>35,800,000</u>	-
1. Rural Development Fund and Grant Administrators (3 FT)	364,000	35,800,000	-
2. Transportation Network Growth Opportunity (TN GO) Director Position (1 FT)	227,500	-	-
12. <u>Education</u>	<u>442,439,000</u>	<u>16,200,000</u>	<u>643,700</u>
1. TN Investment in Student Achievement (TISA) Growth	261,254,000	-	-
2. Education Freedom Scholarship			
a. Program Costs	141,500,000	-	-
b. Administrative Costs	2,700,000	-	-
3. Teacher Training and Experience Compensation (Special Schools)	577,800	-	-
4. The Universal Reading Screener - Replace Federal ESSER Funding	2,500,000	-	-
5. AP Access for All - Replace Federal ESSER Funding	3,200,000	-	-
6. TN Charter School Commission Expansion and Growth (1 FT) - Includes \$20M Other Funding	-	-	643,700
7. Junior Achievement Grants - Year 2 of 3	-	1,200,000	-
8. Summer Learning Program - Replace Federal TANF Funding	30,707,200	-	-
9. Charter Schools Facilities Funding	-	15,000,000	-

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
General Fund and Dedicated State Appropriations**

	General Fund		Dedicated
	Recurring	Non-Recurring	
13. <u>Environment and Conservation</u>	2,720,500	155,449,500	-
1. Preserving Tennessee's Outdoor Heritage - Year 2 (see also: Transportation and Capital Outlay)			
a. Heritage Conservation Trust Fund	-	71,500,000	-
b. Blueways Trail Development	-	20,000,000	-
c. Farmland Conservation Fund	-	25,000,000	-
d. Water Regionalization	-	10,000,000	-
e. Bill Dance Signature Lakes Initiative	-	10,000,000	-
f. Access 2030	-	3,000,000	-
g. State Park Master Plan	-	600,000	-
h. Hiwassee Scenic River / Ocoee River Park (7 FT)	828,400	270,000	-
i. Head of the Crow State Park (9 FT)	1,101,700	400,000	-
j. Fort Southwest Point State Park (4 FT)	469,000	190,000	-
2. Internal Audit (2 FT)	214,300	-	-
3. Infrastructure Investment and Jobs Act (IIJA) Grid Formula Match - Year 3	-	1,140,500	-
4. IIJA State Revolving Fund State Match - Year 3	-	13,349,000	-
5. Administration Legislation - State Parks - Procurement Proposal (1 FT)	107,100	-	-
14. <u>General Services</u>	694,100	-	-
1. TN Serves Projects (1 FT)	561,400	-	-
2. Multi-Agency Law Enforcement Training Academy (MALETA) Salary Adjustment	132,700	-	-
15. <u>Governor's Office</u>	11,900	-	-
1. Governor's Statutory Salary Increase at 4.1% CPI Inflation Rate	11,900	-	-
16. <u>Health</u>	500,000	21,432,800	-
1. Smile TN Pilot Program - Year 3 of 5	-	18,057,800	-
2. Educational Dental Safety Net Care Pilot - Year 3 of 3	-	3,375,000	-
3. Clinical Lab Improvements	500,000	-	-
17. <u>Health Facilities Commission</u>	-	500,000	-
1. Overtime Costs to Address Backlog	-	500,000	-
18. <u>Higher Education</u>	22,530,700	-	-
1. Outcomes-Based Funding Formula	17,194,800	-	-
2. Medical Education Units	1,018,800	-	-
3. Blue Oval TN College of Applied Technology - Operations and Staffing	3,242,100	-	-
4. UT Southern	75,000	-	-
5. TSU Institute of Agricultural and Environmental Research Federal Match Funds	1,000,000	-	-
19. <u>Human Services</u>	14,847,200	28,949,200	-
1. Statutory Step Increases for District Attorneys General Conference - IV-D Child Support	97,200	-	-
2. Child Care Improvement Fund Grants - Year 2 of 3	-	15,000,000	-
3. Information Systems Modernization	14,750,000	-	-
4. Child Care Certificate Matching Funds	-	8,165,200	-
5. Summer Electronic Benefit Transfer (EBT) Program for Children	-	5,784,000	-
20. <u>Intellectual and Developmental Disabilities Services (see also: TennCare for DIDD)</u>	2,292,500	1,000,000	-
1. TN START Respite Homes - Crisis Stabilization	1,500,000	-	-
2. Katie Beckett Case Managers (9 FT)	189,500	-	-
3. Seating and Positioning Clinics	250,000	-	-
4. Direct Support Professionals for Aging and Disability - 2.5% Provider Rate Increase	353,000	-	-
5. Alzheimer's and Dementia Care Respite Pilot - Year 3 of 3	-	1,000,000	-
21. <u>Labor and Workforce Development</u>	911,100	1,600,000	71,500
1. Workers' Compensation			
a. Computer System Modernization and Dashboard	-	1,600,000	-
b. IT Maintenance	282,000	-	71,500
2. Administration Funding	629,100	-	-
22. <u>Mental Health and Substance Abuse Services</u>	12,394,300	5,000,000	-
1. Children and Youth Stabilization Units Operating Start-Up Funding - Year 2 of 2	-	5,000,000	-
2. Substance Abuse and Mental Health Services - 2.5% Provider Rate Increase	6,394,300	-	-
3. School-Based Behavioral Health Liaisons	6,000,000	-	-

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
General Fund and Dedicated State Appropriations**

	General Fund		Dedicated
	Recurring	Non-Recurring	
23. <u>Military</u>	1,359,600	-	-
1. Armories Utilities	115,000	-	-
2. STRONG Act	500,000	-	-
3. Administration Legislation			
a. National Guard Recruiting Incentives Package	300,000	-	-
b. National Guard Workers' Compensation and USERRA	87,600	-	-
c. TEMA Resilient TN Revolving Loan Fund (5 FT)	357,000	-	-
24. <u>Post-Conviction Defender</u>	49,100	-	-
1. Statutory Step Increase for Assistant Post-Conviction Defenders	49,100	-	-
25. <u>Revenue</u>	-	150,000	-
1. Call Center Upgrade	-	150,000	-
26. <u>Safety</u>	14,238,400	6,722,100	-
1. Statutory Step Increases for Highway Patrol Troopers	2,518,900	-	-
2. Troopers, Supervisors, and Support Staff (60 FT)	11,419,500	5,972,100	-
3. TN Advanced Communications Network (TACN) Maintenance	300,000	-	-
4. Houses of Worship Security Grants	-	750,000	-
27. <u>Secretary of State</u>	193,000	-	-
1. Campaign Finance Filing System Software Updates	193,000	-	-
28. <u>State Museum</u>	-	2,145,000	-
1. Semiquincentennial Celebration - Year 1 of 3	-	2,145,000	-
29. <u>Strategic Healthcare Programs</u>	724,400	-	-
1. Federal Medical Assistance Percentage (FMAP) Adjustment	724,400	-	-
30. <u>TennCare (FY 24-25 Match Rate - 35.072% Recurring)</u>	239,643,500	17,000,000	-
1. Medical Inflation and Utilization at 2.12% Growth	70,700,800	-	-
2. Federal Medical Assistance Percentage (FMAP) Adjustment	57,537,000	-	-
3. Medicare Services	85,092,500	-	-
4. Provider Stability Funds to Nursing Homes - Year 2 of 2	-	17,000,000	-
5. ECF CHOICES Crisis Population	9,484,700	-	-
6. Direct Support Professionals - 2.5% Provider Rate Increase	3,694,800	-	-
7. Hospital Provider Tax Relief - Medicare Part A Reimbursement	12,270,200	-	-
8. Closed Loop Referral System Positions (2 FT)	111,800	-	-
9. Directed Payments Position (1 FT)	79,000	-	-
10. Rural Health Clinic Support (1 FT)	78,900	-	-
11. DCS Contract Support (1 FT)	70,200	-	-
12. Information System Compliance Position (1 FT)	41,600	-	-
13. Member Notice Quality Control Staff (2 FT)	105,600	-	-
14. Partner Support Unit Staff (2 FT)	97,100	-	-
15. Project Management Office Position (1 FT)	78,900	-	-
16. Data Quality Manager (1 FT)	100,200	-	-
17. Data Privacy Position (1 FT)	100,200	-	-
31. <u>TennCare for DCS</u>	2,568,000	2,180,300	-
1. Specialized Treatment Foster Homes	-	2,180,300	-
2. Custody Services - 2.5% Provider Rate Increase	2,568,000	-	-
32. <u>TennCare for DIDD</u>	12,294,000	-	-
1. Katie Beckett Case Managers - Positions in DIDD	1,799,000	-	-
2. Certain Home and Community-Based Services - 2.5% Provider Rate Increase	2,893,500	-	-
3. Direct Support Professionals - 2.5% Provider Rate Increase	7,601,500	-	-
33. <u>Tennessee Bureau of Investigation</u>	1,056,000	39,500	-
1. Case File System	630,000	-	-
2. Criminal Justice Information Services Support Specialists (5 FT)	426,000	39,500	-
34. <u>Tourist Development</u>	-	9,500,000	-
1. Marketing Funding	-	9,000,000	-
2. TN Sports Hall of Fame Operational Funding	-	500,000	-

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
General Fund and Dedicated State Appropriations**

	General Fund		Dedicated
	Recurring	Non-Recurring	
35. <u>Transportation</u>	-	29,000,000	-
1. Commercial Aviation Funding	-	23,000,000	-
2. General Aviation Funding	-	1,000,000	-
3. Preserving Tennessee's Outdoor Heritage - Highway Beautification	-	5,000,000	-
36. <u>Veterans Services</u>	-	300,000	-
1. Kiosk Replacement	-	300,000	-
37. <u>Wildlife Resources Agency</u>	-	-	1,999,400
1. Statutory Step Increases for Wildlife Officers	-	-	1,999,400
38. <u>Group Health Insurance</u>	25,339,500	-	-
1. Annualize January 1, 2024 Plan			
a. Higher Education at 5.0%	7,215,400	-	-
2. Increase Effective January 1, 2025			
a. State Agencies at 8.2%	5,453,200	-	-
b. Higher Education at 8.2%	12,670,900	-	-
39. <u>Salary Increases</u>	124,257,800	-	1,594,200
1. State Employees			
a. TEAM Act Agencies - 3.0% Pay for Performance Pool Effective 7/1/2024	49,037,300	-	-
b. Non-TEAM Act Agencies - 3.0% Across-the-Board Pool Effective 7/1/2024	15,126,000	-	-
2. K-12 Education - Included in TISA Cost Increase	-	-	-
3. Higher Education 3.0% Pool Effective 7/1/2024			
a. Formula Units	40,037,300	-	-
b. Non-Formula Units	15,608,800	-	-
4. Salary Survey 3.0% Pool Effective 7/1/2024			
a. Commerce and Insurance Commissioned Officers	77,100	-	-
b. Safety Commissioned Officers	4,371,300	-	-
c. Wildlife Resources Agency	-	-	1,594,200
40. <u>Miscellaneous Appropriations</u>	6,000,000	67,511,500	-
1. Administration Amendment	3,000,000	5,000,000	-
2. Legislative Amendment	3,000,000	5,000,000	-
3. STS Mainframe End-of-Life Contract	-	51,700,000	-
4. TN Sheriffs' Association VINE Program Pilot - Year 3 of 3	-	811,500	-
5. Blue Oval Regional Planning Support	-	5,000,000	-
Subtotal Cost Increases	\$ 957,766,200	\$ 416,850,900	\$ 5,175,200
41. <u>Capital Outlay</u>	-	359,160,000	-
1. Improvements			
a. State Agencies	-	292,140,000	-
b. Higher Education	-	66,420,000	-
2. Maintenance			
a. State Agencies	-	600,000	-
42. <u>Deposits and Transfers</u>	-	20,000,000	-
1. Rainy Day Fund Deposit	-	20,000,000	-
Total Cost Increases	\$ 957,766,200	\$ 796,010,900	\$ 5,175,200

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
Federal and Other Funding**

	<u>Federal</u>	<u>Other</u>
1. <u>Claims and Compensation</u>	-	2,143,700
1. Risk Management Fund	-	2,143,700
2. <u>Commerce and Insurance</u>	-	250,000
1. Go Build Program (NR)	-	250,000
3. <u>Finance and Administration</u>	-	53,265,000
1. Reclassify Positions and Increase Equity in Benefits Admin	-	780,000
2. Strategic Technology Solutions (STS)		
a. Cybersecurity Enhancements	-	300,000
b. Office 365 Upgrade	-	3,000,000
c. Network New Contract	-	4,000,000
d. Cloud Billing	-	7,000,000
e. Litigation Hold Enhancement	-	250,000
f. Oracle JAVA Licensing	-	500,000
g. VMWare Licensing Maintenance Increase	-	675,000
h. Mainframe New Contract	-	6,500,000
i. Migrating IPT to the Cloud	-	1,350,000
3. Business Solutions Delivery (BSD)		
a. Cloud Optimization Support	-	1,000,000
b. Agency-Funded Project Support	-	1,875,000
c. Agency Purchasing Spend Authority Increase	-	22,000,000
4. Enterprise Resource Planning (ERP)		
a. ERP Strategy (NR)	-	1,000,000
b. Gideon Taylor IDA/WebUX Maintenance and Support	-	750,000
c. Grants Management Application Implementation Support (\$1M NR)	-	2,285,000
4. <u>General Services</u>	-	16,689,300
1. Central Procurement Office Sourcing Account Specialist	-	76,600
2. State of Tennessee Real Estate Asset Management (STREAM) Increased Volume	-	153,100
3. Megasite Authority of West TN Salary Funding	-	107,000
4. Fleet Improvements	-	16,352,600
5. <u>Health</u>	-	58,921,200
1. 2023 PC 457 Board of Pharmacy Positions (2 PT)	-	-
2. Rural Healthcare Training Programs (NR) - From Shared Savings	-	5,398,300
3. Rural Specialty Care (NR) - From Shared Savings	-	1,050,000
4. Rural Telemedicine Program (NR) - From Shared Savings	-	66,900
5. Center of Excellence (NR) - From Shared Savings	-	1,006,000
6. Center of Excellence Grants (NR) - From Shared Savings	-	1,400,000
7. Rural Healthcare Resiliency Program (NR) - From Shared Savings	-	50,000,000
6. <u>Health Facilities Commission</u>	-	160,100
1. Temporary Healthcare Staffing Registry (1 FT)	-	160,100
7. <u>Higher Education</u>	-	15,763,100
1. Rural Healthcare Pathways Program (NR) - From Shared Savings	-	15,763,100
8. <u>Human Resources</u>	-	1,424,200
1. Continuation of Consulting Services Subscription	-	285,500
2. Data and Survey Collection Software	-	995,900
3. Legal Case Management Software	-	14,800
4. Administration Legislation - Guard Recruitment and Retention Incentives Act	-	128,000
9. <u>Labor and Workforce Development</u>	-	6,384,700
1. Rural Healthcare Apprenticeship Programs (NR) - From Shared Savings	-	6,384,700

**Budget Overview
Fiscal Year 2024-2025**

**Agency Cost Increases
Federal and Other Funding**

	<u>Federal</u>	<u>Other</u>
10. <u>Mental Health</u>	-	15,214,600
1. TN Sports Gambling Fund (NR) - From Reserve	-	4,107,000
2. School-Based Behavioral Health Liaisons - From K-12 Mental Health Trust Fund	-	2,000,000
3. Community Grants (NR) - From K-12 Mental Health Trust Fund	-	4,000,000
4. Addiction Recovery Program Enhancement (NR) - From Opioid Settlement Funds	-	2,107,600
5. Community Mental Health Center Workforce Development (NR) - From Shared Savings	-	1,000,000
6. Substance Use Disorder Treatment (NR) - From Shared Savings	-	2,000,000
11. <u>Military</u>	989,100	-
1. Milan Firefighters	989,100	-
12. <u>TennCare</u>	298,593,200	175,891,900
1. Medicaid Management Information System (MMIS) (NR) - From Reserve	212,254,400	24,742,000
2. TN Eligibility Determination System (TEDS) (NR) - From Reserve	52,480,300	6,662,900
3. Health Starts Initiative - Year 3 of 5 (NR) - From Reserve	11,400,000	12,300,000
4. Diapers for Kids Program (NR) - From Shared Savings	20,458,500	11,051,000
5. Community Mental Health Center Quality Payments (NR) - From Shared Savings	-	7,000,000
6. Behavioral Health Hospitals (NR) - From Shared Savings	-	15,000,000
7. Care for Individuals with Intellectual and Developmental Disabilities (NR) - From Shared Savings	-	1,500,000
8. In-Home Child and Adolescent Behavioral Health Supports (NR) - From Shared Savings	-	1,000,000
9. Primary Care Behavioral Health Training (NR) - From Shared Savings	-	400,000
10. Infant and Early Childhood Mental Health Training (NR) - From Shared Savings	-	167,000
11. Children's Hospital Infrastructure Grants (NR) - From Shared Savings	-	10,000,000
12. Value-Based Payment Initiative (NR) - From Shared Savings	2,000,000	2,000,000
13. Shared Savings Healthcare Initiatives in Other Agencies (NR) - From Shared Savings	-	84,069,000
Total Non-State Funding Cost Increases	\$ 299,582,300	\$ 346,107,800

**Budget Overview
Fiscal Year 2024-2025**

**Agency Base Reductions
State Appropriations, Federal, and Other Funding**

	General Fund		Dedicated	Federal	Other
	Recurring	Non-Recurring			
1. <u>Agriculture</u>	\$ (113,500)	\$ -	\$ -	\$ -	\$ -
1. Auditorium Rent	(113,500)	-	-	-	-
2. <u>Board of Parole</u>	(12,600)	-	-	-	-
1. Mainframe Billing Reduction	(12,600)	-	-	-	-
3. <u>Commerce and Insurance</u>	(78,500)	-	(143,600)	-	(643,100)
1. Rent Reduction	(78,500)	-	(143,600)	-	(643,100)
4. <u>Commission on Children and Youth</u>	-	-	-	-	(75,000)
1. Elimination of Annie E. Casey Grant Funding	-	-	-	-	(75,000)
5. <u>Correction</u>	(3,720,300)	-	-	-	-
1. Operating Funds for Imprisonment Changes	(1,295,600)	-	-	-	-
2. Mainframe Billing Reduction	(2,424,700)	-	-	-	-
6. <u>Education</u>	(1,100,000)	(19,000,000)	-	-	-
1. Summer Bridge Camps - Utilize American Rescue Plan Funds	-	(19,000,000)	-	-	-
2. Career Ladder Savings	(1,100,000)	-	-	-	-
7. <u>Facilities Revolving Fund</u>	-	-	-	-	(2,236,700)
1. Rent Reduction	-	-	-	-	(2,236,700)
8. <u>Finance and Administration</u>	(45,900)	-	-	(27,000)	(404,000)
1. Rent Reduction	(45,900)	-	-	(27,000)	(404,000)
9. <u>Financial Institutions</u>	-	-	(191,900)	-	-
1. Rent Reduction	-	-	(191,900)	-	-
10. <u>General Services</u>	(43,700)	-	-	-	(592,200)
1. Reduce Operational Expenses	-	-	-	-	(284,900)
2. Rent Reduction	(43,700)	-	-	-	(307,300)
11. <u>Health</u>	-	-	(173,000)	(2,100,000)	-
1. Federal Overdose Response Coordination Office (7 FT)	-	-	-	(2,100,000)	-
2. Mainframe Billing Reduction	-	-	(173,000)	-	-
12. <u>Housing Development Agency</u>	-	-	-	(679,700)	-
1. Reduction of Federal Programs and Administration (11 FT)	-	-	-	(679,700)	-
13. <u>Human Services</u>	(3,676,400)	-	-	(4,243,000)	(95,100)
1. Mainframe Billing Reduction	(3,676,400)	-	-	(4,243,000)	(95,100)
14. <u>Mental Health and Substance Abuse Services</u>	(344,300)	-	-	(3,900)	(3,500)
1. Rent Reduction	(344,300)	-	-	(3,900)	(3,500)
15. <u>Revenue</u>	(412,200)	-	-	-	-
1. Mainframe Billing Reduction	(412,200)	-	-	-	-
16. <u>Safety</u>	(12,600)	-	-	(100)	(700)
1. Mainframe Billing Reduction	(12,600)	-	-	(100)	(700)
17. <u>Secretary of State</u>	(43,600)	-	-	-	-
1. Mainframe Billing Reduction	(43,600)	-	-	-	-
18. <u>TennCare</u>	(1,709,400)	(30,642,800)	-	(3,083,100)	30,642,800
1. TN Strong Families Buyback (NR)	-	(30,642,800)	-	-	30,642,800
2. Fraud, Waste, and Abuse (Add 2 FT)	(1,694,200)	-	-	(3,068,000)	-
3. Mainframe Billing Reduction	(15,200)	-	-	(15,100)	-
19. <u>TennCare for Commerce and Insurance</u>	(19,000)	-	-	(19,100)	-
1. Rent Reduction	(19,000)	-	-	(19,100)	-
20. <u>TennCare for Human Services</u>	(12,791,200)	-	-	(23,639,900)	-
1. Mainframe Billing Reduction	(47,500)	-	-	(47,600)	-
21. <u>TennCare for Intellectual and Developmental Disabilities</u>	(12,743,700)	-	-	(23,592,300)	-
1. Waiver Attrition	(9,966,200)	-	-	(18,450,300)	-
2. Waiver Utilization	(2,777,500)	-	-	(5,142,000)	-
22. <u>Other Post-Employment Benefits (OPEB)</u>	(20,000,000)	-	-	-	-
1. OPEB Recurring Savings	(20,000,000)	-	-	-	-
Total Agency Base Reductions	\$ (44,123,200)	\$ (49,642,800)	\$ (508,500)	\$ (33,795,800)	\$ 26,592,500

**Budget Overview
Fiscal Year 2024-2025**

**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. Departmental Revenue Impact - (Decrease) / Increase				
1. Environment - Closing Gaps in Waste Tire Management	\$ 10,000	\$ -	\$ -	\$ -
Total Departmental Revenue Impact	\$ 10,000	\$ -	\$ -	\$ -
II. Expenditure Adjustments - (Cost) / Savings				
1. Education - Education Freedom Scholarship Act	\$ (144,200,000)	\$ -	\$ -	\$ -
2. Environment - State Parks Procurement Proposal (1 FT)	(107,100)	-	-	-
3. Human Resources - National Guard Recruiting Incentives Package	-	-	(128,000)	-
4. Military - National Guard Recruiting Incentives Package	(300,000)	-	-	-
5. Military - Workers' Compensation and Uniformed Services Employment and Reemployment Act (USERRA)	(87,600)	-	-	-
6. Military - TEMA Resilient TN Revolving Loan Fund Act (5 FT)	(357,000)	-	-	-
Total Expenditure Adjustments	\$ (145,051,700)	\$ -	\$ (128,000)	\$ -

**Budget Overview
Fiscal Year 2024-2025**

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

	General Fund		Dedicated
	Recurring	Non-Recurring	
1. <u>TennCare</u>	\$ -	\$ -	\$ 853,156,900
1. Hospital Coverage Assessment	-	-	679,376,400
2. Nursing Home Bed Assessment	-	-	163,173,500
3. Ambulance Service Assessment	-	-	10,607,000
Total Preliminary Base Budget Adjustments	\$ -	\$ -	\$ 853,156,900

**Budget Overview
Fiscal Year 2023-2024**

**Salary Policy
General Fund and Dedicated State Appropriations**

	<u>General Fund</u>	<u>Dedicated</u>
I. Statutory Salary Increases		
1. Step Raises		
a. District Attorneys General - Asst. DAs and Criminal Investigators (Includes IV-D Child Support)	\$ 1,308,100	\$ -
b. District Public Defenders - Asst. Public Defenders and Investigators	1,286,000	-
c. Education - Teacher Training and Experience (Special Schools)	577,800	-
d. Office of the Post-Conviction Defender - Asst. Post-Conviction Defenders	49,100	-
e. Commerce and Insurance - TLETA Commissioned Officers	111,100	-
f. Safety - Highway Patrol Commissioned Officers	2,518,900	-
g. Wildlife Resources Agency - Officers and Eligible Employees	-	1,999,400
Subtotal Step Raises	<u>\$ 5,851,000</u>	<u>\$ 1,999,400</u>
2. Cost of Living Adjustments - 4.1% Consumer Price Index (CPI) Adjustments		
a. Attorney General	\$ 11,300	\$ -
b. Court System - Judges	2,025,600	-
c. District Public Defenders - Davidson and Shelby Counties	372,200	-
d. Governor	11,900	-
Subtotal Cost of Living Adjustments	<u>\$ 2,421,000</u>	<u>\$ -</u>
Subtotal Statutory Salary Increases	<u>\$ 8,272,000</u>	<u>\$ 1,999,400</u>
II. Discretionary Salary Increases		
1. State Employees 3.0% Salary Pool		
a. TEAM Act Agencies - Pay for Performance - Effective 7/1/2024	\$ 49,037,300	\$ -
b. Non-TEAM Act Agencies - Across-the-Board - Effective 7/1/2024	15,126,000	-
c. Salary Survey Adjustments (Safety, Commerce and Insurance, and TWRA)	4,448,400	1,594,200
Subtotal State Employees Salary Pool	<u>\$ 68,611,700</u>	<u>\$ 1,594,200</u>
2. Higher Education 3.0% Salary Adjustment		
a. Formula Units - Effective 7/1/2024	\$ 40,037,300	\$ -
b. Non-Formula Units - Effective 7/1/2024	15,608,800	-
Subtotal Higher Education	<u>\$ 55,646,100</u>	<u>\$ -</u>
3. K-12 Education - Included in TISA Cost Increase		
Subtotal Discretionary Salary Increases	<u>\$ 124,257,800</u>	<u>\$ 1,594,200</u>
Total Recommended Salary Policy	<u>\$ 132,529,800</u>	<u>\$ 3,593,600</u>

**Budget Overview
Fiscal Year 2024-2025**

**Rainy Day Fund and TennCare Reserve
Fiscal Year 2020-2021 through Fiscal Year 2024-2025**

	<u>Rainy Day Fund</u>	<u>TennCare Reserve</u>	<u>Total</u>
I. FY 2020-2021			
Beginning Balance	\$ 1,200,000,000	\$ 500,000,000	\$ 1,700,000,000
Deposit at June 30, 2021	250,000,000	505,779,077	755,779,077
Total Reserves at June 30, 2021	\$ 1,450,000,000	\$ 1,005,779,077	\$ 2,455,779,077
II. FY 2021-2022			
Beginning Balance	\$ 1,450,000,000	\$ 1,005,779,077	\$ 2,455,779,077
Deposit at June 30, 2022	100,000,000	107,773,097	207,773,097
Total Reserves at June 30, 2022	\$ 1,550,000,000	\$ 1,113,552,174	\$ 2,663,552,174
III. 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
IV. FY 2023-2024			
Beginning Balance	\$ 1,800,000,000	\$ 1,508,056,461	\$ 3,308,056,461
Deposit at June 30, 2024	250,000,000	-	250,000,000
Total Reserves at June 30, 2024	\$ 2,050,000,000	\$ 1,508,056,461	\$ 3,558,056,461
V. FY 2024-2025			
Beginning Balance	\$ 2,050,000,000	\$ 1,508,056,461	\$ 3,558,056,461
Deposit at June 30, 2025	20,000,000	-	20,000,000
Total Reserves at June 30, 2025	\$ 2,070,000,000	\$ 1,508,056,461	\$ 3,578,056,461

**Budget Overview
Fiscal Year 2024-2025**

**TennCare Reserve Obligations
Fiscal Year 2022-2023 Closing**

Bureau of TennCare Reserve Obligations:

Post-Public Health Emergency Costs	\$ 524,800,000
Home and Community-Based Services Enhanced 10% Match	82,645,195
Information Technology Non-Recurring Costs	121,553,275
Health Starts Initiative Non-Recurring Costs	38,200,000
Shared Savings	330,857,991
Hospital Assessment Offset	110,000,000
General Carryforward	300,000,000

Total Reserve Balance at June 30, 2023 \$ 1,508,056,461

**Budget Overview
Fiscal Year 2024-2025**

**Fiscal Year 2022-2023 Through Fiscal Year 2030-2031
TennCare Shared Savings
Award and Obligations Projection (millions)**

Funded Item	Beg Balance	Act FY23	Rev Est FY24	Rec FY25	Est FY26	Est FY27	Est FY28	Est FY29	Est FY30	Est FY31	Total
FY 2023 Shared Savings Received	\$ 0.0	\$ 330.9									\$ 330.9
Strong Tennessee Families Coverage			20.1	30.6	31.1	32.0	33.0	33.9	35.0	18.0	233.7
Diapers for Kids Program			5.3	11.1	11.2	11.5	11.9	12.2	12.6	6.5	82.3
Unobligated Balance											14.9
FY 2024 Shared Savings Received	\$ 14.9		\$ 302.7								\$ 317.6
Rural Health - Apprenticeship Programs				6.4	8.3	8.3	8.2	8.2			39.4
Rural Health - Training Programs				5.4	3.9	4.4	4.4	4.4			22.5
Rural Health - Specialty Care				1.1	1.1	1.0	1.0	1.0			5.2
Rural Health - Telemedicine Program				0.1							0.1
Rural Health - Pathways Program				15.8	12.7	12.7	13.3	13.3			67.8
Rural Health - Center of Excellence				1.0	1.0	1.0	1.0	1.0			5.0
Rural Health - Center of Excellence Grants				1.4	1.4	1.4	1.4	1.4			7.0
Rural Health - Health Care Resiliency Program				50.0							50.0
Behavioral Health - Community Mental Health Center Quality Payments				7.0	7.0	7.0	7.0	7.0			35.0
Behavioral Health - Community MH Center Workforce Development				1.0	1.0	1.0	1.0	1.0			5.0
Behavioral Health - Hospitals				15.0	15.0						30.0
Behavioral Health - Care for Individuals with IDD				1.5	1.5						3.0
Behavioral Health - Substance Use Disorder Treatment				2.0	2.0	2.0	2.0	2.0			10.0
Behavioral Health - In-Home Child and Adolescent Supports				1.0	1.0	1.0	1.0	1.0			5.0
Behavioral Health - Primary Care Training				0.4	0.4	0.4	0.4	0.4			2.0
Behavioral Health - Infant and Early Childhood Training				0.2	0.2	0.1					0.5
Behavioral Health - Children's Hospitals Infrastructure Grant				10.0							10.0
Value-Based Payment Initiative - TennCare				2.0	2.0	2.0	2.0	2.0			10.0
Unobligated Balance											10.1