

# **Recommended FY16 Budget Administration Amendment**

**March 31, 2015**

# FY16 Amendment

- Realistic revenue assumptions.
- Continue to achieve efficiencies in operations.
- Appropriately fund Education and Health & Social Services.
- Performance-based pay increases.
- Continue to build the Rainy Day Fund.

# FY15 Revenues and Supplementals

	FY15
<b>Revenue Growth</b>	<b>\$27,500,000</b>
<b>Non-recurring Franchise &amp; Excise</b>	<b>150,000,000</b>
<b>Reversion and Reserves</b>	<b>88,700,000</b>
<b>TennCare Reserve Transfer to General Fund</b>	<b>18,173,000</b>
<b>Central Procurement Office Reserve</b>	<b>7,000,000</b>
<b>Severance Savings</b>	<b>3,800,000</b>
<b>Litigation Settlement</b>	<b>24,940,000</b>
<b>Sub-Total FY15 Revenue</b>	<b>\$320,113,000</b>
<b>FY15 Supplementals</b>	<b>(1,801,300)</b>
<b>Revised FY15 Balance</b>	<b>\$318,311,700</b>
<b>Reserve For FY16 Appropriation</b>	<b>(318,300,000)</b>
<b>FY15 Balance</b>	<b>\$11,700</b>

# FY16 Revenue Adjustments

	Recurring	Non-Recurring
<b>Budget Document Balance</b>	<b>\$108,800</b>	<b>\$69,000</b>
<b>Revenue Growth</b>	<b>28,300,000</b>	<b>0</b>
<b>June 30, 2015 Balance</b>	<b>0</b>	<b>318,300,000</b>
<b>SB105/HB94: Workers Comp Appeals Board</b>	<b>34,700</b>	<b>0</b>
<b>SB322/HB291: Sales Tax R&amp;D and F&amp;E</b>	<b>1,900,000</b>	<b>0</b>
<b>SB602/HB643: HMO Tax Increase to 6.0%</b>	<b>171,600</b>	<b>0</b>
<b>SB603/HB644: Revenue Modernization Act</b>	<b>2,900,000</b>	<b>0</b>
<b>SB33/HB122: Diabetic Testing Supplies</b>	<b>(1,700,000)</b>	<b>0</b>
<b>SB199/HB225: Cigarette Retailer Law</b>	<b>(131,300)</b>	<b>0</b>
<b>Total FY16 Revenue Adjustments</b>	<b>\$31,583,800</b>	<b>\$318,369,000</b>

# Restoration of Proposed Reductions

	Recurring	Non-Recurring
<b>State Employees: Longevity</b>	<b>\$15,410,300</b>	<b>\$0</b>
<b>TennCare: Behavioral Health Case Management</b>	<b>5,240,300</b>	<b>5,240,700</b>
<b>TennCare: 1% Provider Reduction</b>	<b>0</b>	<b>18,173,000</b>
<b>Total Reduction Restoration</b>	<b>\$20,650,600</b>	<b>\$23,413,700</b>

# New Reductions

	Recurring	Non-Recurring
<b>Reduce Performance Pay Pool</b>	<b>\$15,410,300</b>	<b>\$0</b>
<b>Commissioned Officers' Pay Plan</b>	<b>604,800</b>	<b>0</b>
<b>Performance Pay Effective January 1, 2016</b>	<b>0</b>	<b>16,144,900</b>
<b>Education: Career Ladder</b>	<b>3,500,000</b>	<b>0</b>
<b>Education: Revised BEP Estimate</b>	<b>2,900,000</b>	<b>0</b>
<b>Administration Amendment</b>	<b>7,000,000</b>	<b>5,000,000</b>
<b>Administration Legislation</b>	<b>2,000,000</b>	<b>3,000,000</b>
<b>Total New Reductions</b>	<b>\$31,415,100</b>	<b>\$24,144,900</b>

# New Cost Increases

	Recurring	Non-Recurring
<b>Education: Health Insurance (11<sup>th</sup> Month)</b>	<b>\$29,270,000</b>	<b>\$0</b>
<b>Education: School Leadership Training Grant</b>	<b>0</b>	<b>250,000</b>
<b>Property Tax Relief</b>	<b>13,000</b>	<b>7,000,000</b>
<b>E&amp;CD: FastTrack Grants</b>	<b>10,000,000</b>	<b>0</b>
<b>E&amp;CD: Film &amp; TV Incentive Fund</b>	<b>0</b>	<b>12,000,000</b>
<b>E&amp;CD: Oak Ridge Manufacturing Grant</b>	<b>0</b>	<b>3,000,000</b>
<b>E&amp;CD: Center For Advanced Manufacturing &amp; Business Development (CAMBRI)</b>	<b>0</b>	<b>2,000,000</b>
<b>E&amp;CD: Department of Labor Training Grant</b>	<b>0</b>	<b>1,687,500</b>
<b>Tourism: Marketing Task Force</b>	<b>1,000,000</b>	<b>0</b>
<b>Mental Health: RMHI Funding</b>	<b>0</b>	<b>1,500,000</b>
<b>Mental Health: Adolescent Residential A&amp;D</b>	<b>0</b>	<b>1,862,500</b>
<b>Court System: New Judgeship 19<sup>th</sup> Judicial</b>	<b>297,100</b>	<b>24,800</b>

# New Cost Increases (Continued)

	Recurring	Non-Recurring
<b>Health: Meharry Wellness Program</b>	\$0	\$1,000,000
<b>Health: Opioid Addiction Pilot</b>	0	500,000
<b>Labor: Adult High School Completion</b>	0	1,000,000
<b>Children's Services: Juvenile Justice Pilot</b>	200,000	0
<b>C&amp;I: Cemetery Protection Fund</b>	0	475,000
<b>F&amp;A: SEREM</b>	0	470,000
<b>F&amp;A: Governor's Fellows Program</b>	323,000	0
<b>Agriculture: Livestock Abuse</b>	363,000	81,000
<b>Capitol Commission: Davy Crockett Bust</b>	0	35,000
<b>Mandatory Salary Increase Adjustments</b>	(45,600)	0
<b>ETSU: Fossil Site</b>	350,000	5,000,000
<b>Rainy Day Fund Deposit</b>	0	36,500,000
<b>Total New Cost Increases</b>	<b>\$41,770,500</b>	<b>\$74,385,800</b>

# Legislation

	Recurring	Non-Recurring
<b>SB80/HB70: C&amp;I – Captive Insurance</b>	<b>\$15,800</b>	<b>(\$1,000)</b>
<b>SB114/HB103: CoverKids – Extend repeal date</b>	<b>137,900</b>	<b>0</b>
<b>SB318/HB287: Correction – Synthetic Substances</b>	<b>(27,300)</b>	<b>0</b>
<b>SB999/HB1049: Higher Ed – Choice &amp; Opportunity</b>	<b>(185,000)</b>	<b>0</b>
<b>SB972/HB767: For-Profit Benefit Corporation</b>	<b>0</b>	<b>(36,000)</b>
<b>SB1316/HB120: Aggravated Vehicular Assault</b>	<b>(200,900)</b>	<b>(13,800)</b>
<b>SB1162/HB999: ABLE 529 Program</b>	<b>(250,400)</b>	<b>73,400</b>
<b>SB1163/HB1035: Board of Ed Curriculum Standards</b>	<b>0</b>	<b>(166,200)</b>
<b>Total Legislation</b>	<b>(\$509,900)</b>	<b>(\$143,600)</b>

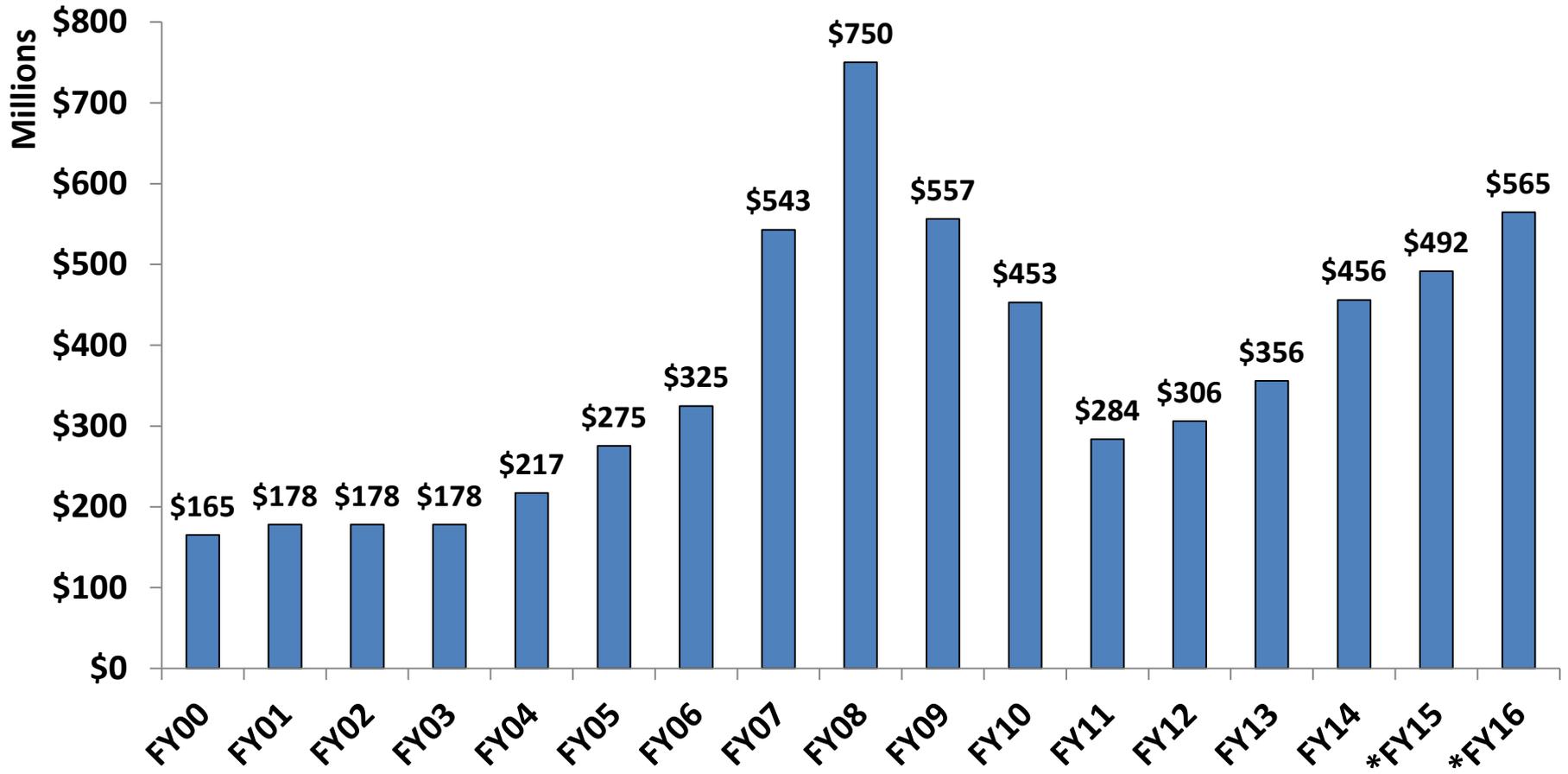
# New Capital Outlay

	<b>Non-Recurring</b>
<b>New State Museum</b>	<b>\$120,000,000</b>
<b>Cordell Hull Renovation</b>	<b>40,030,000</b>
<b>Economic &amp; Community Development: FastTrack Projects</b>	<b>52,000,000</b>
<b>Higher Education: University of Tennessee</b>	<b>4,520,000</b>
<b>Higher Education: Board of Regents</b>	<b>8,160,000</b>
<b>Environment &amp; Conservation: State Parks</b>	<b>9,270,000</b>
<b>Military: Armory Improvements</b>	<b>2,282,500</b>
<b>General Services: EmPower TN</b>	<b>4,000,000</b>
<b>Agriculture: Metrology Lab &amp; Multipurpose Ag Facility</b>	<b>3,600,000</b>
<b>Historical Commission: Battle of Franklin Building Demolition</b>	<b>500,000</b>
<b>F&amp;A: State Architect, Building Information Modeling</b>	<b>150,000</b>
<b>Bond Financing Adjustment</b>	<b>10,000</b>
<b>Total New Capital Outlay</b>	<b>\$244,522,500</b>

# Summary of FY16 Adjustments

	Recurring	Non-Recurring
<b>Revenue</b>	<b>\$31,583,800</b>	<b>\$318,369,000</b>
<b>Restorations</b>	<b>(20,650,600)</b>	<b>(23,413,700)</b>
<b>New Reductions</b>	<b>31,415,100</b>	<b>24,144,900</b>
<b>New Cost Increases</b>	<b>(41,770,500)</b>	<b>(74,385,800)</b>
<b>Legislation</b>	<b>(509,900)</b>	<b>(143,600)</b>
<b>Capital Outlay</b>	<b>0</b>	<b>(244,522,500)</b>
<b>Balance</b>	<b>\$67,900</b>	<b>\$48,300</b>

# Rainy Day Fund Balances



\* Estimated

# Amendment Key Points

- Realistic revenue assumptions.
- Achievable and responsible 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.