



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

DAVE GOETZ
COMMISSIONER

October 3, 2008

TO: Dr. Richard Rhoda, Executive Director, THEC and TSAC
Dr. John D. Petersen, President, University of Tennessee
Dr. Charles W. Manning, Chancellor, Board of Regents

FROM: M.D. Goetz, Jr., Commissioner of Finance and Administration

SUBJECT: FY 2008-2009 Overappropriation, Agency Reversion Target, and Allotment Reserve – Respond by Thursday, October 9

The fiscal year 2008-2009 budget as enacted reflects an overappropriation of \$126.5 million, and economic conditions and the undercollection of state revenue estimates require an additional reversion amount of \$106 million, for a total reversion of \$232.5 million.

Pursuant to T.C.A. 9-4-5111, an allotment reserve will be established by program to achieve the total reversion and reserve amount stated below. The appropriation will remain at the level enacted by the General Assembly and set in the original Work Program, but the reversion amount will be set aside in an allotment reserve by program and will not be available in the original Work Program allotments. Agency heads should manage programs to confine expenditures within the allotment, without use of the reserve. The allotment reserve by program will revert to the general fund at year-end, unless economic conditions and state revenue collections allow the release of the additional reversion requirement. However, at this time, I do not expect these funds to be available for expenditure.

Under law, you may not use the reversion and allotment reserve procedure to void or reduce direct appropriation grants and earmarks made in the appropriations act nor to render null and void a law enacted by the General Assembly. You may defer and reduce expenditures and otherwise effect savings only insofar as permitted by law and in accordance with applicable law.

Please transmit to THEC by Wednesday, October 6, the amounts to be reserved and reverted by program (allotment code) from UT and Board of Regents programs. THEC must transmit the information to the Budget Office by Thursday, October 9.

UT and the Board of Regents must adjust the monthly drawdown from state accounts beginning in November to achieve the reversion from the two systems at June 30, 2008.

The 2008-2009 general fund reversion and allotment reserve for your system is as follows. The base amount is the regular recurring overappropriation amount.

Base Amount – THEC and TSAC	\$ 1,700,000
UT	17,000,000
Board of Regents	25,000,000
Total Reversion and Reserve	\$43,700,000

MDG:BB:ce

cc: Jim Vaden, Jason Cavender, Mason Ball, Sylvia Davis, Chris Cimino, Bob Adams
2009 Overappropriation 332.doc