



“We can’t fix the national economy, but we can do everything in our power to support the people of our state through these times. And we can keep our eyes on the basics and make sure we are positioned in the best possible way when the economy improves again.”

– Phil Bredesen, Governor  
2009 State of the State Address

# BUDGET BRIEFING

FY 2009 - 2010

# Budget Principles



- Maintain education as the state's top priority
- Use Recovery Act funds to minimize impact of planned cuts
- Reduce spending over next two years to ensure budget remains balanced
- Protect the state's ability to sustain services through national economic downturn

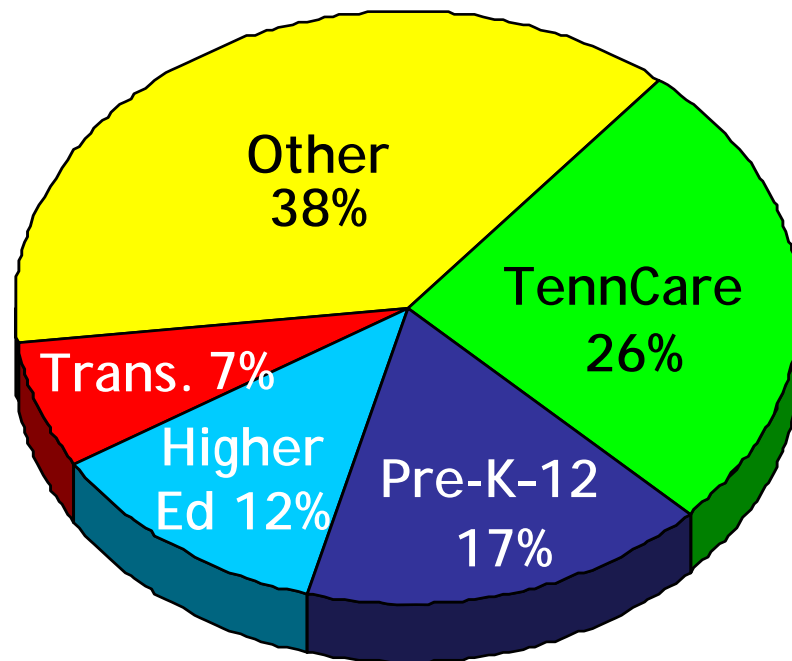
- 🌐 7 common sense balanced budgets
- 🌐 Conservative budget growth
- 🌐 Record savings in Rainy Day Fund  
\$750 Million
- 🌐 Improved bond rating (AA+)
- 🌐 Record investments in education since FY03  
\$1.23 Billion in Pre-K-12; \$1.02 Billion in higher ed capital funds

# Budget Overview

Total FY 09-10 Budget (including federal dollars)

SOURCE	RECOMMENDED FY09-10
TennCare	\$ 7.64 B
Pre-K-12	\$ 5.12 B
Higher Ed	\$ 3.59 B
Transportation	\$ 2.03 B
Other	\$ 10.96 B

TOTAL \$29.34 Billion



# Budget Overview



Total FY 09-10 Budget (including federal dollars)  
Impact of Recovery Act funds

SOURCE	RECOMMENDED FY09-10	WITHOUT ARRA
TennCare	\$ 7.64 B	\$ 7.09 B
Pre-K-12	5.12 B	4.7 B
Higher Ed	3.59 B	3.34 B
Transportation	2.03 B	1.36 B
Other	10.96 B	10.48 B
TOTAL	\$ 29.34 B	\$ \$27.03

# Budget Overview



## FY 09-10 Taxpayers' Budget (state dollars only)

SOURCE	RECOMMENDED FY09-10
Education	\$ 4.89 B
Health and Social Services	2.88 B
Law, Safety, Correction	1.13 B
State Shared Taxes	803.10 M
Transportation	720.23 M
General Government	311.66 M
Resources and Regulation	128.09 M
Business and Economic Dev.	140.24 M
Other	\$ 476.68 M

TOTAL \$11.48 Billion

# Budget Breakdown



## Revenue (federal and state dollars)

SOURCE (millions)	ESTIMATED FY08-09	RECOMMENDED FY09-10	CHANGE
State Appropriations	\$ 13,617	\$ 12,591	(7.53%)
Federal Revenue	10,853	11,837	9.07%
Other Departmental	3,503	3,290	(6.08%)
Tuition and Fees	1,085	1,085	0%
Bonds	716	533	(25.56%)
<b>TOTAL</b>	<b>\$ 29,774</b>	<b>\$ 29,336</b>	<b>(1.47%)</b>

Net decrease  
in overall  
state budget.

# Budget Breakdown



## Breakdown by fund (federal and state dollars)

FUND (millions)	ESTIMATED FY08-09	RECOMMENDED FY09-10	CHANGE
General Fund	\$ 25,216	\$ 25,772	2.2%
Transportation*	2,607	2,026	(22.29%)
Debt Service	357	430	20.45%
Capital Outlay	621	157	(74.72%)
Facilities Revolving	170	148	(12.94%)
Cities & Counties (SST)	803	803	0%
<b>TOTAL</b>	<b>\$ 29,774</b>	<b>\$ 29,336</b>	<b>(1.47%)</b>

*\*Includes ARRA Infrastructure funds*



# Budget Breakdown



## Appropriations (state dollars only)

APPROPRIATIONS (millions)		ESTIMATED FY08-09	RECOMMENDED FY09-10	CHANGE
GENERAL FUND	General Government	\$ 422	\$ 360	(14.69%)
	Education *	5,658	5,591	(1.18%)
	Health and Social Services	3,656	2,980	(18.49 %)
	Law, Safety & Correction	1,192	1,146	(3.86%)
	Resources & Regulation	374	352	(5.88 %)
	Business & Economic Dev.	493	599	21.50%
	Transportation	805	720	(10.56%)
	Other	1,017	843	(17.11%)
	<b>TOTAL</b>	<b>\$ 13,617</b>	<b>\$ 12,591</b>	<b>(7.53%)</b>

\* Includes education lottery appropriations

# Budget Breakdown



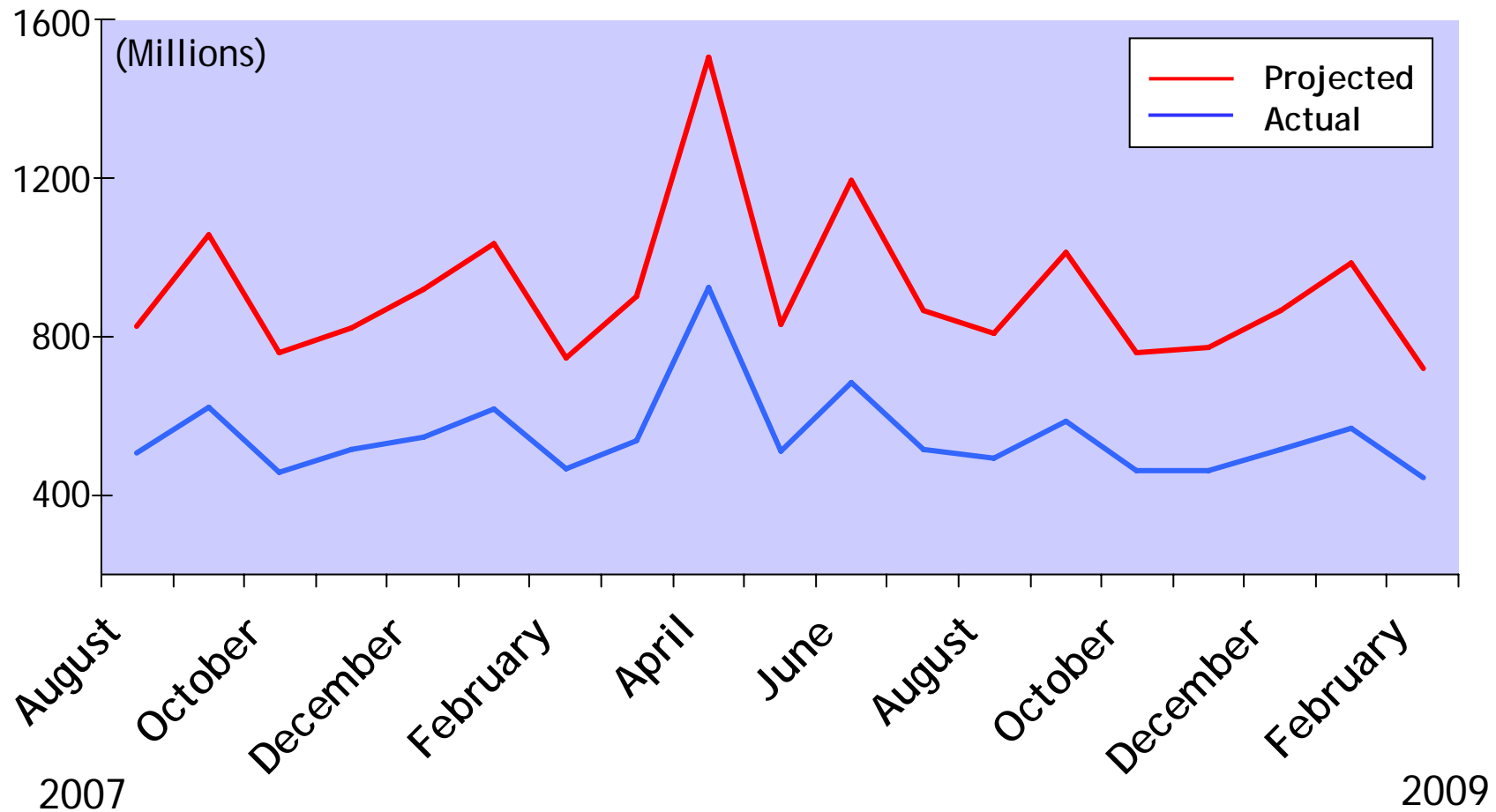
## State tax collections

Dept. of Revenue Collections	SOURCE (millions)	BUDGETED FY08-09	ESTIMATED FY08-09	RECOMMEND ED FY09-10	CHANGE FROM BUDGETED FY08-09
	Sales	\$ 7,019	\$ 6,475	\$ 6,604	(5.9%)
Franchise & Excise	1,620	1,328	1,301	(19.69%)	
Gas	609	599	610	.16%	
Motor Vehicle Reg.	263	248	253	(3.8%)	
Privilege	307	226	230	(25.08%)	
Gross Receipts	311	305	310	(.32%)	
Other	1,268	1,108	1,084	(14.51%)	
<b>SUBTOTAL</b>	<b>\$ 11,397</b>	<b>\$ 10,289</b>	<b>\$ 10,392</b>	<b>(8.82%)</b>	
Other State Rev.	940	940	915	(2.66%)	
<b>TOTAL</b>	<b>\$ 12,337</b>	<b>\$ 11,229</b>	<b>\$ 11,307</b>	<b>(8.35%)</b>	

# Budget Breakdown



Revenue collections continue to underperform at unprecedented levels



# Recovery Act



The American Recovery and Reinvestment Act of 2009 will:

- Speed economic recovery
- Create and save jobs
- Provide services to those affected by the recession








State agencies planned for cuts averaging 14.76% prior to ARRA.  
Those cuts have been reduced to an average of 3.5%.

# Recovery Act



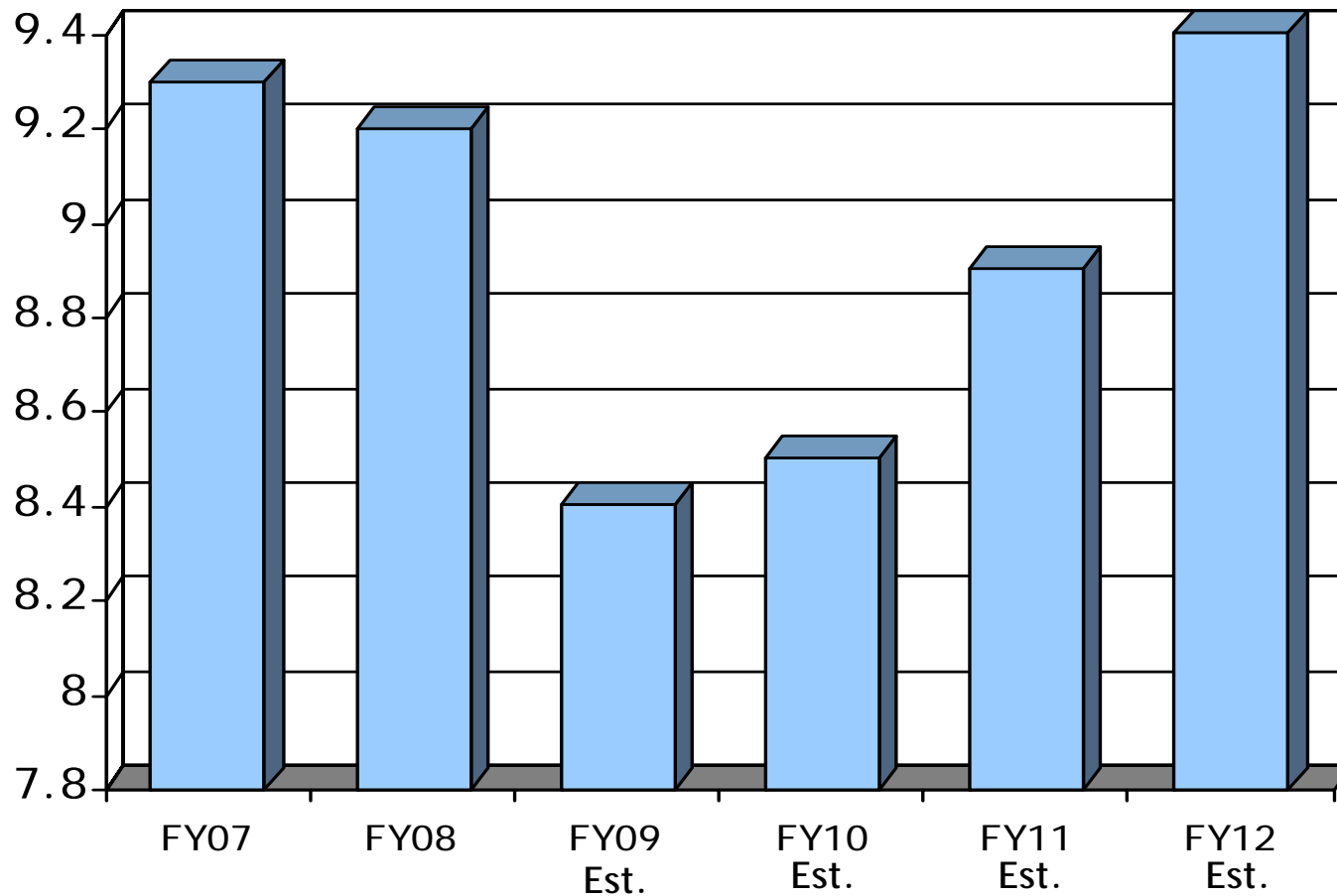
## Impact of Recovery Act funds on FY09-10 Budget

 TennCare	\$	550 M
 Human Services	\$	484 M
 Higher Education	\$	185 M
 K-12 Education \$266M + \$152 M Stabilization	\$	418 M
 Transportation *	\$	666 M

\* *TDOT funds are available in current fiscal year*

# General Fund Collections

## Actual and Estimated

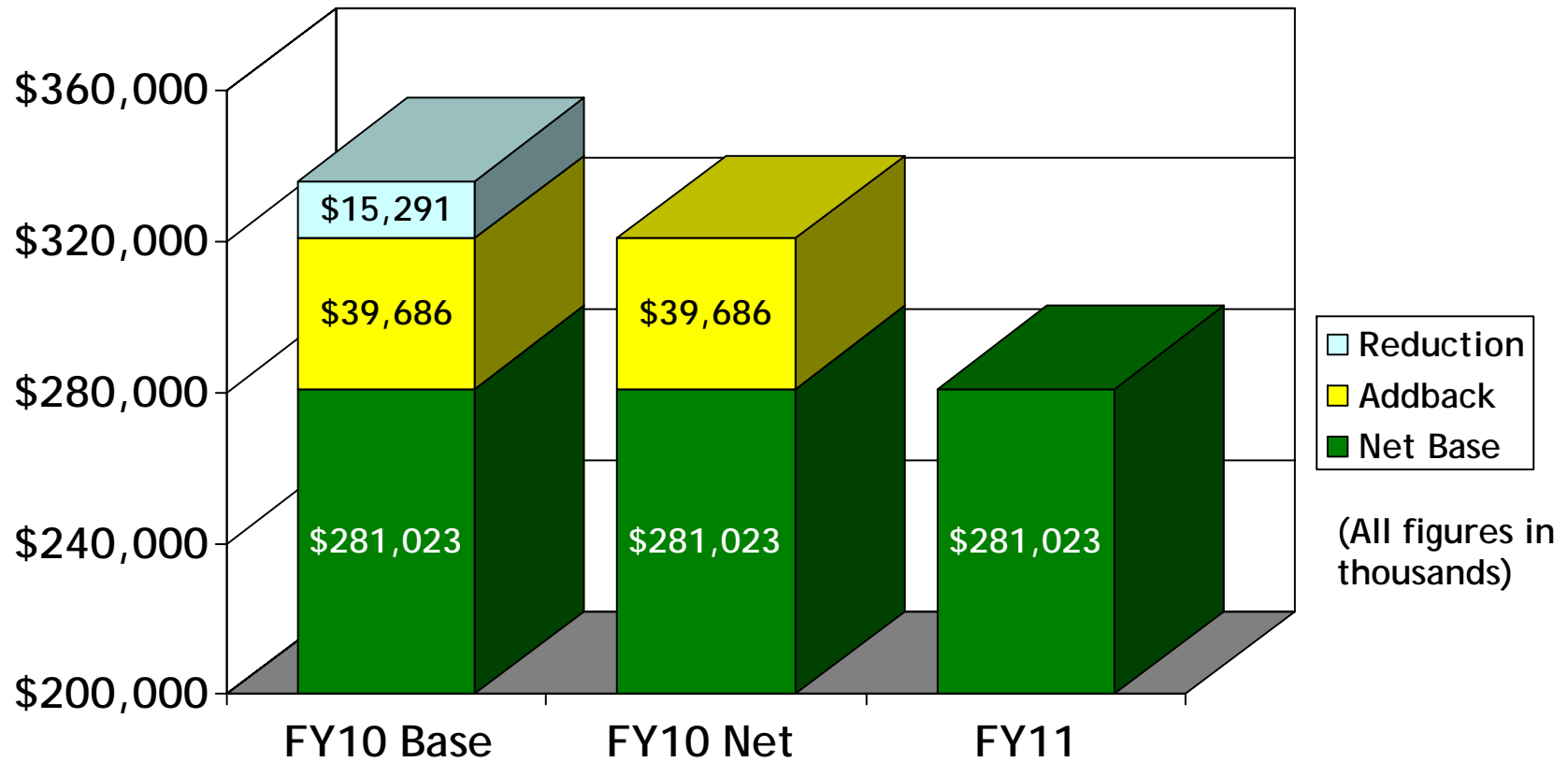


# Net Base Budget Cuts



✓ TennCare	\$	101 M
✓ Correction	\$	43 M
✓ Children's Services	\$	15 M
✓ Non-BEP Education	\$	12 M
✓ Mental Health	\$	5 M
✓ Environment & Conservation	\$	5 M
✓ Revenue	\$	5 M
✓ Health	\$	7 M
✓ Higher Education	\$	.86 M
✓ Miscellaneous	\$	30.24 M
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<b>Total Reductions</b>	<b>\$</b>	<b>224.1 M</b>

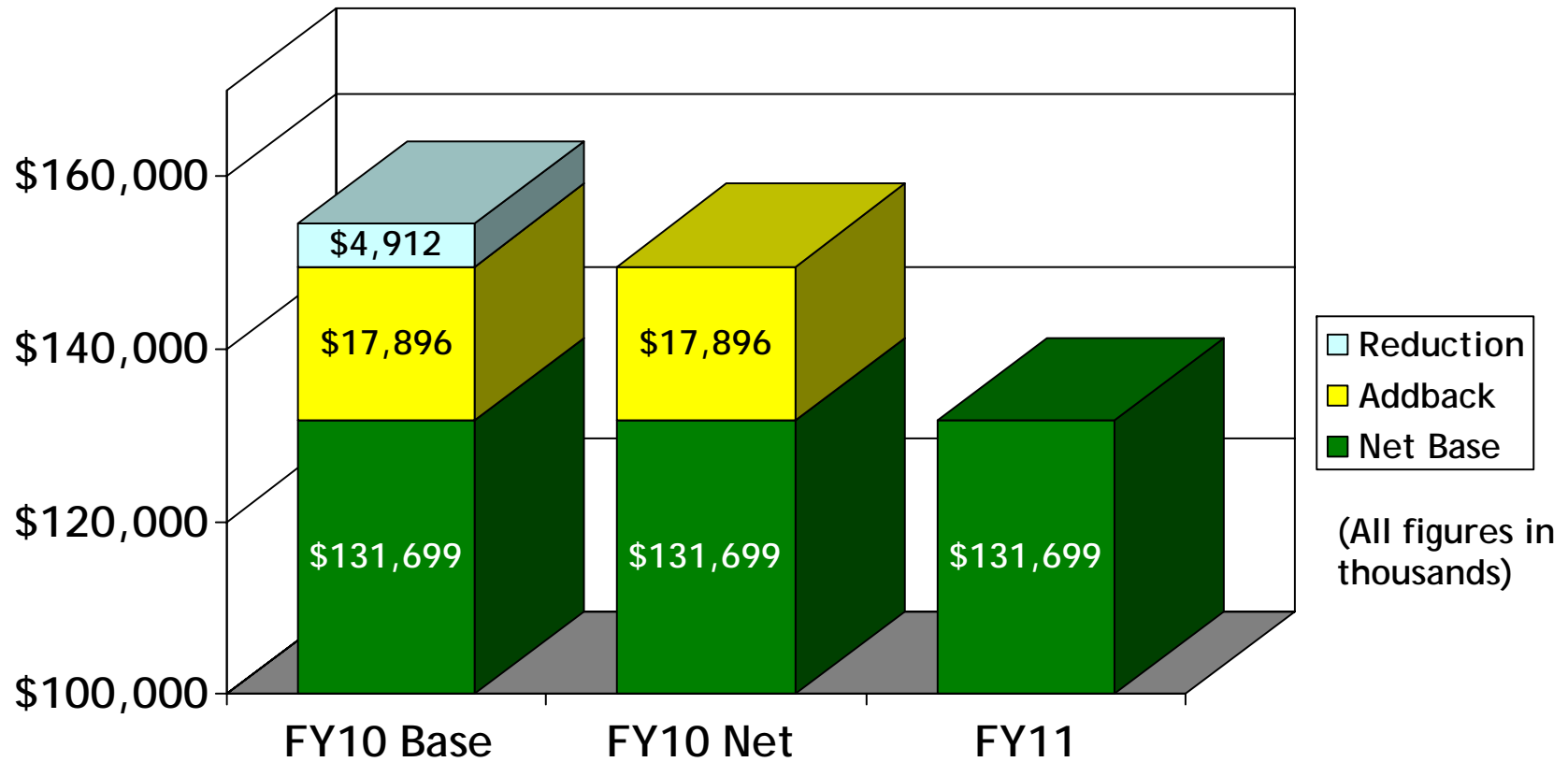
# Children's Services



**16.4% or \$54.9M Net Reduction**

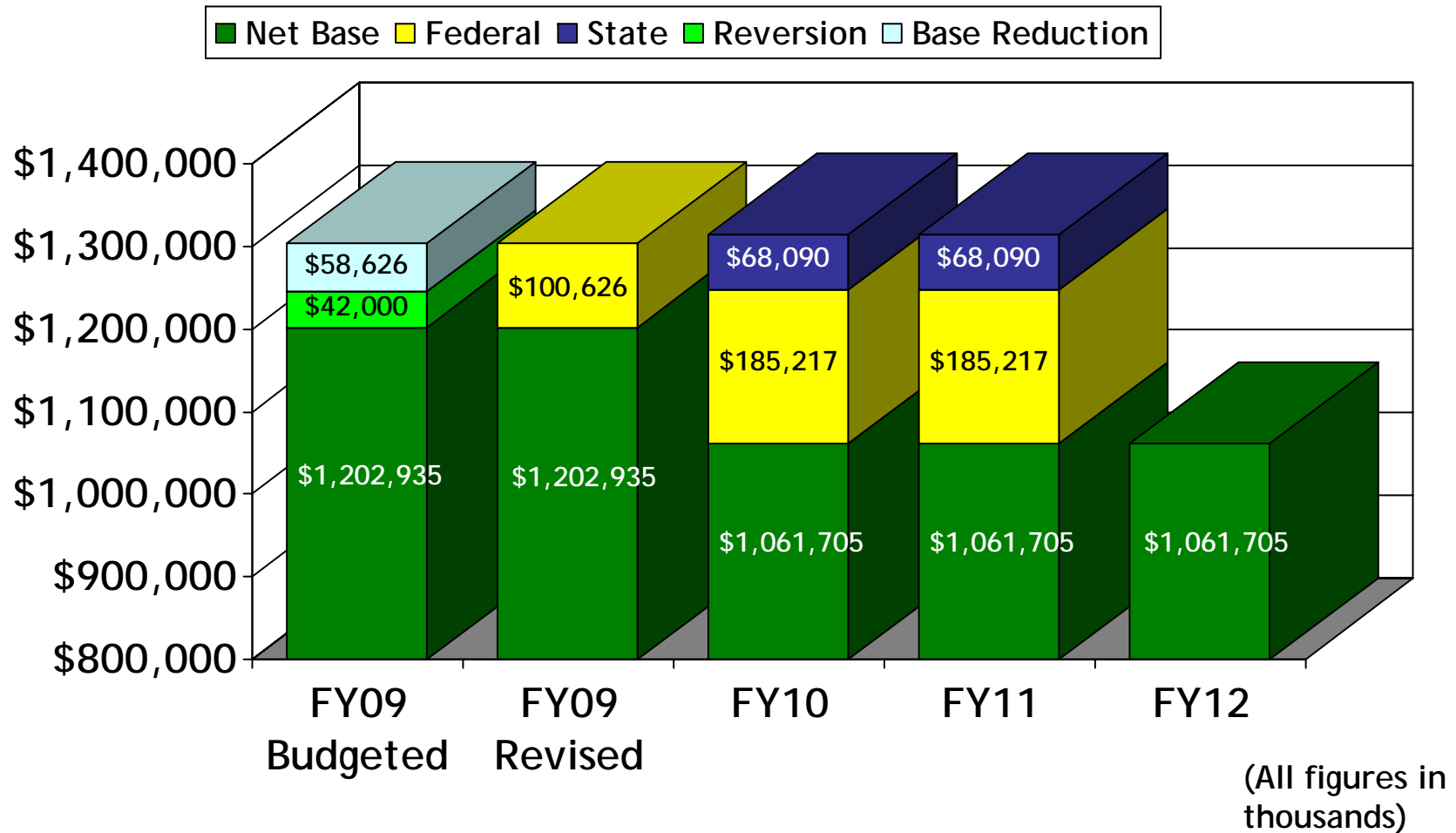


# Mental Health



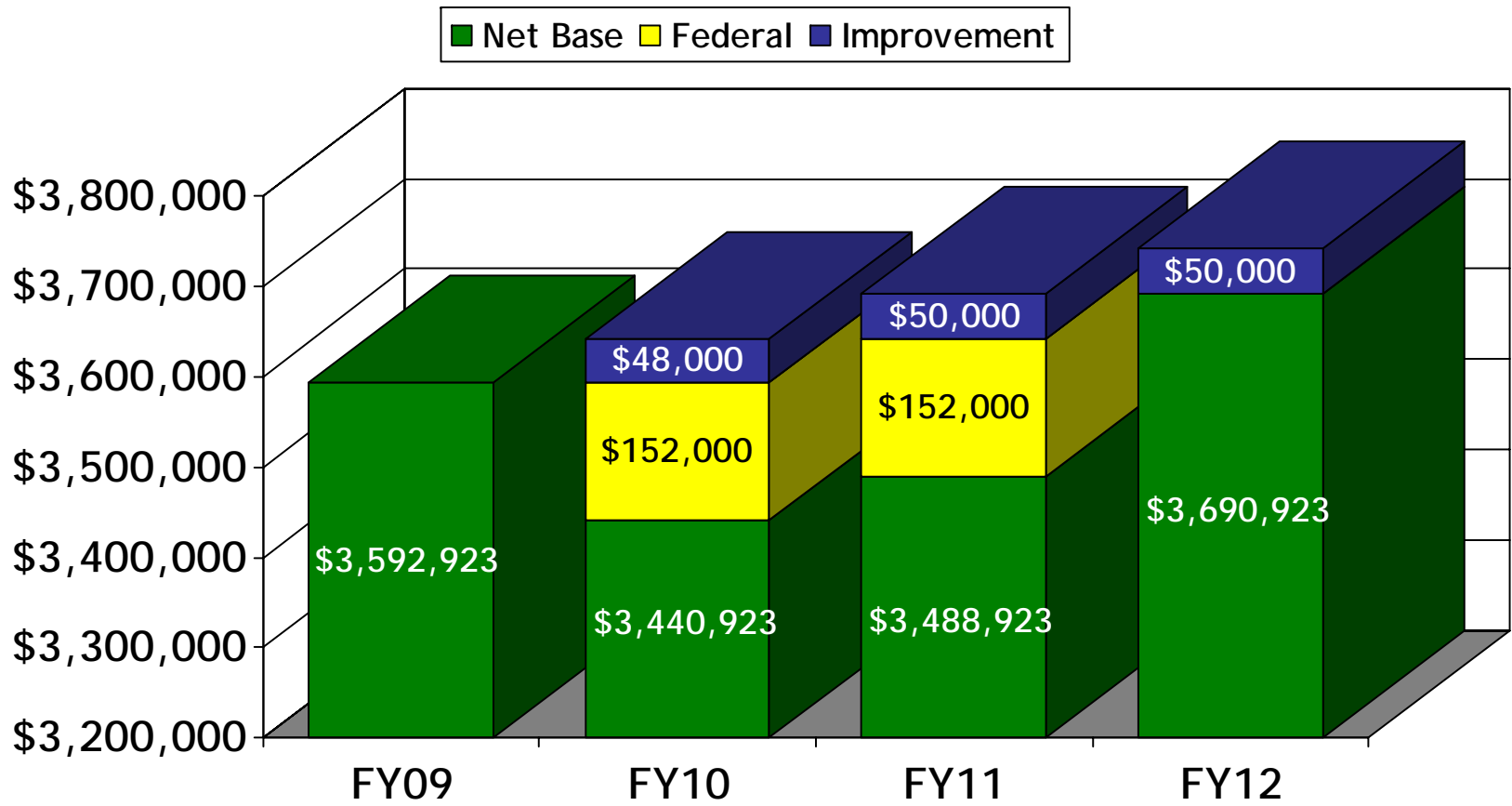
**14.76% or \$22.8M Net Reduction**

# Higher Education



**14.8% or \$181.7M Net Reduction**

# Basic Education Program



(All figures in thousands)

# Budget Breakdown

State Dollars



<b>EDUCATION TOTAL</b>	\$	<b>5.6 B</b>
Pre K-12 Education	\$	3.928 B
Higher Education	\$	1.663 B
<b>FY 10 IMPROVEMENTS</b>	\$	<b>156 M</b>
✓ Pre K-12 Improvement	\$	75 M
✓ Higher Education Improvement	\$	81 M

Pre K - 12 education funding remains protected in FY10.  
An additional \$48 million is being provided for inflationary growth in BEP.

# Budget Breakdown

State Dollars



## GENERAL GOVERNMENT TOTAL \$ 360.4 M

Finance and Administration	\$ 34.6 M
Dept. of Revenue	\$ 78.4 M
Comptroller	\$ 85.2 M
Legislature	\$ 38.4 M
Other	\$ 123.8 M

## TRANSPORTATION, BUSINESS & ECD TOTAL \$1.319 B

Transportation	\$ 1.150 B
Economic and Community Development	\$ 89.6 M
Agriculture	\$ 70.3 M
Tourism	\$ 8.8 M

# Budget Breakdown

State Dollars



<b>HEALTH AND SOCIAL SERVICES TOTAL</b>	<b>\$ 2.980 B</b>
TennCare	\$ 1.976 B
Children's Services	\$ 318.3 M
Health	\$ 173.2 M
Human Services	\$ 178.9 M
Mental Health	\$ 172.0 M
Cover Tennessee	\$ 80.8 M
Mental Retardation	\$ 63.7 M
Other	\$ 17.1 M

# Budget Breakdown

State Dollars



## LAW, SAFETY AND CORRECTION TOTAL \$ 1.146 B

Correction	\$ 653.9 M
Safety	\$ 107.7 M
TBI	\$ 36.7 M
Military	\$ 11.6 M
Other	\$ 336.1 M

## RESOURCES AND REGULATION TOTAL \$ 351.6 M

Environment and Conservation	\$ 160.9 M
Commerce and Insurance	\$ 89.1 M
Labor and Workforce Development	\$ 39.5 M
Financial Institutions	\$ 8.2 M
Other	\$ 53.9 M

# Capital Outlay Budget



**CAPITAL OUTLAY** **\$ 157.5 M**

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Bonds	\$ 99.5 M
Cash	\$ 26.3 M
Other	\$ 31.7 M

**PROJECTS**

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ECD	\$ 91.5 M
Correction	\$ 29.8 M
Higher Education (Maintenance)	\$ 11.6 M
Mental Retardation	\$ 2.5 M
Safety	\$ 1.7 M



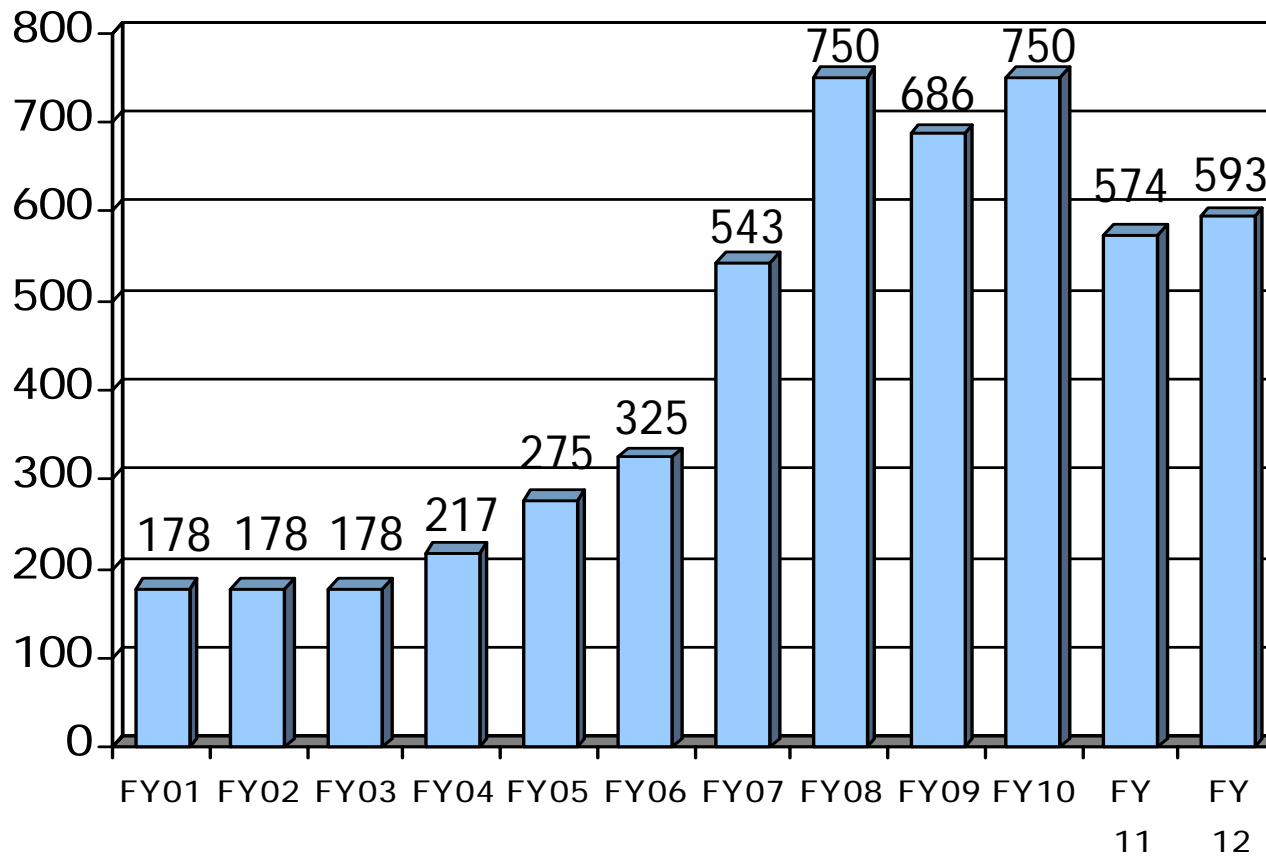
# Improvements

State Dollars



• Fully fund BEP growth	\$ 48 M
• Fully fund Pre-K growth	\$ 490 K
• Academic assessments	\$ 9 M
• TSAC need-based scholarships	\$ 3 M
• Jobs package	\$ 56 M
• Soil conservation	\$ 2 M
• Correction release centers	\$ .678 M
• Prison expansion - Morgan Co.	\$ 9 M

# Maintain Healthy Reserves



■ Rainy Day Fund

# Budget Recap



- Tennessee well positioned to weather current national economic downturn
- Education funding protected
- State budget 1.47% smaller than previous year
- 7<sup>th</sup> common sense balanced budget



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