Department of Finance & Administration

FISCAL YEAR 2023 RECOMMENDED BUDGET

- Discuss the guiding principles that shaped our thinking

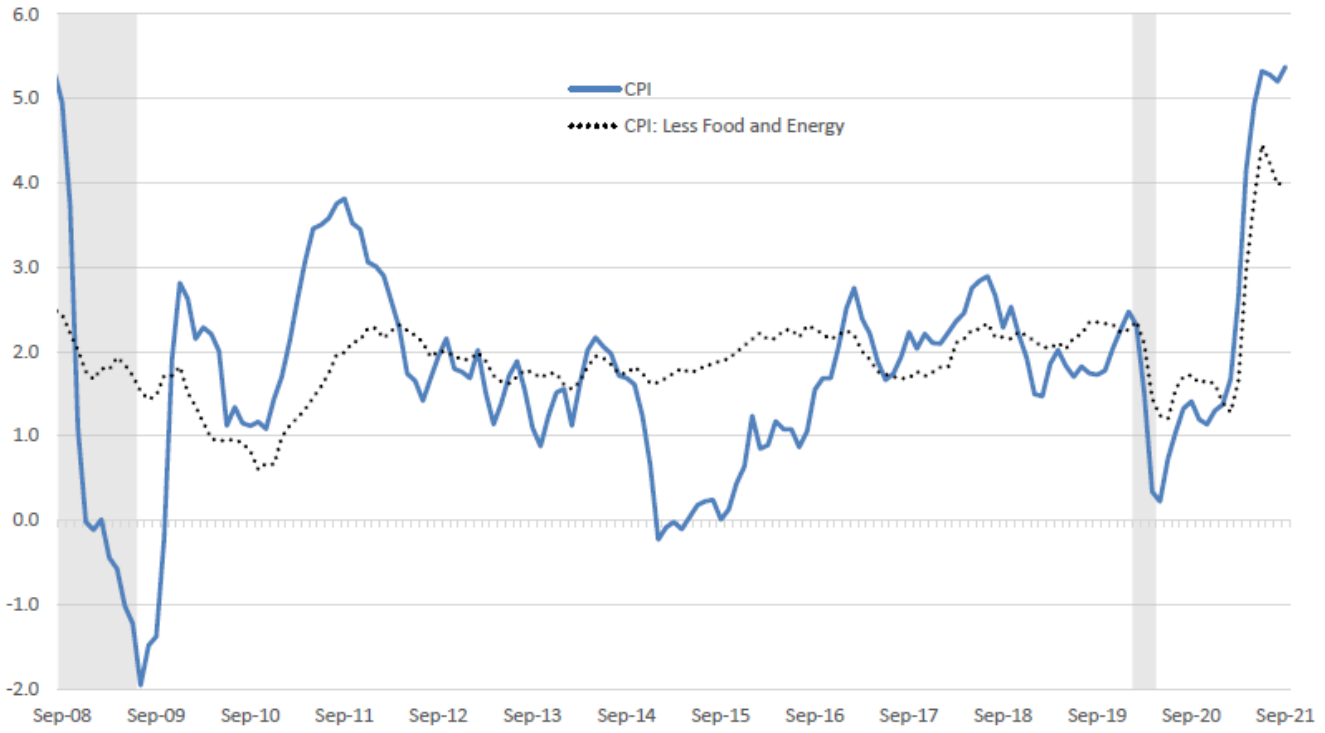
- Present what we are proposing to keep Tennessee strong



U.S. News & World Report

RANK	STATE
1	Tennessee

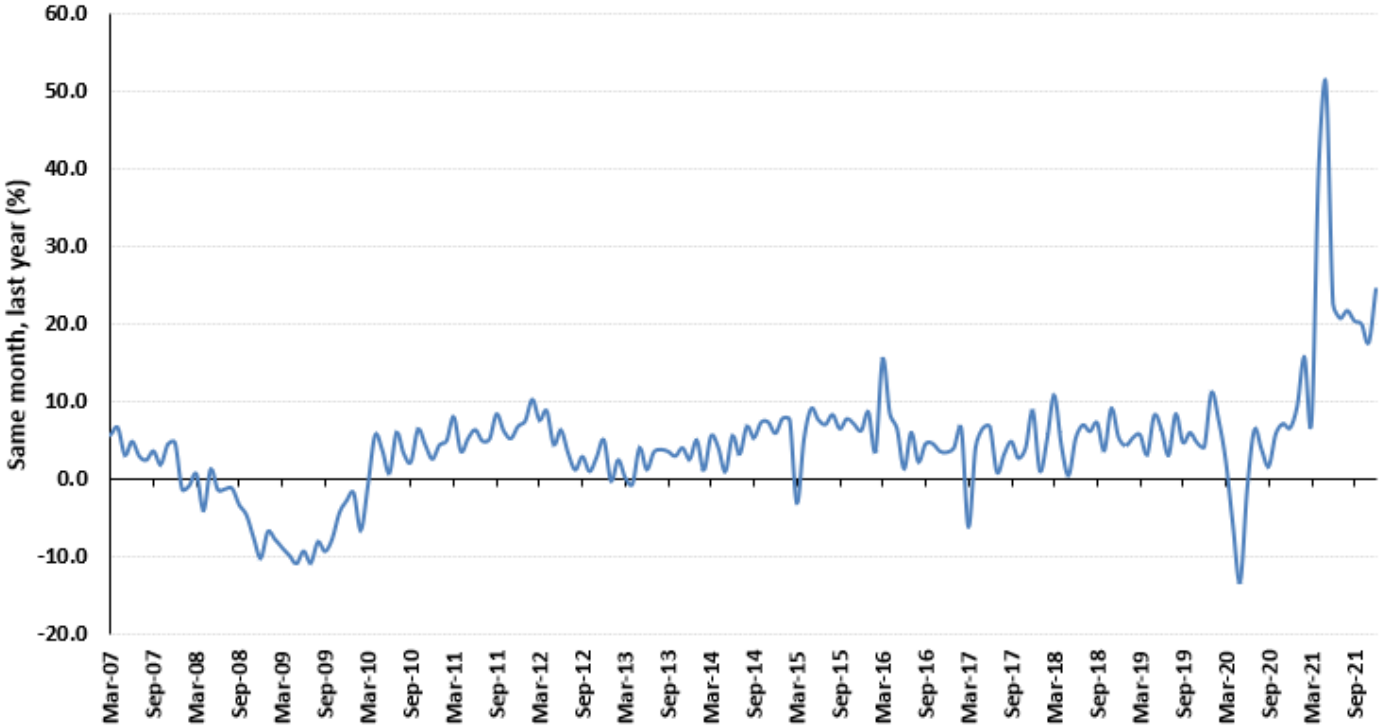
Inflation



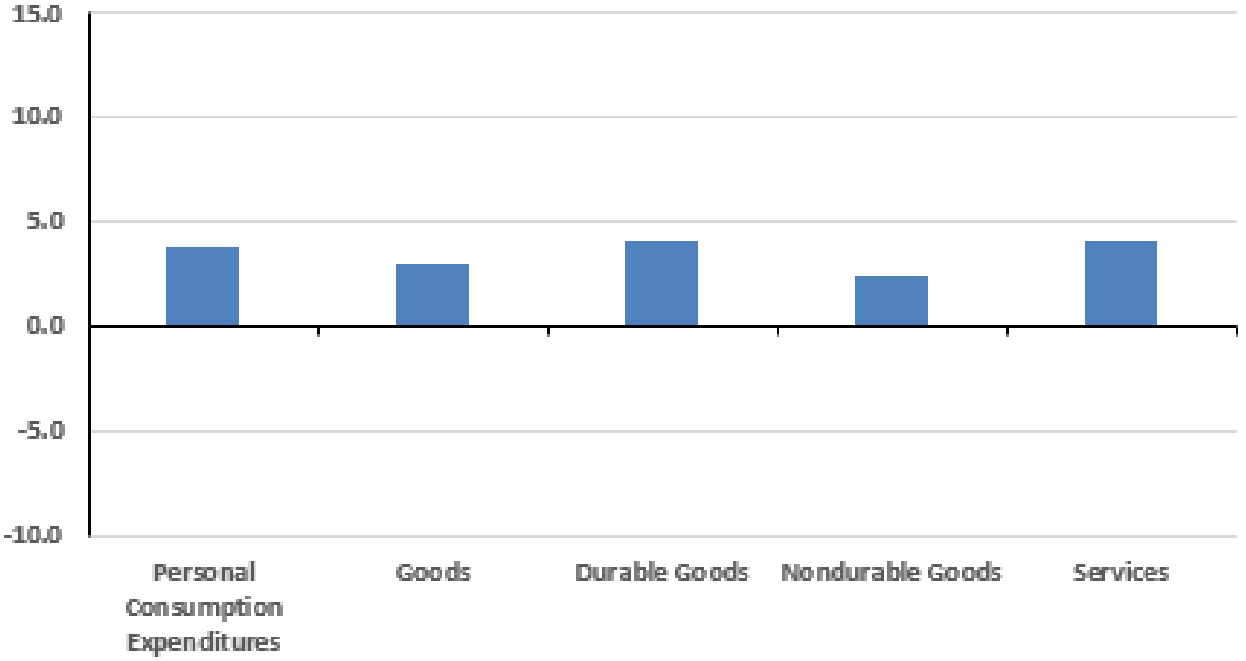
Sources: U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis, Nov 3, 2021.

From TN Fiscal Review Committee Staff – November 17, 2021

Sales Tax Revenue Growth Remains Extremely Strong

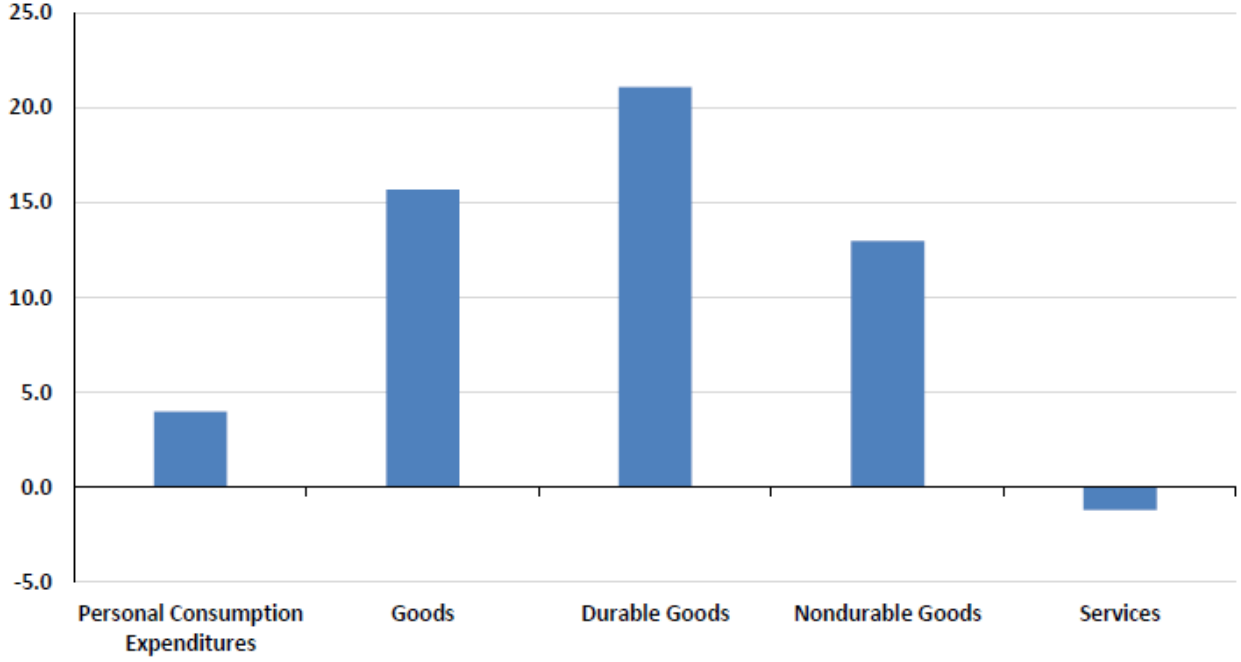


Personal Consumption Growth , 2011-2019 (compound annual growth rates)

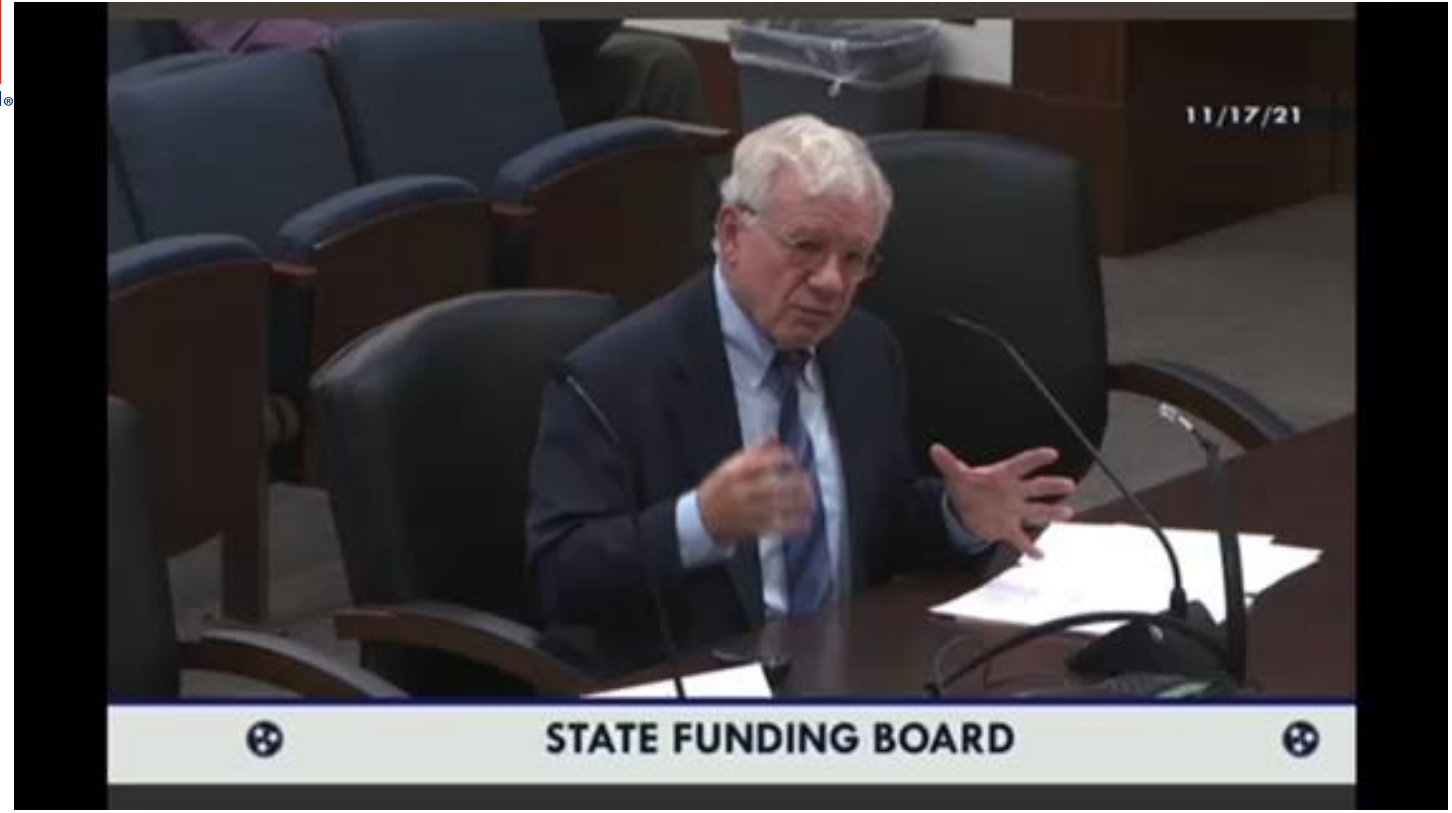


Source: Bureau of Economic Analysis.

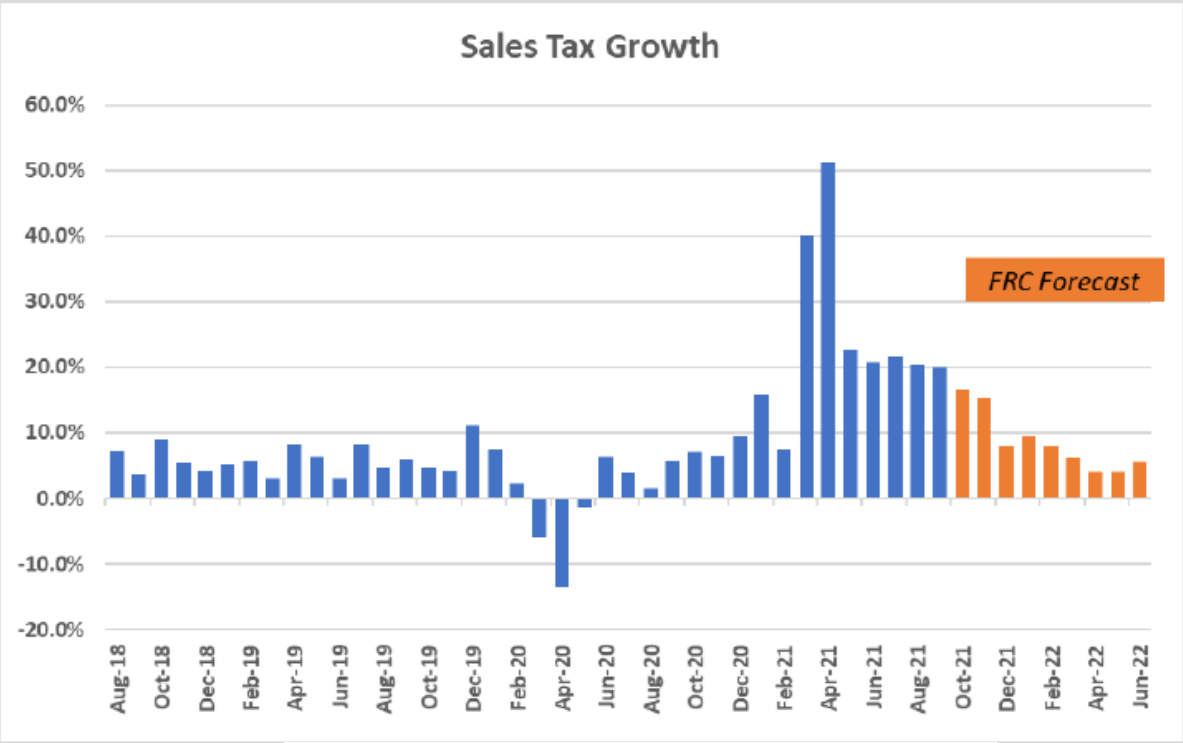
Consumers have Shifted their Spending to Goods and away from Services (Q3, Percentage Change 2019-2021)



Source: Bureau of Economic Analysis.

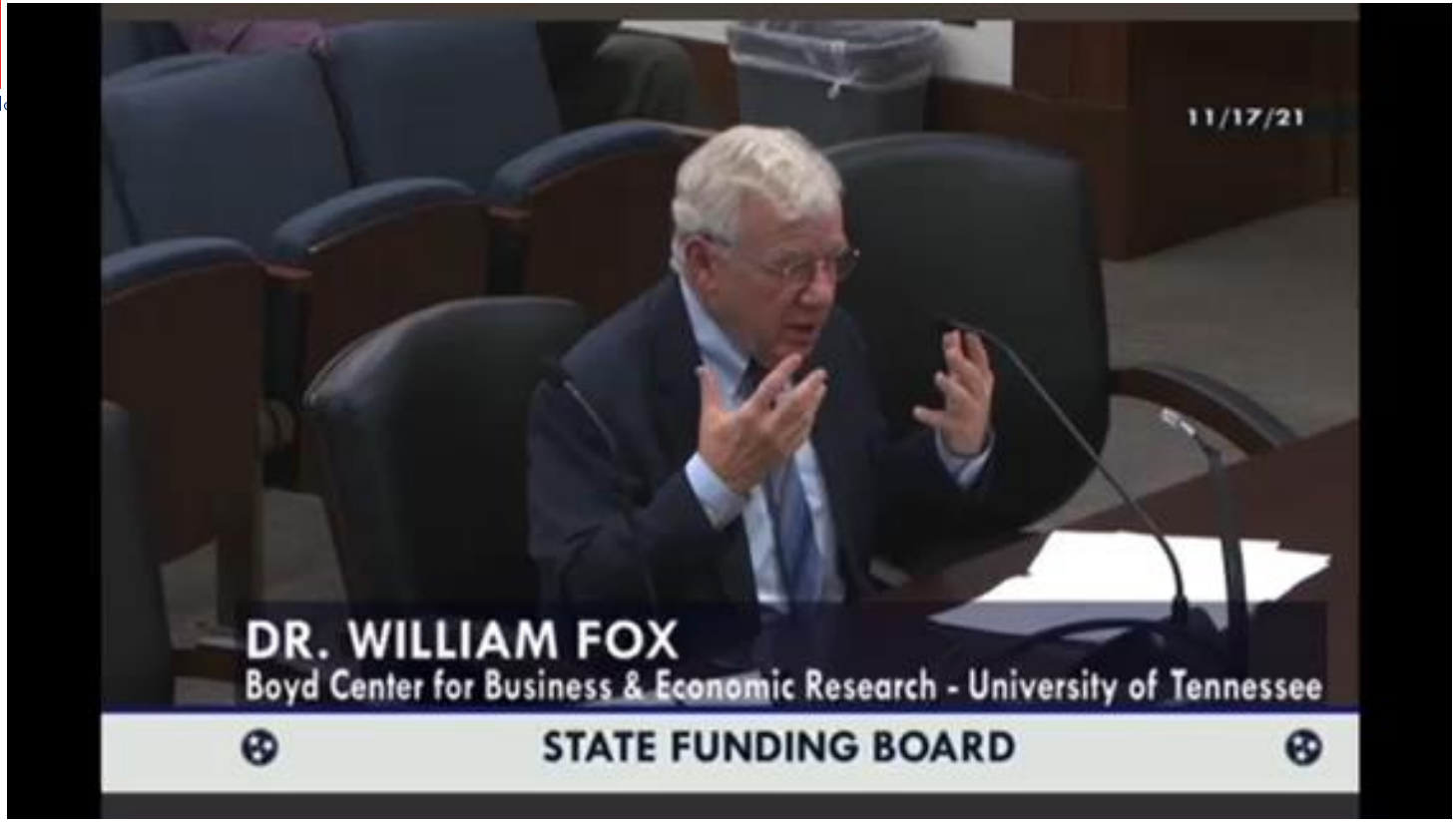

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Sales Tax Growth



Fiscal Review Committee Staff
November 17, 2021


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DR. WILLIAM FOX
Boyd Center for Business & Economic Research - University of Tennessee
STATE FUNDING BOARD

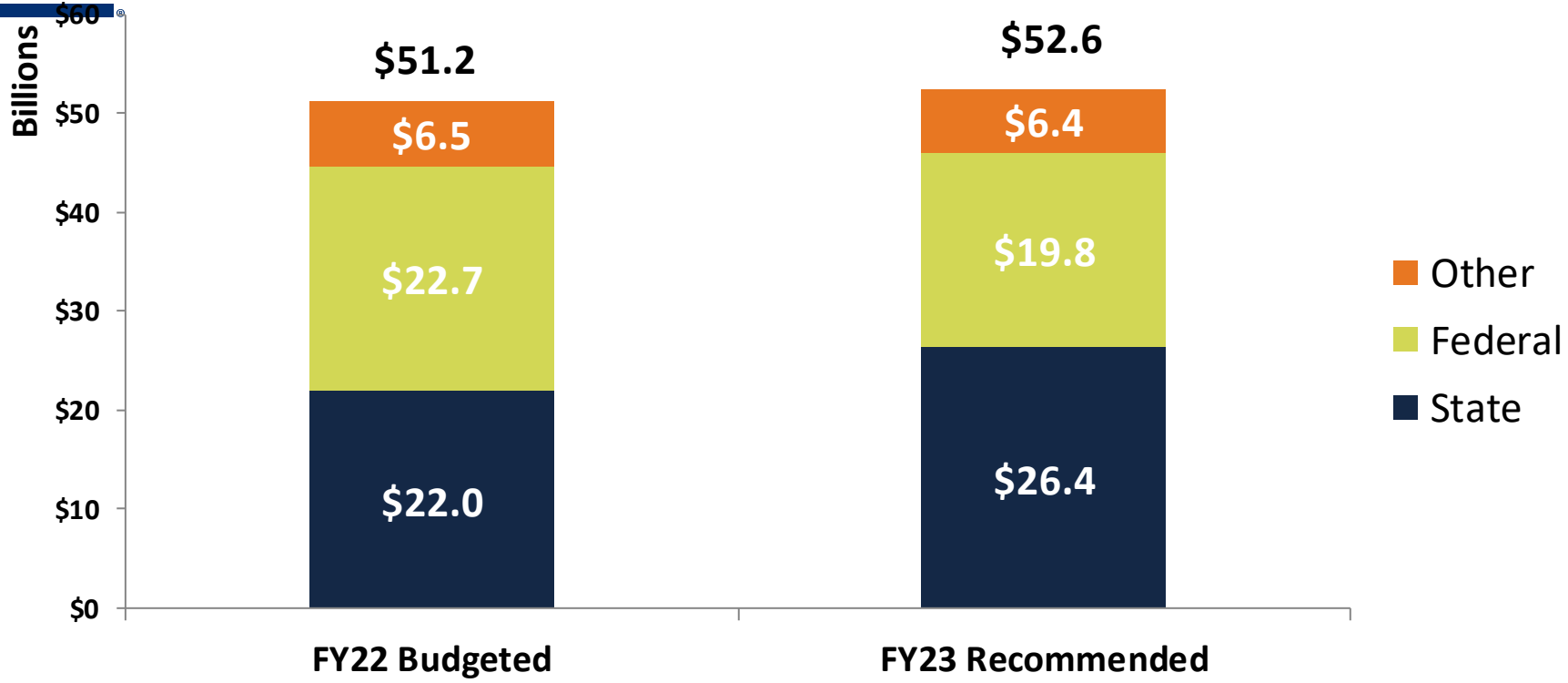
FY23 Budget – Guiding Principles

- Prudent long-term strategic investments
- Return to pre-pandemic priorities
- Invest in what works; and
- Focus on services and outcomes

FY23 Budget Summary

Revenues & Expenditures	Recurring	Non-Recurring
Available Additional Revenues	$3,553,085,200	$4,328,716,500
Reductions & Reallocations	$117,076,200	$0
Cost Increases	($2,290,106,100)	($5,708,577,100)
Balance	$1,380,055,300	($1,379,860,600)

Comparison of total budget (billions)



K-12 Education/CTE - $1.032 billion

Highlights	
Tennessee Investment in Student Achievement formula Recurring, however utilized in FY23 to cover the next two nonrecurring items.	**$750,000,000**
Career and Technical Education Grants	**$550,000,000**
Relocating Public Schools in Flood Plains	**$200,000,000**
Teacher Compensation	**$124,680,000**
Charter School Facility Funding	**$32,000,000**

Higher Education/CTE - $1.974 billion

Highlights	
Fully Funds Outcomes-Based Formula – No Tuition Increases	**$90,000,000**
Increase HOPE Awards	**$75,200,000**
Higher Education Capital	**$1,154,254,800**
TCAT Equipment and Facility Improvements	**$200,000,000**
UT/Oak Ridge Innovation Institute	**$72,000,000**
University of Memphis – R1 Research Funding	**$50,000,000**

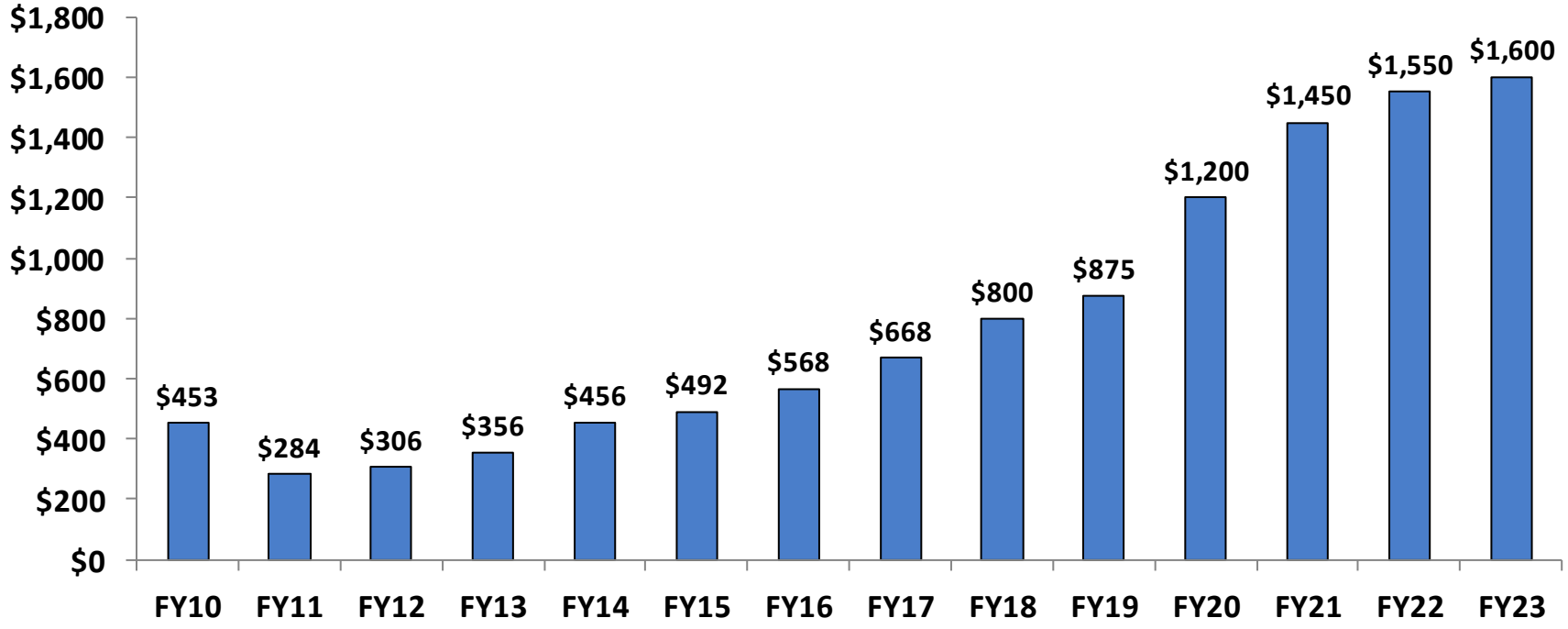
Transportation and Infrastructure- $626.5 million

Highlights	
Economic Development Projects	$77,000,000
State Highway Partnership Program	$266,000,000
Rural Interchange Improvement Program	$176,000,000
IMPROVE Act Acceleration	$100,000,000
Enhanced Litter Removal	$4,000,000

Rainy Day and Liability Reduction $921.7 million

Highlights	
Rainy Day Fund	$50,000,000
OPEB - Reduce Unfunded Liability	$300,000,000
TCRS - Reduce Unfunded Liability	$350,000,000
Reduce Authorized / Unissued Debt	$221,696,000

Record Rainy Day Fund (millions)



Health and Social Services - $545.5 million

Highlights	
TennCare – Support for Public Hospitals	**$82,706,300**
TennCare/DCS/Health/Mental Health/DIDD/Aging – Provider Rate Increases	**$90,839,700**
Health/Higher Education – Graduate Medical Education	**$18,600,000**
TennCare – Adult Dental Benefits	**$25,545,400**
Health – Expansion of Dental Services – Year 1	**$11,868,000**
TennCare/Aging/DIDD – Pathways to Independence	**$55,295,000**
DIDD – TEIS to Age 4	**$21,837,500**

Law and Safety - $601.6 million

Highlights	
100 Troopers – TN Highway Patrol	**$15,950,000**
Tennessee Bureau of Investigation – Agents and Forensic Crime Professionals	**$24,172,500**
Multi Agency Law Enforcement Training Academy – Total included in Capital slide, shown here for investment area discussion	**$355,660,000**
Support for local law enforcement hiring	**$66,240,800**
Violent Crime Intervention Fund	**$150,000,000**
Tennessee Advanced Communications Network	**$178,904,400**

Capital Investments

	Improvement (state funding)	**Maintenance** (state funding)
General Government	$1,435,041,000	$166,747,500
Higher Education – (total on prior slide)	$1,106,210,800	$48,044,000
Capital Investments Total	**$2,541,251,800**	**$214,791,500**

TCAT Expansions

- TCAT Morristown, Greenville Campus
- TCAT Pulaski
- TCAT Dickson, Clarksville Campus
- TCAT Harriman
- TCAT Oneida, Fentress Co Campus
- TCAT Crump
- TCAT Livingston
- TCAT Nashville
- TCAT Elizabethton, Boones Creek Campus
- TCAT Oneida / Huntsville

F&A Capital Items

- Moccasin Bend Mental Health Institute
- Wilder Youth Development Center
- TEMA Emergency Operations Center
- TEMA Warehouse

Closing - FY23 Budget Highlights

- Invests in Tennessee: America at Its best
- Fully balanced
- Prioritizes one-time expenses to mitigate uncertainties
- Provides critical services to citizens with a leaner workforce than when Governor Lee took office
- Targets programs that work