



STATE OF TENNESSEE

FY25 Budget Amendment

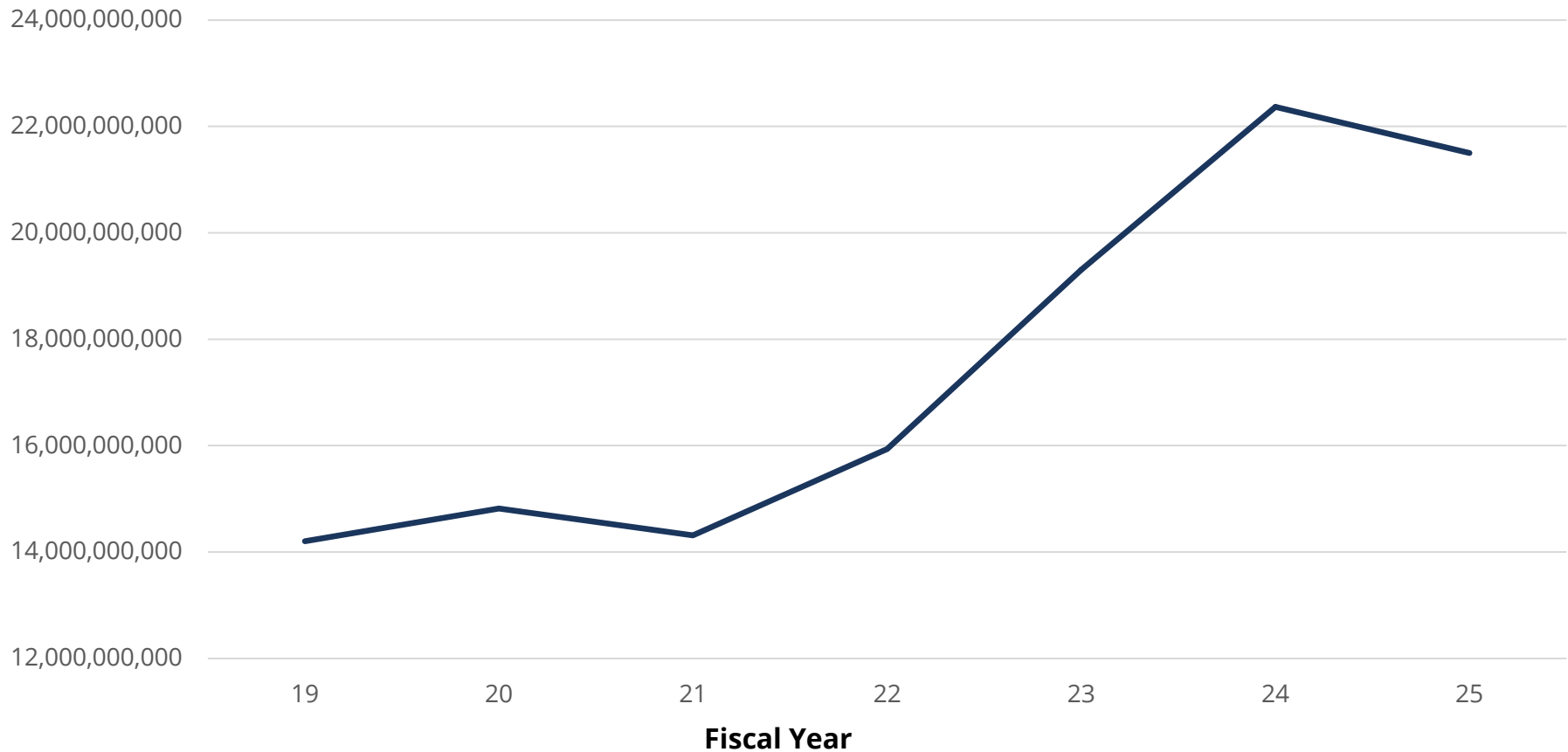
“Normal is a setting on the dryer.”

Nothing has been NORMAL

- Pandemic uncertainty
- Sudden 46% growth past three years
- Billions in new federal funds
- Hard stop: 0% growth for FY24. 0.5% in FY25
- Slow down in federal funds
- Challenge: Revenues below Estimates
- Challenge: Franchise Tax Adjustment

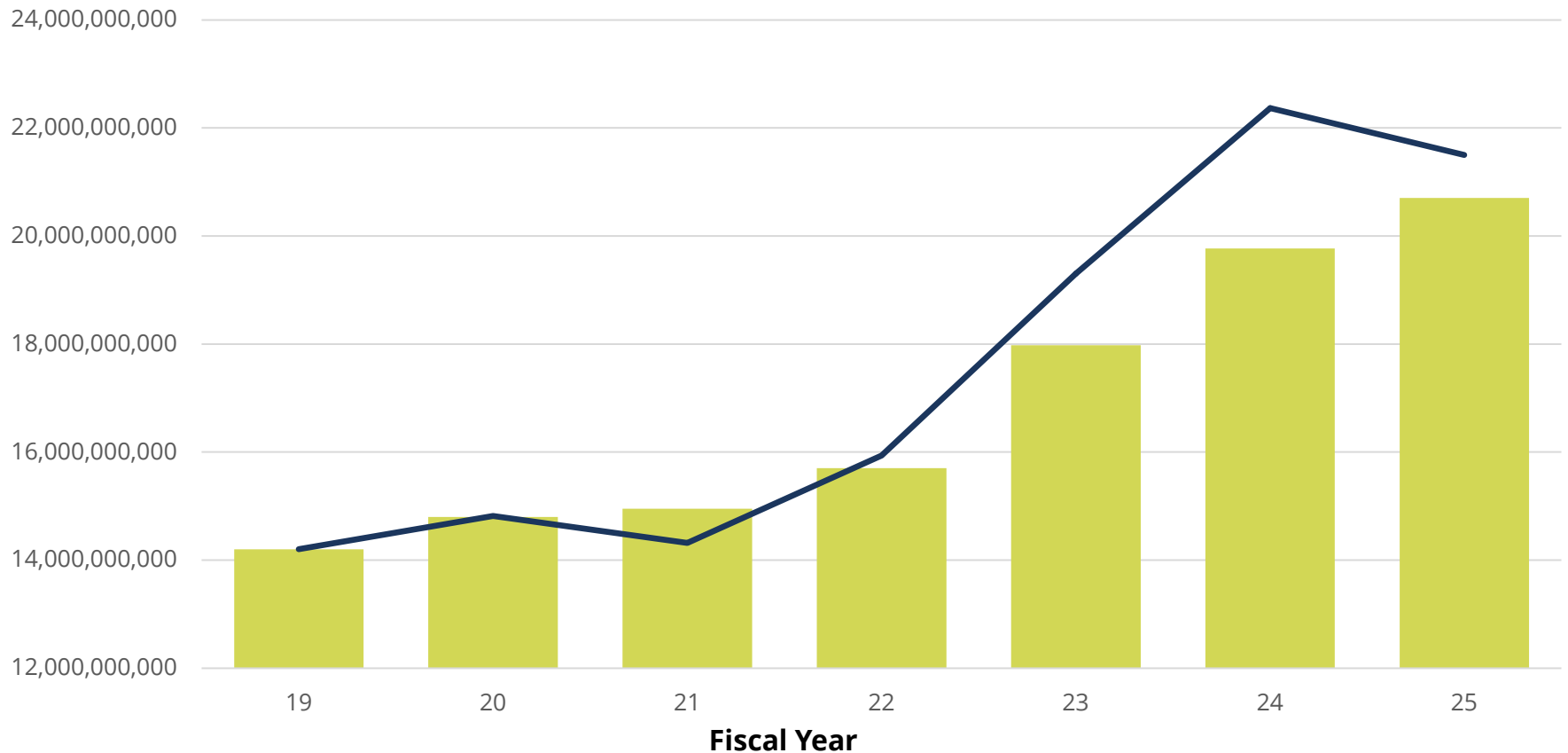
Revenue Has Levelled

Recurring Tax Revenue



Being Fiscally Conservative – Thinking Long Term

Spending Below Our Means



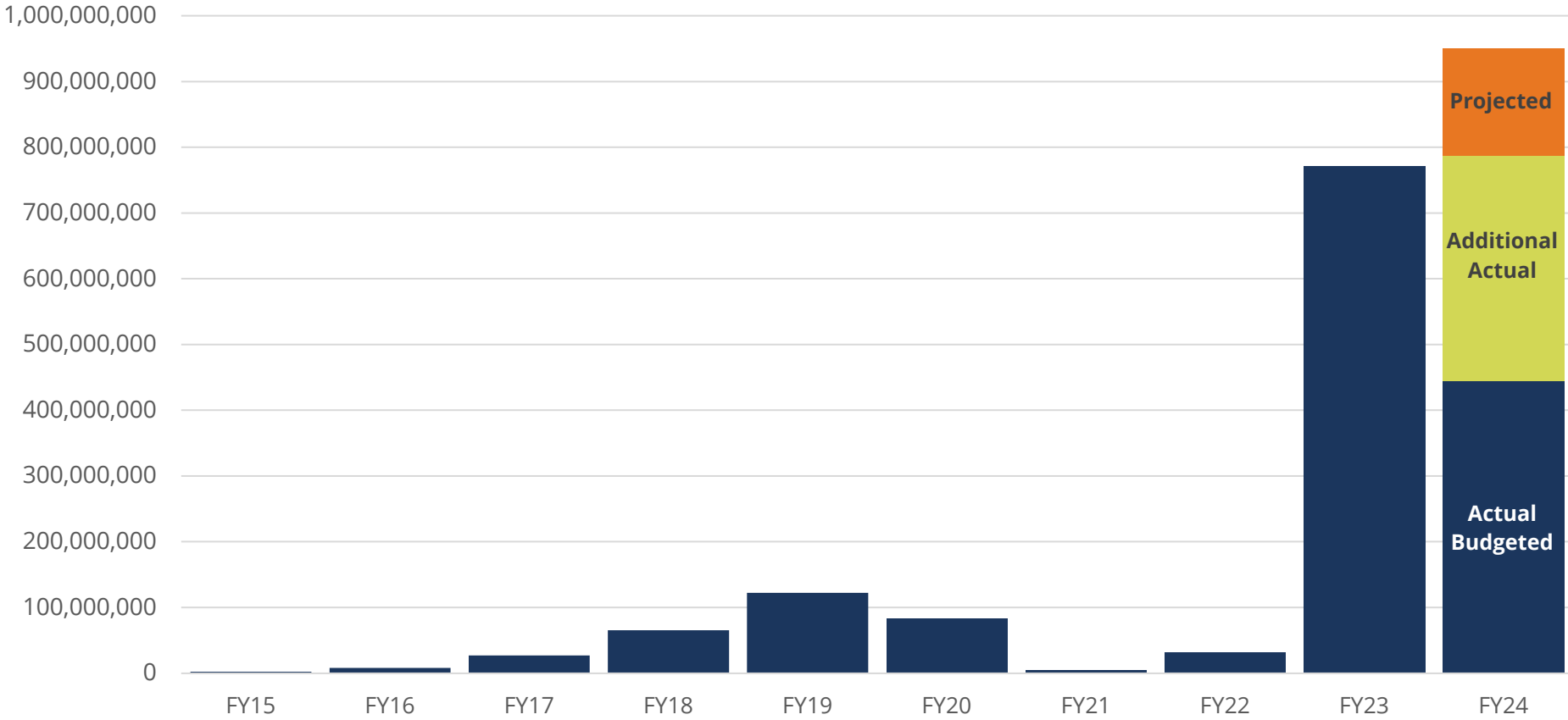
Protecting Future Budgets

Recurring Revenue/ Non-Recurring Expenses

FY22	\$234,744,340
FY23	\$1,325,255,200
FY24	\$2,600,274,360
FY25	\$810,511,800

Treasurer's Earnings

Tracking Strong for FY24

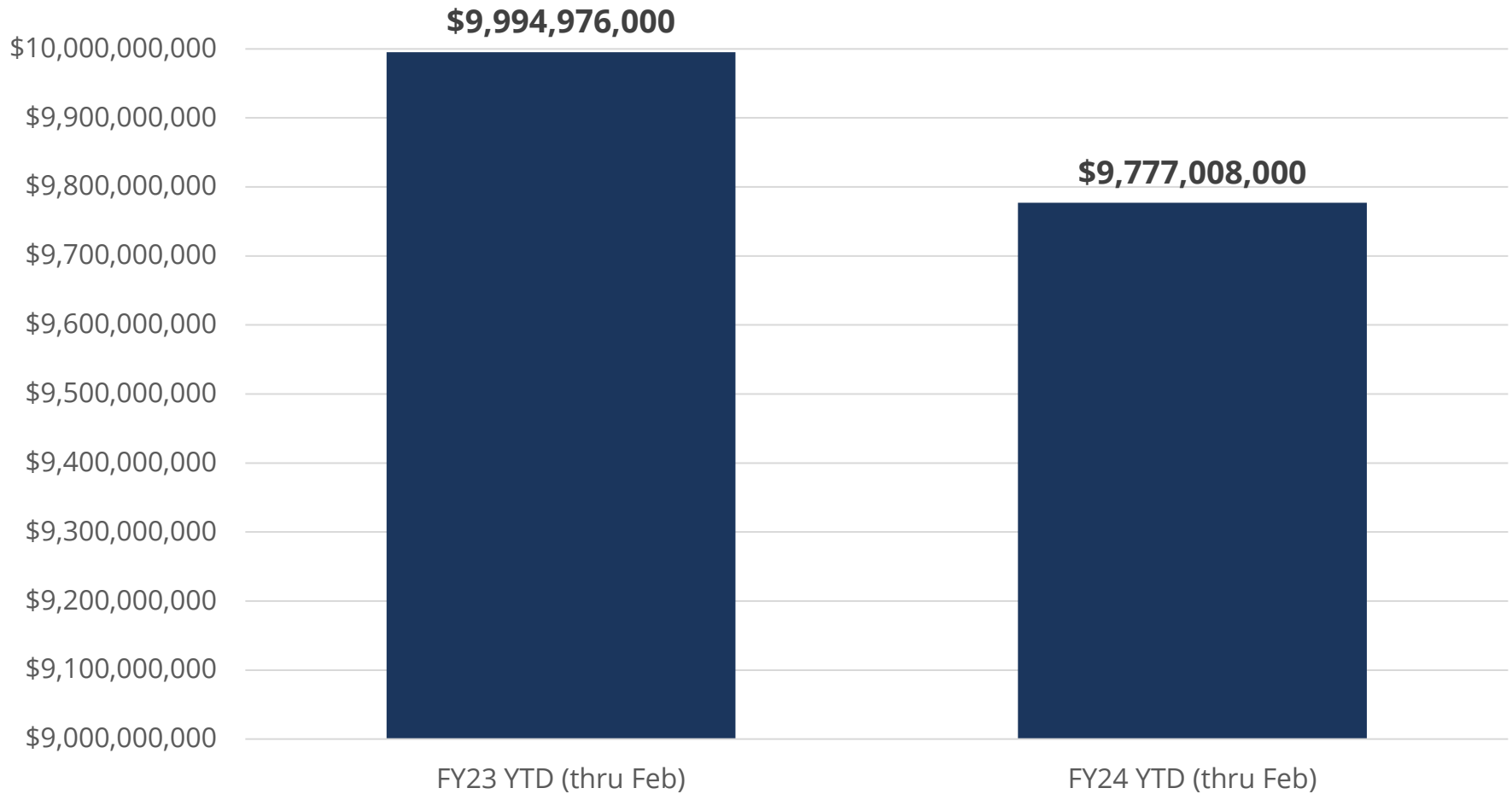


Amendment Strategies

- Challenge #1: Developed plan for closing FY24
- Challenge #2: Reconciled to the Franchise Tax Fiscal Note
- Right-sized agency position counts
- Creatively addressed some capital needs
- Creatively addressed critical budget issues
- Saved for a Rainy Day
- Planned for a “Normal” FY26

Challenge #1: Closing FY24

General Fund Taxes



Challenge #1: Closing FY24

Non-Recurring Set-Aside for Possible
FY24 Under Collection \$150,000,000

Challenge #2: Franchise Tax Fiscal Note

	FY24 Impact	FY25 Impact
Budget Document	\$1,200,000,000	\$410,000,000
Fiscal Note	1,551,717,100	393,400,000
Difference	-\$351,717,100	\$16,600,000
	<i>Non-Recurring</i>	<i>Recurring</i>

Utilized Vacant Positions

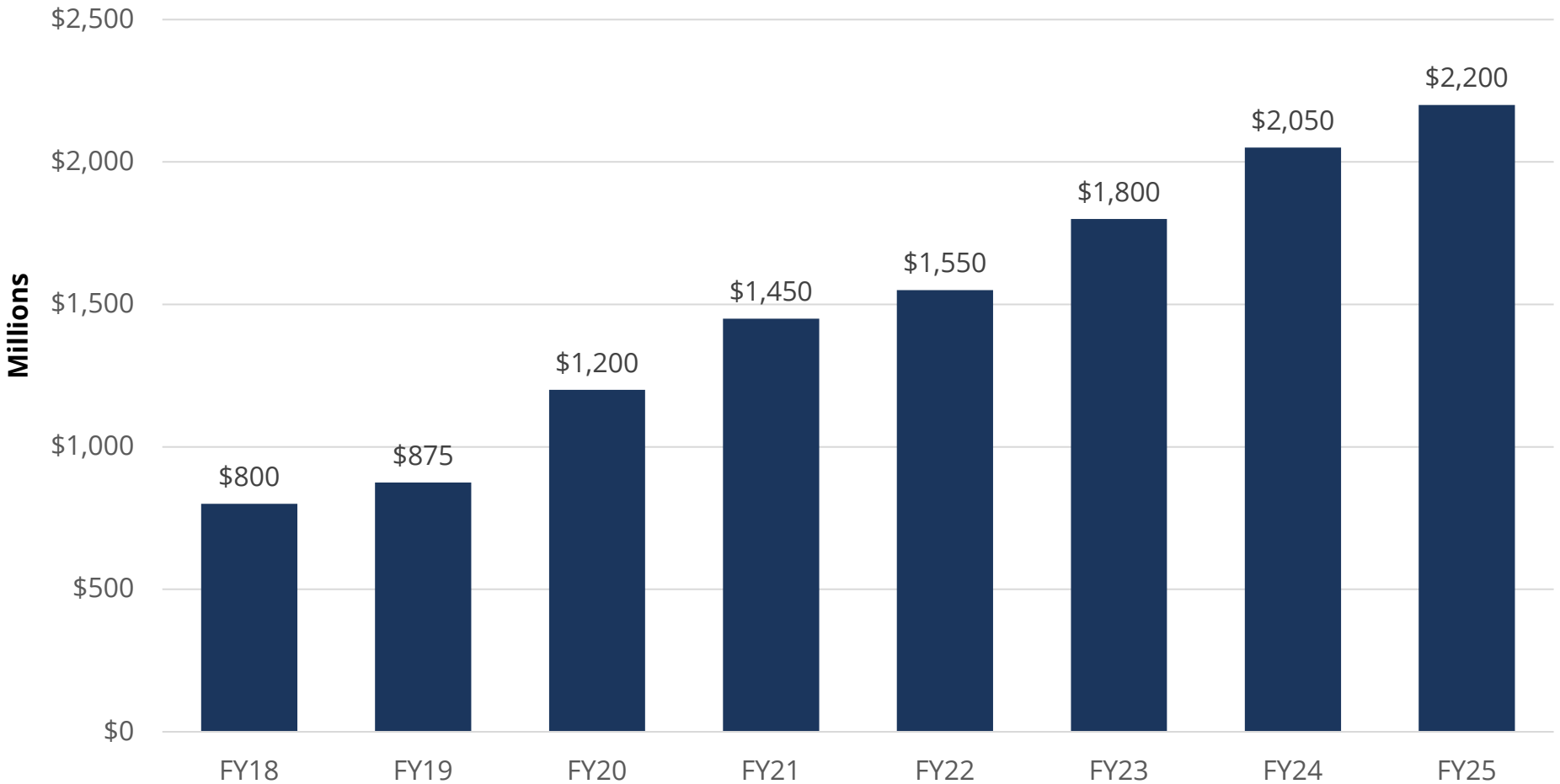
- Few positions approved in Administration Budget
- Budget team examined all position requests in January – March.
- Used Vacant Positions and Existing Funding to Address 101 Position Needs

Capital Expenditures

- Last two **THP Regional Offices** (Nashville & Columbia) – Working with DGS utilizing Capital Reserves.
- **Capitol Towers** Acquisition -- To restore the Capitol Complex. Reassigning 2011 approved Bonds combined with Capital Reserves.
- **East TN Veterans' Cemetery Gravesite Improvements** -
 - Utilizing funds available from federal reimbursement with previously completed projects.
- **UTK Chemistry Building Design** -- Utilizing UTK Campus Plant Funds to complete the planning and design.

Rainy Day Fund

Rainy Day Fund Balance



Amendment Summary

REVENUE	Recurring	Non-Rec	Total
Additional Reversion	\$ -	\$ 285.0	\$ 285.0
Treasurer's Earnings	-	505.0	505.0
Less: Set-aside for Closing	-	(150.0)	(150.0)
Franchise Tax Legislation - Reconcile to Fiscal Note	16.6	-	16.6
TOTAL REVENUE	\$ 16.6	\$ 640.0	\$ 656.6
EXPENDITURES			
FY24 Supplementals	-	(376.6)	(376.6)
K-12 Education	(0.1)	(8.4)	(8.5)
Higher Education and Workforce Development	-	(20.9)	(20.9)
Health and Social Services	(5.6)	(10.9)	(16.5)
Economic Development and Tourism	(0.1)	(21.0)	(21.1)
Law and Safety	(1.8)	(16.5)	(18.3)
Transportation and Infrastructure	-	(3.7)	(3.7)
Other Adjustments	4.9	(15.5)	(10.7)
Capital	-	(48.5)	(48.5)
Deposits and Transfers	-	(130.0)	(130.0)
TOTAL EXPENDITURES	\$ (2.7)	\$ (651.9)	\$ (654.7)
BALANCE	\$ 13.9	\$ (11.9)	\$ 1.9

Total Budget

	FY24	FY25	
Appropriation	\$ 32,376,161,140	\$ 25,570,029,700	
Federal	23,156,219,200	19,783,893,000	
Other	5,108,942,400	5,206,464,700	
Tuition	2,138,410,700	2,138,410,700	
Bonds	83,800,000	87,700,000	
Total Budget	\$ 62,863,533,440	\$ 52,786,498,100	-16.0%

FY25 BUDGET IS SMALLER – due to one-time Federal and State \$ dropping out of FY24

Returning to Normal in FY26

- Base budget is preserved
- Reserves are preserved
- Rainy Day Fund is increased
- No additional debt
- Franchise Tax Challenge is fully funded
- Positioned well for FY26

Thank you