

STATE OF TENNESSEE

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The Budget

FISCAL YEAR 2006-2007



Volume 1

Phil Bredesen, Governor



Phil Bredesen,
Governor





GOVERNMENT FINANCE OFFICERS ASSOCIATION

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State of Tennessee

For the Fiscal Year Beginning

July 1, 2005

President

Executive Director

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In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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Introduction

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February 6, 2006

To the Members of the 104th General Assembly:

I am pleased to recommend to you the 2006-2007 Budget for the State of Tennessee. The budget is balanced, with no new taxes.

Although this is the fourth budget that I have recommended to you, it is the first I have developed without the necessity of first addressing a TennCare fiscal crisis. Control of the TennCare budget and the good revenue growth in the current and next fiscal years open doors for addressing critical needs in our other top priority areas: Education, jobs and the economy, and safe communities. Funding needs in the TennCare program and the Health Care Safety Net also are addressed, as are priorities for state employees and teachers, senior citizens, local governments, highway construction, land conservation, agriculture, and capital outlay for our universities and colleges.

Based on advice of the State Funding Board and economists, the Administration expects that revenue collections in the current year will exceed the budgeted estimates and that revenue growth in fiscal year 2006-2007 will be moderate. This revenue growth, combined with prudent budget management and a revenue surplus carried forward from 2004-2005, will allow us to address the state's priorities in the coming fiscal year.

As required by budget law and careful budget management practices, I again recommend an increase in the revenue fluctuation reserve (or rainy-day fund) in the amount of 10 percent of projected state revenue growth. This will raise the rainy-day fund to its highest level for the fourth straight year.

In addition, I recommend that we complete the restoration of state-shared taxes to cities and counties, returning the final recurring \$22 million, and that we take the third step in restoring the real estate transfer tax to the four state and local land acquisition and soil conservation funds, at the full, combined \$24 million level, with \$6 million being from non-recurring revenues. This is \$6 million more than ever before appropriated for the four land acquisition and conservation funds. In addition, I propose another step in restoring funds to the highway fund: The recurring transfer from the highway fund to the general fund will be reduced by \$11 million in 2006-2007, from \$65.8 million to \$54.8 million; and I recommend an additional \$11 million non-recurring transfer back to the highway fund in that year. The Department of Transportation will invest in additional local interstate connectors and state industrial access.

Success in managing the TennCare budget allows me to recommend the following investments with no new taxes and no statewide budget reductions:

K-12 Basic Education Program – The Basic Education Program (BEP) is fully funded for the 10th straight year.

At-Risk Students and English Language Learners – An additional \$20 million BEP appropriation will allow state funding of approximately 30 percent of K-12 at-risk students for grades K-12 and will reduce the teacher-student ratio from 1:50 to 1:45 for the English Language Learner component of the BEP. At-risk students need enhanced and costly educational support because of economic circumstance, neglect, disability, or academic or family problems.

Pre-Kindergarten – I recommend expanding the voluntary pre-kindergarten program in 2006-2007 with an additional \$20 million of general fund revenue and continuing the \$25 million appropriation of excess Lottery for Education proceeds for another year. The \$20 million increase will provide the state share of funds for 250 additional pre-K classrooms. The excess from the lottery is available, considering the amount required to fund higher education scholarships next year.

Math and Science Excellence – To help prepare top high school math and science upper-class students for college and work, I recommend that we locate a residential math and science high school at the UT Space Institute in Tullahoma. Nothing in education is more important than math and science in preparing our hardworking citizens for the knowledge-based, high-technology future. The proposed math and science prep school will number 85 to 120 students and, as a laboratory for innovation in teaching high-achieving students, will benefit all school systems. The budget provides start-up funds for the program, with the intent to open the school in fall 2007.

I also recommend funds to continue expanding the Books from Birth Foundation program throughout the state; for the an increased number of infants and toddlers with disabilities who need in-home educational services; for grants to Future Farmers of America and the 4-H Foundation; and for a grant to Save the Children for the literacy program, focused on grades 1-3 in under-served schools.

Higher Education – Science and Engineering Distinguished Scholars – From recurring funds, I recommend second-year funding of a plan to attract national academy-level faculty to the University of Tennessee (UT). State funds will be matched by Oak Ridge National Laboratory (ORNL) funds, creating a pool of recurring funds to recruit distinguished scholars in the fields of science and engineering, who will be jointly appointed at UT and ORNL. Appointments will be targeted in the neutron, biological, computational, and materials sciences. The National Academy of Sciences includes 1,800 members and the National Academy of Engineering, 1,900, elected by peers in recognition of distinguished achievement in those fields.

The capital outlay budget includes state funds to match federal funds for construction of a facility for research in materials science, the Joint Institute in Advanced Materials in Knoxville, a joint project of the University of Tennessee and the U.S. Department of Transportation. Capital outlay for higher education reaches the first 10 projects recommended by the Higher Education Commission, including a new University of Memphis Law School building and a new Middle Tennessee State University science building, and also provides for capital maintenance. The higher education capital outlay budget totals \$202.3 million, funded from current funds and bonds.

In addition, I recommend for higher education the continuation of the non-recurring operating budget support for another year.

I also recommend funds to maintain the current level of financial support provided for many years for equity and access in higher education. As Geier desegregation settlement commitments are met and funding requirements are reduced, the state should redirect Geier funds into areas that have been most effective in making progress toward unitary status. Within the current base level of funding, the budget maintains minority financial aid programs in both university systems and accelerates completion of Geier settlement agreement funding commitments during 2006-2007. During the 2006 calendar year, the Administration and higher education staff will evaluate the effectiveness of the Geier programs and recommend a plan for use of the Geier funds in a post-Geier unitary status in 2007-2008 and succeeding fiscal years.

Jobs and the Economy – From mostly non-recurring funds, I recommend continuing two approaches that create jobs and stimulate economic opportunity. One is a further investment in the jobs package of the Department of Economic and Community Development, which will provide grants for job training and infrastructure development; will continue the efforts of the Tennessee Leadership Center, which complements the Three-Star community preparedness program by offering training opportunities to community leaders; and will provide additional funds for the Three-Star community grants. In addition, non-recurring funds are provided to support the relocation of the Nissan headquarters to Tennessee.

The second part of the jobs and economy initiative will provide additional non-recurring funds to continue efforts begun last year to advertise and promote the state in the markets having the highest potential for increasing Tennessee tourism. In addition, recurring funds are recommended for opening of a new I-26 welcome center at Erwin, in Unicoi County, in spring of 2007.

Safe Communities – Support of local and state law enforcement and of first responders to disaster and homeland security threats is vital to maintaining a high quality of life for Tennesseans. While continuing the crackdown on methamphetamine abuse that we began in the current year, I recommend in the new budget recurring funds for the Davidson County residential drug court program; for similar drug court programs in Shelby, Knox, and Hamilton counties; and for some additional drug courts in other areas of the state. In the Office of Homeland Security, funds to staff and equip an intelligence fusion center, combining and analyzing information from state and federal agencies, will support the rapid identification of emerging

threats and enhance the state's ability to disseminate terrorism information to local first responders and state agencies. I recommend funds to begin solving the communications interoperability issue that exists among state and local agencies, in law enforcement, disaster response, and homeland security. Non-recurring state funds for this purpose will be available to match a larger share of federal grant funds. I also recommend funds for a public education campaign on Internet stalking. In the capital outlay budget, funds for renovation of the state emergency operations center and state operations control center in Nashville, will improve the workplace of the Tennessee Emergency Management Agency and other state officials in managing disaster and homeland security response.

In the prisons budget, I recommend funds for the costs of an increased number of felons in local jails; for increased state prison operating costs, including inflators in the three prison service agreements and in health and mental health services contracts; and for staffing and operational expenses required during the expansion of the Brushy Mountain prison complex in Morgan County.

For the District Attorneys General offices in Shelby, Davidson, Knox, and Hamilton counties, I recommend additional operational, non-payroll state support, which has been minimal and not increased in many years. This will provide better parity in state support of urban and rural DAs offices. I also recommend more funds for forensic services essential to fighting crime, allowing the Tennessee Bureau of Investigation to add positions for completing forensic examinations more quickly and to retain positions that otherwise would be lost with an expiring federal grant.

Child Welfare – Child Advocacy Centers are community-organized, community-supported, and invaluable in coordinating local and state services in the investigation and prosecution of child-abuse cases. I recommend that the state provide \$50,000 grants to an additional five centers, bringing the total now supported with these grants to 34, an increase of 23 receiving state support since 2003-2004. In addition, I recommend that the state support Court-Appointed Special Advocate (CASA) programs in nine more counties with \$15,000 grants, bringing the total receiving state funds to 23. CASA programs recruit, train, and supervise volunteers to serve as court-appointed advocates for children in state custody who are abused, neglected, or dependent.

In addition, the budget includes funds for the third step of the plan to bring Department of Children's Services case manager salaries in line with the Southeast average; to provide an average 2 percent rate increase for residential service providers; to provide a 6.2 percent increase in foster care and adoption assistance reimbursement rates; to address adoption assistance caseload growth; to improve training of child welfare case workers; and to assess, develop, and deliver community resources necessary for services to children in state custody, based on each child's level of need. I also recommend that the state provide financial assistance for attendance at public post-secondary institutions in Tennessee to children who are aging out of state foster care. This assistance will partially fill the gap between the cost of attendance and other financial aid programs.

Senior Citizens – Our senior citizens have contributed most of a lifetime to our well-being. As they age, we ought to support their needs for comfort of community, a sense of security, and

freedom for personal fulfillment. The state needs to look at our long-term care future for senior citizens, and I intend to do that, with your help. In this budget, I recommend some interim steps. In the Commission on Aging and Disability budget, I recommend funds to serve an additional 200 individuals in home and community based services for the non-Medicaid eligible and additional funds for senior citizens center operations. In the TennCare budget, I also recommend additional funds for home and community based services, including a reimbursement rate increase for PACE (Program of All-Inclusive Care for the Elderly), 250 additional slots for the Senior/Shelby waiver, and 225 more slots for the ADAPT waiver (American Disabled for Attendant Programs Today).

Mental Retardation – Through reductions in the state-only funding mechanism for services to the mentally retarded and the transfer of Mental Retardation Services Division savings to TennCare, the budget includes additional federal match funds for an increased number of Medicaid waiver slots for the mentally retarded. In addition, the TennCare budget includes a non-recurring appropriation to facilitate the transition to TennCare-funded waiver services, as the Division of Mental Retardation Services develops and implements plans to control costs.

Public Health – TennCare costs are under control in this budget. While the TennCare budget includes significant program improvements, TennCare program costs are within the goal I set: TennCare consumes 25.6 percent of estimated Department of Revenue tax collections in the recommended 2006-2007 budget, compared with 26.3 percent in the current year. On a recurring expenditure and revenue basis, the comparison is 25.3 percent in both the current year and 2006-2007. The TennCare budget includes improvements to open enrollment in the medically-needy program and to allow less restrictive criteria; to extend eligibility for children under age one by increasing the federal poverty level criterion from 185 percent to 200 percent; for home and community based services; for enrollment growth; for growth in costs of intermediate care facilities for the mentally retarded; for a long-term care reimbursement rate increase; and for the TennCare share of improvements in the departments of Children's Services and Human Services and in the Division of Mental Retardation Services.

The Health Care Safety Net, established to ease the transition of persons losing TennCare coverage due to reform and cost-control efforts, continues with additional recurring and non-recurring funds in this budget. Additional recurring funds are provided to annualize the cost of 234 Health Department primary care positions established in the current year, for safety net case management and a call center, and for the Shelby County health care program. Non-recurring funds are recommended for donated bulk pharmacy, regional specialty networks, and other transitional costs.

Human Services – I recommend additional recurring funds in the Department of Human Services to fund the increase in the Families First (Temporary Assistance for Needy Families) standard of need, a 2.2 percent inflationary increase in the standard, which will allow 924 families to remain qualified or qualify for the program. From non-recurring funds, I recommend continuation of the family assistance service center in Memphis for another year.

Conservation – In addition to restoration of the real estate transfer tax to the land acquisition and soil conservation funds at the \$24 million level, discussed above, I recommend an additional non-recurring \$10 million appropriation to the Heritage Conservation Trust Fund. Together with the non-recurring \$10 million appropriated for the current year, this will provide state funds to the foundation established under the law you enacted in 2005, in order to leverage federal and gift funds for land purchases and easements required to conserve and protect our natural heritage.

In addition, I recommend funds in this budget to eliminate State Parks access fees, returning these woods, lakes, and streams to the free access that the people had enjoyed for most of their lives. To promote principles of conservation and environmental management among our youth in high school and college, I propose to establish a Tennessee Youth Conservation Corps, a summer program focused on environmental research, resource management, conservation construction projects, and other educational activities. In addition, I recommend additional funds for state historic site operation and maintenance and historical markers and for a non-recurring grant to the Country Music Hall of Fame and Museum in Nashville, for collection preservation and exhibition.

In the capital outlay budget, I recommend additional funds for new visitors centers at the historic Carter House in Franklin and the New Johnsonville State Park and for new cabins at the David Crockett State Park in Lawrenceburg; for a grant to the East Tennessee Historical Society in Knoxville, to assist in completion of a regional history museum; for a grant to assist in preservation of the Stencil House at the Heritage Village in Fayette and Hardeman counties; and for a grant, matching significantly more local and federal funds, to construct an Appalachia regional civic arts center in Maryville.

Agriculture – Along with the additional funds to provide a full allocation of soil conservation funds from the real estate transfer tax, I recommend an additional \$1 million in recurring funds for the farm improvement program. Along with the recurring \$3 million provided in the base budget, these funds will promote herd health, alternative crop production, agribusiness, and marketing.

Information Systems – I recommend additional funds for the enterprise resource planning project, a modern, integrated information system necessary for the administrative functions of state government, including human resources, payroll, financial management, and procurement.

Salaries and Benefits – The salary policy recommendation for employees has three parts: a pay raise, salary compression adjustments for state employees, and classification-compensation adjustments in state job classes. The combination of salary policy funds for state employees is equivalent to the cost of a 3.1 percent salary increase, if simply implemented across-the-board. But instead, I recommend that we invest two-thirds of the funds in addressing the compression and classification-compensation issues.

For state employees, the budget includes funds for a 1 percent salary increase on July 1, 2006. The second component will begin the process of alleviating salary compression in a systematic manner, providing about one-third of the funds needed to complete the plan. Salary compression

exists in instances in which the salary difference between newly hired employees and longer-term employees is too small. The additional classification-compensation salary adjustments will address the highest priority specific job classes that should be adjusted based on comparison with other state positions, other governmental units, and market salary rates.

For higher education employees and K-12 teachers and staff funded through the BEP formula, the budget includes funds for a 2 percent salary increase on July 1, 2006. In the higher education systems, the pay raise in the academic formula units will be funded by tuition or other budget adjustments.

Under the Tennessee Constitution, salaries of state judges may only be rebased at the beginning of a new eight-year judicial term. The budget includes funds to raise the pay of judges on September 1, 2006, to \$140,000 for trial court judges, to \$145,000 for appeals court judges, and to \$150,000 for justices of the Supreme Court. In addition, I recommend that the salaries of district attorneys general, public defenders, and the post-conviction defender be raised to \$124,900 on September 1. I believe their salaries should remain at the same ratio to trial judge salaries as now exists.

The existing statutory inflationary pay adjustment for judges and the Attorney General is funded for two months, and the statutory step raises for assistant district attorneys, assistant public defenders, assistant post-conviction defenders, investigators, and Troopers are funded. In addition, the salary survey pay increases for Troopers and wildlife officers are fully funded.

Recurring funds also are provided for the retirement system rate increase affecting state, higher education, and local education agencies on behalf of employees and for the state share of the group health insurance premium increases.

Capital Outlay – Aside from the \$202.3 million provided for higher education capital outlay projects and from the conservation capital outlay projects discussed above, the capital outlay budget includes a grant for the Memphis BioWorks research park; a grant for a new regional forensic center in Shelby County; and funds for prison expansions, a career development center in Carroll County, residential group homes for the mentally retarded, planning to replace Lakeshore Mental Health Institute in Knox County, military facilities and renovations in Davidson, Decatur, and Blount counties, and maintenance of state facilities.

Revenue Fluctuation Reserve – I am pleased to recommend an increase in the revenue fluctuation reserve for the fourth straight year. We were able to avoid any drawdown of this reserve at the close of the past three fiscal years. The rainy day fund stood at \$178 million on June 30, 2003, at \$275.4 million on June 30, 2005, and is budgeted to grow to \$324.7 million on June 30, 2006. The \$57.1 million deposit to the fund in 2006-2007 will raise this reserve to \$381.8 million on June 30, 2007, which is \$203.8 million more than four years earlier. Expanding this fund is an important priority in maintaining our fiscal credibility. The revenue fluctuation reserve allows services to be maintained when revenue growth is slower than estimated in the budget, mainly during economic downturns. We should maintain the fund for

that economic circumstance and use the opportunity we now have to build the reserve during an economic recovery.

This budget is built from reasonable revenue estimates, based upon Funding Board advice and on careful program analysis and restraint. It is balanced, as the people have required through the Tennessee Constitution, and addresses our common priorities and other issues of concern to the people.

My staff and I look forward to working with the members of the General Assembly on this budget, the Appropriations Bill, related legislation, and other issues of interest to you.

Sincerely,

Phil Bredesen
Governor of the State of Tennessee



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

DAVE GOETZ
COMMISSIONER

February 6, 2006

The Honorable Phil Bredesen
State Capitol
Nashville, Tennessee 37243

Dear Governor Bredesen:

I am pleased to submit to you the fiscal year 2006-2007 Budget Document.

The total state budget for 2006-2007 is \$25.6 billion, with \$12.057 billion from state appropriations, \$9.3 billion from federal funds, and \$4.3 billion from other departmental revenues, higher education student tuition and fees, and bonds for highway projects and capital outlay.

Mid-year review of state tax collections and advice from economists and the State Funding Board have resulted in our revising upward the current-year estimate of taxes collected by the Department of Revenue. In the general fund for 2005-2006, we expect to collect \$177.4 million more than the originally estimated. This is a current-year general fund growth rate of 4.69 percent above the actual 2004-2005 Department of Revenue collections. For 2006-2007, general fund taxes are expected to grow by \$530.6 million above the original current-year estimate, or \$353.2 million above the revised current-year estimate. This is a 4.19 percent general fund growth rate above the revised estimate for the current year, but some of that growth is apportioned to the debt service fund to support capital outlay bonds and to other state revenues to support an appropriation increase for the four land acquisition and soil conservation funds. Revenue growth rates are within the range of revenue growth recommended by the State Funding Board.

The budget recommendation includes a general fund net base state appropriation reduction of \$36 million, resulting mainly from projected moderation of the Temporary Assistance to Needy Families case growth, but also from growth in available departmental revenue and scheduled program adjustments reflected in agency budget requests. These recurring reductions result in the funds being available for investment in priorities. To reflect the additional higher education class qualifying for Hope scholarships, the base also is adjusted upward by \$38.1 million from lottery for education revenues.

In addition to the recurring state revenue growth and the funds available from base adjustments, other state revenues are expected to grow in the current and next years, and a revenue surplus from 2004-2005 is available to help fund appropriation requirements in 2006-2007.

The recommended budget fulfills your commitment to restore state-shared taxes to cities and counties and the real estate transfer tax to the four land acquisition and soil conservation funds. The final share of the recurring state-shared taxes restoration requires \$22 million. The budget proposes to take the third step in restoring the real estate transfer tax to its intended land acquisition and agricultural conservation purposes. Along with the recurring funds in the base budget, an improvement of \$6 million recurring and \$6 million non-recurring funds makes a total of \$24 million available to those funds in 2006-2007, of which \$18 million is recurring.

Although a transfer from the highway fund still is necessary, the recurring transfer to the general fund is reduced by \$11 million to \$54.8 million in 2006-2007, and the budget includes a transfer back to the highway fund of \$11 million from non-recurring general fund availability.

For K-12 education, the improvement from the general fund is \$195.5 million, including \$89.2 million to fully fund the Basic Education Program (BEP) formula for the 10th straight year, \$6 million for the BEP 2 percent growth factor, and \$20 million to fund additional at-risk students and English Language Learner programs through the formula.

In addition, from the general fund, \$20 million is added to further expand the pre-kindergarten program to an additional 250 classes for at-risk students; and the \$25 million appropriation from the lottery for education account is continued for another year. The excess lottery proceeds are available after funding of higher education's projection of the scholarship requirements under the current lottery-funded scholarship program.

Also for K-12 education program improvements, the budget includes \$1 million for start-up costs of a residential math and science high school to open in fall 2007 at the University of Tennessee Space Institute in Tullahoma. The recurring \$500,000 will provide debt service on bonds for dormitory construction, and the non-recurring \$500,000 will fund start-up costs, such as lab and other equipment. An additional \$3 million is recommended for growth in the number of disabled infants and toddlers receiving early education intervention services; \$680,000 is provided to expand the Governor's Books from Birth program to additional counties; and grants of \$500,000 each are recommended for Future Farmers of America, the 4-H Foundation, and Save the Children, for a literacy program.

For higher education, the budget includes a recurring \$4 million improvement, along with \$2.5 million in the base budget, for the University of Tennessee (UT) research initiative, in 1:1 funding partnership with the Oak Ridge National Laboratory (ORNL), that will attract distinguished scholars in the sciences and engineering. The joint UT-ORNL appointments to these positions will be focused on neutron, biological, computational, and materials sciences. This is a multi-year initiative to upgrade the research strength of UT so that the 1,800 members of the National Academy of Science and the 1,900-member National Academy of Engineering will recognize distinguished achievement among UT faculty. Funding also is included in the

capital outlay budget for UT's research initiative. At the UT Knoxville campus, funds are provided for a new Joint Institute in Advanced Materials, in partnership with the U.S. Department of Transportation.

Aside from research, the operating budget includes non-recurring funds of \$6.4 million to continue operating budget support of both university systems at the current level.

Within the base level of funding available for several years, the recommended budget includes funds sufficient to fulfill Geier desegregation settlement commitments in 2006-2007. A base budget reduction of \$1,870,900 is offset by an improvement recommendation of the same amount, in order to continue for a year the minority financial aid and stipend programs begun under the Geier program. As Geier funding is phased out, the Administration intends to recommend the continuation of the level of financial support provided under the Geier program on a recurring basis, in order to provide funds directed toward equity and access initiatives in a unitary system of higher education. During the 2006 calendar year, the Administration and higher education staff will evaluate the effectiveness of Geier programs and recommend a plan for use of the Geier funds in a post-Geier unitary status in 2007-2008 and succeeding fiscal years.

The capital outlay budget for higher education provides \$202.3 million from current funds and bonds to fund the first 10 projects recommended by the Higher Education Commission and to fund maintenance of existing facilities. Capital projects are funded at \$150.4 million from bonds and state current funds, and campus maintenance at \$51.9 million.

For economic development, the budget includes \$20.7 million from non-recurring funds to support the jobs initiatives. From this amount, \$6 million is to support relocation of the Nissan headquarters to Tennessee and \$14.7 million is for the jobs package, including \$14 million for the FastTrack infrastructure development and job training program and \$700,000 for community development initiatives. The budget also provides \$4.75 million from non-recurring funds to continue in high-impact markets the advertising and promotion of Tennessee as a tourist destination.

For safe communities, the budget includes a recurring improvement of \$3.5 million for drug court programs. This includes \$500,000 for the Davidson County residential drug court program; \$500,000 each for similar programs in Shelby, Knox, and Hamilton counties; and \$1.5 million for other drug court programs. In addition, \$4 million from non-recurring state funds is recommended to match federal funds for communications interoperability, which will enhance homeland security and disaster response. The budget also includes \$1.1 million to staff and equip an intelligence fusion center, which will provide the state the ability to analyze and disseminate to first responders information on emerging threats.

The District Attorneys General budget includes an improvement of \$1 million to provide additional operational, non-payroll funds to the DAs offices in Shelby, Davidson, Knox, and Hamilton counties. The state operating support in these urban districts has been minimal and has not been adjusted for many years. The District Public Defenders budget includes funds to maintain nine positions that otherwise would be abolished with expiring federal grants.

The Correction Department budget requires additional funding of \$13.8 million, including the \$5 million for the cost of additional state felons in local jails; \$5.5 million for prison service, medical, and mental health contract inflators; \$1.8 million for the security staffing requirements of the new prison in Morgan County during the construction; and \$1.5 million for additional prison operational costs.

In the Tennessee Bureau of Investigation budget, \$1.3 million is added for forensic services, which will allow the TBI to retain nine positions that otherwise would be lost with expiring federal grants and to add nine positions to complete forensic examinations more quickly. In the Military Department, \$927,800 is recommended for maintenance and utility costs at National Guard armories and Air National Guard facilities and to fund overhead costs disallowed for federal reimbursement. The Department of Safety budget includes funds for additional police officers who will receive training-incentive pay supplements, for increased facility lease costs, and for reimbursement to county clerks for the increased number of vehicle titles being issued.

For child welfare, the budget includes \$250,000 for grants of \$50,000 each to five additional Child Advocacy Centers, bringing the total supported with grants to 34. These centers are locally supported and coordinate local and state agencies in the investigation and prosecution of child abuse cases. In addition, \$135,000 is recommended for \$15,000 grants to nine additional counties wanting to participate in the Court Appointed Special Advocate program, which recruits, trains, and supervises volunteers who assist children in state custody.

In the Department of Children's Services budget, an improvement of \$13.2 million from state funds and \$25.7 million including federal and TennCare funds, is recommended, including funds for the third year of the plan to increase case manager salaries to the Southeast average, for foster care and adoption assistance reimbursement rate increases of 6.2 percent, for adoption assistance case growth, for a residential provider rate increase averaging 2 percent, for social worker training, for community resource assessments, for psychologist services, and for higher education financial aid to children aging out of state foster care.

For senior citizens, the budget includes a state-funded improvement of \$800,000 in the Commission on Aging and Disability to serve an additional 200 individuals in the home and community based services program for the non-Medicaid eligible and \$250,000 for additional operating support of the senior citizen centers. In the TennCare budget, an additional \$6.4 million, including \$2.3 million from state funds, is recommended for the home and community based services program. This includes funds for a 4.17 percent increase in the per diem rate for PACE (Program of All-Inclusive Care for the Elderly), 250 additional slots for the Senior/Shelby waiver, and 225 additional slots for the ADAPT waiver (American Disabled for Attendant Programs Today).

In the Mental Retardation budget, the base state appropriation is reduced by the transition of some clients from 100 percent state-funded services, and the savings are transferred to TennCare in order to provide Medicaid waiver services to the clients. In addition, the TennCare budget includes a non-recurring improvement of \$66.4 million, including \$24.1 million from state

appropriations, to facilitate the transition to TennCare waiver services, as the Division of Mental Retardation develops and implements plans to control costs.

For public health, the budget includes significant improvements in the TennCare budget, but the budget recommendation for 2006-2007 is within the goal you set for the share of state revenue that TennCare consumes: In 2006-2007, TennCare consumes 25.6 percent of estimated Department of Revenue tax collections compared with 26.3 percent in the current year. On a recurring expenditure and revenue basis, the comparison is 25.3 percent in both the current year and 2006-2007. TennCare improvements for next year total \$324.8 million, including \$115.4 million from state appropriations. The improvements include funds for open enrollment in the medically needy program and to allow less restrictive eligibility criteria, to extend eligibility for children under age one by increasing the federal poverty criterion from 185 percent to 200 percent, for a 2.5 percent rate increase for providers, for growth in expenditures in private intermediate care facilities for the mentally retarded, for 2.2 percent enrollment growth, for a 1 percent rate increase for long-term care, for the home and community based services discussed above, and for the TennCare share of improvements in the departments of Children's Services and Human Services and the Division of Mental Retardation Services.

The Health Care Safety Net, established in the current year to ease the transition of persons losing TennCare coverage due to reform and cost-control efforts, includes recurring base funds of \$76.9 million in 2006-2007 and an improvement of \$23.4 million, including \$13.18 million recurring and \$10.25 million non-recurring. The additional recurring funds include \$11.3 million to annualize the cost of 234 primary care positions established in the Department of Health and additional funds for safety net case management and a call center and for the Shelby County health care program. The additional non-recurring funds are for donated bulk pharmacy, regional specialty networks, and other transitional costs.

In the Department of Mental Health and Developmental Disabilities, \$319,100 is recommended to continue a housing program and a school-based violence prevention program, despite the loss of federal funds.

In the Department of Human Services, the budget includes a recurring improvement of \$2.5 million for the standard of need inflationary increase in the Families First (Temporary Assistance to Needy Families) program. This is a 2.2 percent increase in the standard of need, which will allow 924 families to remain qualified or qualify for the program. The Human Services budget also includes a non-recurring improvement of \$5.2 million, including \$2.3 million from state funds, to continue the family assistance center in Memphis for another year. From federal funds, the budget also funds four additional rehabilitation instructor positions to provide independent living services to older blind individuals.

For conservation, in addition to the restoration of the real estate transfer tax to the land acquisition and soil conservation funds at the \$24 million level, discussed above, the budget includes an additional non-recurring appropriation of \$10 million for the Heritage Conservation Trust Fund. In addition, the budget includes \$1.1 million, including \$924,000 recurring, to eliminate State Parks access fees, effective July 1, 2006; \$350,000 to establish a summer

Tennessee Youth Conservation Corps for high school and college-age youth; \$1 million for the cost of environmental testing in the state laboratory; \$368,400 for the Historical Commission for historic site operation and maintenance and historical markers; \$251,000 to begin addressing State Parks housing policy; and \$100,000 each for Tims Ford State Park and the Natural Heritage program to maintain operations that are losing federal and other departmental revenues. The total operating budget improvement recommendation for the Department of Environment and Conservation is \$18.1 million from state appropriations, including its share of the real estate transfer tax funds for land acquisition. In the capital outlay budget, the recommendation for this department is \$6.1 million from current funds and bonds, including funds for new visitors centers at the historic Carter House in Franklin and the New Johnsonville State Park, for new cabins at David Crockett State Park, and for work at the Cordell Hull Birthplace and Montgomery Bell State Park.

For agriculture, along with a full allocation of soil conservation funds from the real estate transfer tax, the budget includes an additional recurring \$1 million for the farm improvement program. Combined with the \$3 million provided in the base budget, these funds will promote herd health, alternative crop production, agribusiness, and marketing.

For information systems development, the budget includes an appropriation of \$28.1 million for the enterprise resource planning project, which will provide a modern, integrated system for the administrative functions of state government, including human resources, payroll, financial management, and procurement. The appropriation includes \$15.1 million in non-recurring funds and \$13 million in recurring funds, which will provide debt service on \$81.3 million in 10-year bonds. In addition, in the budget of the Comptroller of the Treasury, \$1.6 million in non-recurring funds is provided for re-development and integration of a statewide property tax assessment and appraisal information system, supporting current state and local government functions.

Salary improvement for employees has three parts: a pay raise, salary compression adjustments for state employees, and classification-compensation adjustments in state job classes. The combination of salary policy funds for state employees is equivalent to the cost of a 3.1 percent salary increase, if simply implemented across-the-board. But instead, this budget invests two-thirds of the funds in addressing the compression and classification-compensation issues.

For state employees, the budget includes funds for a 1 percent salary increase on July 1, 2006. The second component will begin the process of alleviating salary compression in a systematic manner, providing about one-third of the funds needed to complete the plan. Salary compression exists in instances in which the salary difference between newly hired employees and longer-term employees is too small. The additional classification-compensation salary adjustments will address the highest priority specific job classes that should be adjusted based on comparison with other state positions, other governmental units, and market salary rates.

For higher education employees and K-12 teachers and staff funded through the BEP formula, the budget includes funds for a 2 percent salary increase on July 1, 2006. In the higher education

systems, the pay raise in the academic formula units will be funded by tuition or other budget adjustments.

The complete salary package described above costs \$88.8 from general fund revenues. The percentage pay raises cost \$61.8 million, including \$19.4 million for state and higher education employees and \$42.4 million for K-12 teachers. For the salary compression adjustments for state employees, the budget includes \$20 million, and for the classification-compensation salary adjustments, \$7 million.

Under the Tennessee Constitution, salaries of state judges may only be rebased at the beginning of a new eight-year judicial term. The budget includes funds to raise the pay of judges on September 1, 2006, to \$140,000 for trial court judges, to \$145,000 for appeals court judges, and to \$150,000 for justices of the Supreme Court. The recommendation also includes an additional \$5,000 adjustment for the Chief Justice and an additional \$2,500 adjustment for the presiding judges of the two appeals courts. Funds also are included for the associated raises for the Attorney General and Reporter and the Administrative Director of the Courts. In addition, funds are provided to adjust salaries of district attorneys general, public defenders, and the post-conviction defender to \$124,900 on September 1, keeping their salaries at the same ratio to trial judge salaries as now exists. The cost of this recommendation is \$6 million, which is the recurring annual cost when combined with the funds from the two-month statutory pay raise these positions will receive on July 1.

The statutory step raises for assistant district attorneys, assistant public defenders, assistant post-conviction defenders, investigators, and Troopers are funded. In addition, the salary survey pay increases for Troopers and wildlife officers are fully funded.

Recurring funds of \$63.6 million are provided for the July 1, 2006 retirement contribution rate increase affecting state, higher education, and local education agencies on behalf of employees. For the state share of group health insurance premium increases, the budget includes \$20.7 million for state employees and higher education, and in the Department of Education budget, \$11.3 million.

The capital outlay budget totals \$354.6 million, including \$61.8 million from non-recurring state current funds, \$248.9 million from bonds, \$19.9 million from federal funds, and \$24 million from other sources. This includes the \$202.3 million for higher education and funds for the State Parks capital outlay, both discussed above. Other capital projects include additional minimum security housing at the West Tennessee State Prison and Turney Center, planning of a new Lakeshore Mental Health Institute, 25 residential group homes for the mentally retarded, renovation of Tennessee Emergency Management Agency operations and control centers in Nashville, and a new Army aviation support facility in Blount County. Capital maintenance for state facilities requires \$34.4 million, excluding higher education maintenance cited above. In addition, the budget includes capital outlay grants of \$3.5 million for the Memphis BioWorks research park; \$5 million for a regional forensic center in Shelby County; \$2.5 million for the East Tennessee Historical Society regional history museum; \$2 million for an Appalachia regional civic arts center in Maryville; \$1 million for the Country Music Hall of Fame and

Museum, which will be reallocated in the appropriations bill as a non-recurring operational grant to support preservation and exhibition of the collection; and \$100,000 to the Hobart Ames Foundation for preservation of the Stencil House, at the Ames Plantation in Fayette and Hardeman counties.

The facilities revolving fund capital budget provides an additional \$72.2 million for projects and maintenance of state office buildings and similar facilities maintained through agency rent payments.

Recommended program improvements and capital outlay projects are explained in detail in the Budget Document. In addition, volume 2 of the budget, presents the performance-based budget of nine agencies and supplementary information about the budget and about many programs.

The overappropriation – or the amount by which general fund agencies must underspend – is set at \$76.6 million in both the current year and the 2006-2007 recommended budget

The revenue fluctuation reserve currently is at \$275.4 million and is budgeted to increase to \$324.7 million at June 30, 2006. The 2006-2007 Budget proposes that this reserve be raised by \$57.1 million to \$381.8 million at June 30, 2007. The proposed deposit satisfies the statutory requirement that the recommended budget include an amount equal to 10 percent of state tax revenue growth for deposit to this reserve. The revenue fluctuation reserve allows services to be maintained when revenue growth is slower than estimated in the budget, mainly during economic downturns. With a recovering economy and spending under control, we should use this opportunity to continue building this rainy day fund.

I recommend that you advise the General Assembly to remain conservative in estimating revenues and to retain the recommended increase for the revenue fluctuation reserve.

Respectfully Submitted,

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

Administration Priorities



During his first three years as Governor of the State of Tennessee, Phil Bredesen has established the state's fiscal footing through budget discipline and tighter management of our state's resources. For the fourth year in a row, he is submitting to the General Assembly a balanced, sensible and well-rounded budget with no new taxes.

A fiscally balanced budget is important, but so is a budget that balances all of the state's priorities for the benefit of all Tennesseans. This budget does that. With the completion of difficult reforms to TennCare, the state has finally turned a corner and moved from a fiscal crisis to financial stability. For the second consecutive year, the Governor's Recommended Budget includes more new money in education than in TennCare.

The Governor's priorities again focus on making education our state's fundamental priority. In addition, the Governor will make continued improvements in the way Tennessee provides health care coverage to those who need it; continued investments in job creation and economic development; and additional investments to ensure the safety of our communities. He believes strongly that state government cannot do everything and that it must continue to develop innovative partnerships with local governments, businesses, civic groups, religious groups and individuals to better serve our citizens.

- **Education**

One year after kicking off a new initiative to expand voluntary Pre-K classrooms across the state, Governor Bredesen will continue building upon that progress with significant new investments toward a longterm goal of a strong, high quality Pre-K program for all 4-year-olds in Tennessee. Governor Bredesen believes that providing all children – particularly at-risk children – the opportunity to learn basic skills earlier can change the course of hundreds of thousands of lives.

The Governor will also continue his focus on improving K-12 education by fully funding the Basic Education Program. Governor Bredesen believes we must continue to fully fund K-12 education and focus on teacher pay, meaningful professional development, and intensive intervention for struggling students.

With this in mind, Governor Bredesen will increase BEP funding for at-risk and English language learning students across the state; continue investments in the Governor's

Books from Birth Foundation to promote early childhood reading; and continue investing in Teach Tennessee – a program he created to recruit highly trained professionals to the teaching profession. Governor Bredesen also will take the first steps in establishing a residential school for math and science in Tennessee. Math and science education is critical to recruiting and retaining high-quality jobs for hardworking citizens in an increasingly knowledge-based, high-tech economy.

- **Health Care**

Last year, the Governor made significant reforms to TennCare, the state’s expanded Medicaid program providing health insurance coverage to more than one million Tennesseans. While the final reform proposal was not the one the Governor initially fought for, he was left no choice and he took the most responsible path given the legal and economic circumstances facing the state.

Governor Bredesen has worked during the last year, with bipartisan support from the Tennessee General Assembly, to maintain health insurance coverage for the state’s sickest and neediest citizens, and taken steps to dramatically improve the state’s health care safety net program. After three years of dealing with the fiscal realities of TennCare, we have turned a corner in addressing health care in Tennessee. With this progress, the state is now in the process of developing an entirely new health care program - one which would be completely autonomous from TennCare - aimed at addressing the needs of 600,000 Tennesseans currently without health insurance.

- **Jobs and the Economy**

Governor Bredesen believes creating more and better job opportunities is a key to improving life in Tennessee. He will continue to focus on job creation with a goal of “modernizing the tool kit we use to sustain and build new industry in Tennessee.” That includes continued investments in Tennesseans through training and re-training workers for the jobs of tomorrow, creating new initiatives for small businesses, and by expanding the state’s broadband infrastructure to foster competitiveness for new industry statewide.

Tennessee must diversify in order to compete in a rapidly changing economy. Governor Bredesen created a Jobs Cabinet to coordinate efforts at the highest levels of state government to create better-paying, higher-skilled jobs for working Tennesseans and created an Office of Diversity Business Enterprise to serve as a point of service and information clearinghouse for small businesses, including minority- and women-owned businesses. These initiatives continue to bear fruit in our state with 71,000 new jobs created in the last three years.

- **Safe Communities**

One issue Governor Bredesen will put a renewed focus on during the next year is preparedness. In Tennessee, we have seen a number of emergencies on both the local and statewide level. But in the wake of Hurricane Katrina and the devastating impact it had on people, individual states and the nation, we must add focus to preparing

Tennessee for potential large-scale disasters. An adequate emergency response, whether the cause is manmade or natural, requires coordination and cooperation between stakeholders at the local, state and federal levels. The Governor has included significant state money to ensure that all of our first responders can communicate immediately in a disaster.

Methamphetamine abuse is a clear and present danger to the future of our state and we are working quickly to defeat this plague. Governor Bredesen signed comprehensive legislation in 2005 to broaden the state's attack on methamphetamine abuse. We have seen significant results since this legislation took effect, including a 50 percent decrease in the number of meth lab busts across the state. Governor Bredesen will continue his focus on reducing the meth problem in Tennessee, ensuring the health and safety of Tennessee communities.

The Budget Document

Introduction

Tennessee Code Annotated, Section 9-4-5106, requires that the financial plan of Tennessee's state government be presented in four parts:

1. Financial Policy – The state's financial policy, contrasting the relationships between expenditures and revenues from all sources that are estimated for the ensuing fiscal year, with the corresponding figures for the latest completed fiscal year and the fiscal year in progress; and a budget summary;

2. State Appropriations and Taxes, Excluding Dedicated Funds – Appropriations and tax estimates from general state tax sources, excluding appropriations from dedicated tax sources; this is the so-called "State Taxpayers Budget";

3. Detailed Budget Estimates – Estimates of expenditures and revenues, including all funding sources; program statements and performance measures; statement of the state's bonded indebtedness, detailing redemption requirements until retirement, the net and gross debt of the state, and condition of the sinking fund; and

4. Appropriations Bill and Other Budget Bills – The General Appropriations Bill, through which the General Assembly gives legal sanction to the financial plan it adopts. Upon passage, this bill appropriates by agency and fund the expenditures for the ensuing fiscal year. The revenues by which these expenditures are financed also are detailed in this bill. In addition, other bills required to give legal sanction to the financial plan must be filed.

Parts one, two, and three are included in the Budget Document. The format of the Budget Document is reviewed annually for clarity and content. Part four, the Appropriations Bill and other budget legislation, such as the Bond Authorization Bill, are separate documents.

The "Introduction" section of the Budget Document begins with transmittal letters from the Governor to the General Assembly and from the Commissioner of Finance and Administration to the Governor. These letters summarize the policy and financial recommendations included in the document.

Following the transmittal letters is a statement of the Administration's priorities.

The next section of the Budget Document, entitled "Budget Overview," is a brief summary of the total budget.

This overview is a series of charts and schedules that summarize the Budget. The total state budget and the General Fund budget are represented by pie charts that detail each major tax and each functional area for the recommended budget. Tennessee's current tax structure has the majority of its tax revenue coming from the sales tax, the largest portion of which funds education.

The overview schedules clarify and detail the expenditures, revenue sources, and personnel requirements of state government.

The Budget Document has several total budget schedules comparing programs by funding source and showing how those funds are derived.

Also included are tables that list, by department, the improvements proposed for the next fiscal year.

There are two charts that provide the total fund balance available, indicating the appropriation requirements and the General Fund and Education Fund revenues and

reserves available to meet that need: "General Fund and Education Fund, Comparison of Appropriation Requirements and State Revenues" for the current year and next (or recommended budget) year. The two charts show how the budget is balanced against General Fund and Education Fund tax revenues for the two fiscal years. Because of its dedicated funding sources, the Department of Transportation's appropriation requirements and revenue sources are stated on a separate chart.

All agencies and departments are included in the summary comparison schedules by program and funding source.

Other schedules provide detail on the supplemental appropriations required to maintain programs in the current fiscal year, the Constitutional spending limitation requirement, and a summary of personnel and funding for all state agencies and higher education institutions.

The Budget Document also includes an historical analysis of the effect on the state budget of federal aid trends and federally mandated costs.

The section entitled "State Tax Revenues" presents state tax revenue estimates for the ensuing fiscal year, compared with actual collections for the previous year and the revised estimate for the current year. This section explains the various sources of revenue, by collecting agency, and the statutory apportionment among the various funds: the General Fund, Education Fund, Highway Fund, Sinking (or Debt Service) Fund, and Cities and Counties Fund.

Included in the "Financial Statements" section are the comparative balance sheets for the General Fund, Education Fund, and Highway Fund as of June 30 for the two prior years. This schedule is followed by the expenditures and requirements of the Debt Service Fund for the previous, current, and subsequent fiscal years. A Debt Service Fund comparative balance sheet also is included.

The status of the various authorized and unissued bonds is given in a schedule of bonds and appropriations made for capital purposes in lieu of bond issuance. The statement of bonded indebtedness presents the retirement schedule for the state's bonded debt. The cost of outstanding bonds is reflected as principal and interest.

The proposed capital outlay for the ensuing fiscal year is included within the "Capital Outlay Program" section. Specific projects are shown for each department impacted, along with capital maintenance. Whether from current funds of the general fund, the sale of general obligation bonds, or from other sources, the proposed funding for each project is indicated.

The "State Taxpayers Budget" section is included to distinguish between state appropriations from general state taxes and appropriations from dedicated taxes and fees, which are narrowly levied and earmarked for specific purposes. The "State Taxpayers Budget" excludes the dedicated funds, federal revenues, and other departmental revenues; it reports only appropriations from general state tax sources, along with estimates of the general taxes.

Except for the "State Taxpayers Budget," all of the other summary charts and program statements in this Budget Document that deal with appropriations include appropriations from all state sources, both general taxes and dedicated taxes and fees.

The major portion of the Budget Document is "Program Statements by Functional Area." For presentation in the Budget Document, departments and agencies with related missions, programs, goals, and objectives are grouped, resulting in six functional areas. This enables legislators, policy-makers, and citizens to have a better concept of the magnitude and costs of services provided through the various functional areas of state government.

At the beginning of each functional presentation is an introduction to the

associated agencies, followed by a list of the improvement items that are recommended for that area of state government. The improvement list is followed by tables that show the total expenditures, funding sources, and personnel of each functional area.

The activities and responsibilities of the departments and agencies are explained through narrative descriptions of each program.

Following this narrative, fiscal and personnel data are provided for the last completed year, the current year, and the next year. The next-year estimates include the level of funding and number of positions for the recommended base budget, program improvements, and the total recommended.

Volume 2 of the Budget Document, "Performance-Based Budget for Selected Agencies and Supplementary Information," includes a budget process explanation; a basis of budgeting and accounting explanation; a Tennessee characteristics chart; and a Tennessee program history, focused on children, education, economic opportunity, public health, homeland security, and natural resources; the performance-based budget for agencies officially phased into performance-based budgeting; program performance measures for most agencies not officially phased into performance-based budgeting; and other program information for most agencies.

Budget Overview

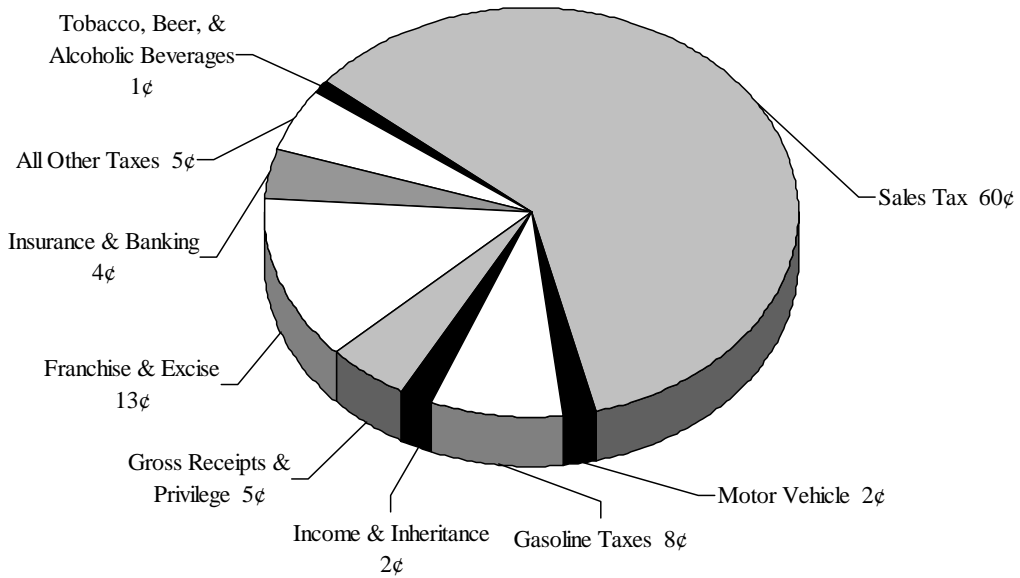
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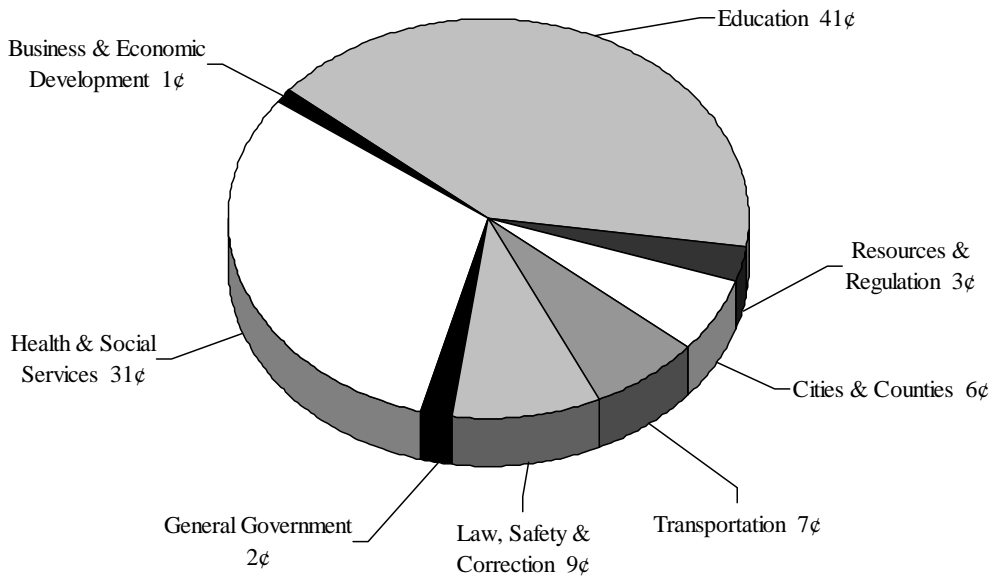
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Total State Budget

Where Your State Tax Dollar Comes From



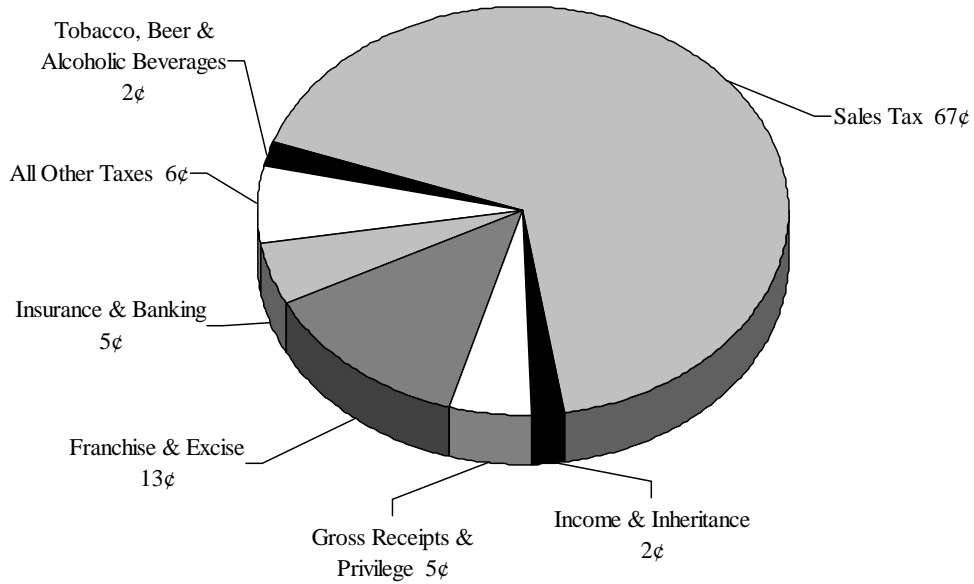
Where Your State Tax Dollar Goes



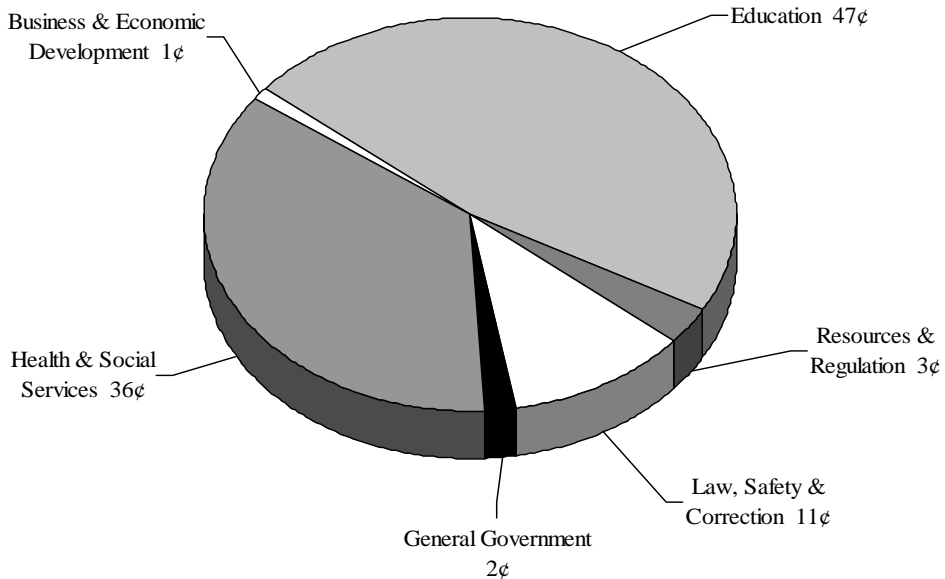
Fiscal Year 2006 - 2007

General Fund Budget

Where Your State Tax Dollar Comes From



Where Your State Tax Dollar Goes



Fiscal Year 2006 - 2007

**Total State Budget
Comparison of Programs and Revenue Sources
Fiscal Years 2004-2005, 2005-2006, and 2006-2007**

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>	<u>Act. vs. Est. Difference</u>	<u>Est. vs. Rec. Difference</u>
I. PROGRAMS					
ALL PROGRAMS	\$24,216,529,600	\$26,321,896,200	\$25,632,493,600	\$2,105,366,600	(\$689,402,600)
General Fund ¹	21,632,911,600	22,937,376,100	22,330,422,700	1,304,464,500	(606,953,400)
Department of Transportation	1,408,945,600	1,858,614,000	1,720,858,000	449,668,400	(137,756,000)
Debt Service Requirements	251,788,500	285,124,400	301,626,000	33,335,900	16,501,600
Capital Outlay Program	123,630,000	389,557,000	354,600,000	265,927,000	(34,957,000)
Facilities Revolving Fund	115,328,600	130,224,700	182,886,900	14,896,100	52,662,200
Cities & Counties - State Shared Taxes	683,925,300	721,000,000	742,100,000	37,074,700	21,100,000
II. REVENUE SOURCES					
APPROPRIATION	\$10,917,367,800	11,658,574,900	\$12,056,851,600	\$741,207,100	\$398,276,700
General Fund ¹	9,112,580,500	9,918,076,800	10,269,296,700	805,496,300	351,219,900
Department of Transportation	775,469,200 ²	664,900,000	681,400,000	(110,569,200)	16,500,000
Debt Service Requirements	251,788,500	285,124,400	301,626,000	33,335,900	16,501,600
Capital Outlay Program	93,021,000 ²	68,807,000	61,800,000	(24,214,000)	(7,007,000)
Facilities Revolving Fund	583,300	666,700	628,900	83,400	(37,800)
Cities & Counties - State Shared Taxes	683,925,300	721,000,000	742,100,000	37,074,700	21,100,000
BONDS	\$0	\$429,400,000	\$376,200,000	\$429,400,000	(\$53,200,000)
Department of Transportation	0	156,000,000	83,500,000	156,000,000	(72,500,000)
Capital Outlay Program	0	256,900,000	248,900,000	256,900,000	(8,000,000)
Facilities Revolving Fund	0	16,500,000	43,800,000	16,500,000	27,300,000
FEDERAL	\$9,201,805,600	\$9,933,407,700	\$9,269,892,400	\$731,602,100	(\$663,515,300)
General Fund	8,606,953,700	8,904,175,700	8,331,663,400	297,222,000	(572,512,300)
Department of Transportation	591,620,900	996,332,000	904,029,000	404,711,100	(92,303,000)
Capital Outlay Program	3,231,000	32,900,000	19,900,000	29,669,000	(13,000,000)
Facilities Revolving Fund	0	0	14,300,000	0	14,300,000
CURRENT SERVICES & OTHER	\$4,097,356,200	\$4,300,513,600	\$3,929,549,600	\$203,157,400	(\$370,964,000)
General Fund ³	3,913,377,400	4,115,123,600	3,729,462,600	201,746,200	(385,661,000)
Department of Transportation	41,855,500	41,382,000	51,929,000	(473,500)	10,547,000
Capital Outlay Program	27,378,000	30,950,000	24,000,000	3,572,000	(6,950,000)
Facilities Revolving Fund	114,745,300 ⁴	113,058,000	124,158,000	(1,687,300)	11,100,000
TOTAL STATE BUDGET	\$24,216,529,600	\$26,321,896,200	\$25,632,493,600	\$2,105,366,600	(\$689,402,600)

¹ General Fund includes Education Lottery-funded programs.

² Includes tax revenues and bonds.

³ Includes Lottery-funded early childhood education program and Higher Education tuition and student fees.

⁴ Includes departmental operating revenues and bonds.

**Total State Budget
Comparison of Programs by Revenue Sources
Fiscal Years 2004-2005, 2005-2006, and 2006-2007**

	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs. Est. Difference	Est. vs. Rec. Difference
I. GENERAL FUND ¹	\$21,632,911,600	\$22,937,376,100	\$22,330,422,700	\$1,304,464,500	(\$606,953,400)
Appropriation	9,112,580,500	9,918,076,800	10,269,296,700	805,496,300	351,219,900
Federal	8,606,953,700	8,904,175,700	8,331,663,400	297,222,000	(572,512,300)
Current Services & Other Revenue ²	3,913,377,400	4,115,123,600	3,729,462,600	201,746,200	(385,661,000)
II. DEPARTMENT OF TRANSPORTATION	\$1,408,945,600	\$1,858,614,000	\$1,720,858,000	\$449,668,400	(\$137,756,000)
Appropriation	775,469,200 ³	664,900,000	681,400,000	(110,569,200)	16,500,000
Federal	591,620,900	996,332,000	904,029,000	404,711,100	(92,303,000)
Current Services & Other Revenue	41,855,500	41,382,000	51,929,000	(473,500)	10,547,000
Bonds	-	156,000,000	83,500,000	156,000,000	(72,500,000)
III. DEBT SERVICE REQUIREMENTS	\$251,788,500	\$285,124,400	\$301,626,000	\$33,335,900	\$16,501,600
Appropriation	251,788,500	285,124,400	301,626,000	33,335,900	16,501,600
IV. CAPITAL OUTLAY PROGRAM	\$123,630,000	\$389,557,000	\$354,600,000	\$265,927,000	(\$34,957,000)
Appropriation	93,021,000 ³	68,807,000	61,800,000	(24,214,000)	(7,007,000)
Federal	3,231,000	32,900,000	19,900,000	29,669,000	(13,000,000)
Current Services & Other Revenue	27,378,000	30,950,000	24,000,000	3,572,000	(6,950,000)
Bonds	0	256,900,000	248,900,000	256,900,000	(8,000,000)
V. FACILITIES REVOLVING FUND	\$115,328,600	\$130,224,700	\$182,886,900	\$14,896,100	\$52,662,200
Appropriations	583,300	666,700	628,900	83,400	(37,800)
Federal	0	0	14,300,000	0	14,300,000
Current Services & Other Revenue ⁴	114,745,300	113,058,000	124,158,000	(1,687,300)	11,100,000
Bonds	0	16,500,000	43,800,000	16,500,000	27,300,000
VI. CITIES & COUNTIES - STATE SHARED TAXES	\$683,925,300	\$721,000,000	\$742,100,000	\$37,074,700	\$21,100,000
Appropriation	683,925,300	721,000,000	742,100,000	37,074,700	21,100,000
VII. TOTAL STATE BUDGET	\$24,216,529,600	\$26,321,896,200	\$25,632,493,600	\$2,105,366,600	(\$689,402,600)
Appropriation	10,917,367,800	11,658,574,900	12,056,851,600	741,207,100	398,276,700
Federal	9,201,805,600	9,933,407,700	9,269,892,400	731,602,100	(663,515,300)
Current Services & Other Revenue ²	4,097,356,200	4,300,513,600	3,929,549,600	203,157,400	(370,964,000)
Bonds	0	429,400,000	376,200,000	429,400,000	(53,200,000)

¹ General Fund includes Education Lottery-funded programs.

² Includes Higher Education tuition and student fees.

³ Includes tax revenues and bonds.

⁴ Includes departmental operating revenues and bonds.

Departmental Summary of Continuation and Improvement Recommendations from State Tax Revenue for Fiscal Year 2006-2007

Department	2005-2006 Appropriations *		2006-2007 Recommended Appropriations				
	Recurring	Non-Recurring	Base	% Change	Improvements	Total	% Change
Legislature	\$34,473,800	\$2,386,000	\$34,555,400	0.24%	\$0	\$34,555,400	-6.25%
Fiscal Review Committee	1,012,400	0	1,014,800	0.24%	0	1,014,800	0.24%
Court System	94,017,000	29,500	94,367,000	0.37%	4,778,000	99,145,000	5.42%
Attorney General and Reporter	18,933,500	0	18,933,500	0.00%	24,200	18,957,700	0.13%
District Attorneys General	54,262,600	263,800	54,262,600	0.00%	2,347,300	56,609,900	3.82%
Secretary of State	24,888,800	687,100	24,888,800	0.00%	1,125,000	26,013,800	1.71%
District Public Defenders	31,233,800	59,000	31,233,800	0.00%	2,064,600	33,298,400	6.41%
Comptroller of the Treasury	67,720,500	0	67,720,500	0.00%	1,857,300	69,577,800	2.74%
Post-Conviction Defender	1,218,600	0	1,234,600	1.31%	34,200	1,268,800	4.12%
Treasury Department	154,300	0	154,300	0.00%	442,400	596,700	286.71%
Claims and Compensation	10,076,100	0	9,909,900	-1.65%	0	9,909,900	-1.65%
Executive Department	3,683,100	0	3,683,100	0.00%	0	3,683,100	0.00%
Executive Dept. - Office of Homeland Security	884,100	0	884,100	0.00%	1,123,800	2,007,900	127.11%
Commissions	30,246,900	305,000	29,865,000	-1.26%	1,102,500	30,967,500	1.36%
Finance and Administration (F&A)	67,186,500	54,304,000	67,186,500	0.00%	15,860,200	83,046,700	-31.64%
State Health Planning and Safety Net **	52,746,100	47,884,000	52,746,100	0.00%	12,130,000	64,876,100	-35.53%
Criminal Justice Programs **	3,089,600	4,920,000	3,089,600	0.00%	3,634,000	6,723,600	-16.06%
Other F&A Programs **	11,350,800	1,500,000	11,350,800	0.00%	96,200	11,447,000	-10.92%
F&A - TennCare	2,548,692,400	100,609,000	2,557,327,300	0.34%	115,378,600	2,672,705,900	0.88%
Personnel	4,721,200	0	4,721,200	0.00%	44,800	4,766,000	0.95%
General Services	2,169,400	0	2,169,400	0.00%	0	2,169,400	0.00%
Veterans Affairs	3,281,700	330,000	3,281,700	0.00%	115,000	3,396,700	-5.95%
Board of Probation and Parole	66,034,500	10,000	66,034,500	0.00%	0	66,034,500	-0.02%
Agriculture	54,588,800	3,890,000	54,588,800	0.00%	3,250,000	57,838,800	-1.09%
Tourist Development	7,198,600	4,625,000	7,198,600	0.00%	4,750,000	11,948,600	1.06%
Environment and Conservation	153,507,000	14,750,000	153,507,000	0.00%	18,107,800	171,614,800	2.00%
Wildlife Resources Agency	43,624,600	2,767,800	41,547,600	-4.76%	6,275,500	47,823,100	3.08%
Correction	565,437,300	230,300	565,437,300	0.00%	13,828,700	579,266,000	2.40%
Economic and Community Development	30,533,400	33,400,000	30,533,400	0.00%	21,000,000	51,533,400	-19.40%
Education (K-12)	3,147,313,200	12,321,000	3,147,313,200	0.00%	195,533,400	3,342,846,600	5.80%
Lottery-Funded Programs **	6,500,000	2,421,000	6,500,000	0.00%	0	6,500,000	-27.14%
Other K-12 Education Programs **	3,140,813,200	9,900,000	3,140,813,200	0.00%	195,533,400	3,336,346,600	5.89%
Higher Education	1,339,253,500	31,782,800	1,375,482,600	2.71%	37,270,900	1,412,753,500	3.04%
Lottery for Education Account **	172,400,000	25,000,000	210,500,000	22.10%	25,000,000	235,500,000	19.30%
Other Higher Education Programs **	1,166,853,500	6,782,800	1,164,982,600	-0.16%	12,270,900	1,177,253,500	0.31%
Commerce and Insurance	49,934,700	9,600	50,104,700	0.34%	316,900	50,421,600	0.96%
Financial Institutions	7,461,700	0	7,461,700	0.00%	263,800	7,725,500	3.54%
Labor and Workforce Development	32,153,800	4,314,700	32,153,800	0.00%	6,700,300	38,854,100	6.54%
Mental Health and Developmental Disabilities	136,871,300	43,500	136,871,300	0.00%	319,100	137,190,400	0.20%
Military	10,081,000	1,021,000	10,081,000	0.00%	927,800	11,008,800	-0.84%
Health	131,262,600	20,683,000	131,262,600	0.00%	11,829,400	143,092,000	-5.83%
F&A - Division of Mental Retardation	93,081,200	4,124,100	81,772,800	-12.15%	0	81,772,800	-15.88%

Departmental Summary of Continuation and Improvement Recommendations from State Tax Revenue for Fiscal Year 2006-2007

Department	2005-2006 Appropriations *		2006-2007 Recommended Appropriations				
	Recurring	Non-Recurring	Base	% Change	Improvements	Total	% Change
Human Services	189,840,800	1,450,200	162,537,300	-14.38%	4,817,400	167,354,700	-12.51%
Temporary Cash Assistance **	37,253,900	0	30,544,900	-18.01%	2,500,000	33,044,900	-11.30%
Other Human Services Programs **	152,586,900	1,450,200	131,992,400	-13.50%	2,317,400	134,309,800	-12.81%
Revenue	47,755,900	150,100	47,221,000	-1.12%	98,700	47,319,700	-1.22%
Tennessee Bureau of Investigation	30,670,800	52,800	30,670,800	0.00%	1,251,300	31,922,100	3.90%
Safety	132,469,300	186,300	132,369,300	-0.08%	4,295,500	136,664,800	3.02%
Miscellaneous Appropriations	35,060,600	25,208,800	33,581,000	-4.22%	180,700,800	214,281,800	255.54%
Emergency and Contingency Fund	819,300	0	819,300	0.00%	0	819,300	0.00%
State Building Commission	250,000	0	250,000	0.00%	0	250,000	0.00%
Children's Services	292,021,800	2,000,000	292,021,800	0.00%	13,246,600	305,268,400	3.83%
Total General Fund	\$9,596,082,400	\$321,994,400	\$9,598,214,900	0.02%	\$671,081,800	\$10,269,296,700	3.54%

* Includes recommended supplemental appropriations in the amount of \$40,316,400. For a detailed listing of supplementals, please see the table on page A-20.

** These items are included in the departmental totals.

**Departmental Summary of Improvements
Fiscal Year 2006-2007**

Code	Department	Total	Funding		
			Appropriation	Federal	Other
301	Legislature	\$0	\$0	\$0	\$0
301.50	Fiscal Review Committee	0	0	0	0
302	Court System	4,778,000	4,778,000	0	0
303	Attorney General and Reporter	24,200	24,200	0	0
304	District Attorneys General	2,433,400	2,347,300	0	86,100
305	Secretary of State	1,125,000	1,125,000	0	0
306	District Public Defenders	2,064,600	2,064,600	0	0
307	Comptroller of the Treasury	1,857,300	1,857,300	0	0
308	Post-Conviction Defender	34,200	34,200	0	0
309	Treasury Department	944,600	442,400	0	502,200
315	Executive Department	0	0	0	0
315.05	Executive Department - Office of Homeland Security	1,123,800	1,123,800	0	0
316	Commissions	1,237,500	1,102,500	0	135,000
317	Finance and Administration (F&A)	15,860,200	15,860,200	0	0
317.15	State Health Planning (Health Safety Net) *	12,130,000	12,130,000	0	0
317.06	Criminal Justice Programs *	3,634,000	3,634,000	0	0
	Other F&A Programs *	96,200	96,200	0	0
318	F&A - TennCare	324,770,900	115,378,600	200,326,800	9,065,500
319	Personnel	55,400	44,800	0	10,600
321	General Services	0	0	0	0
323	Veterans Affairs	115,000	115,000	0	0
324	Board of Probation and Parole	0	0	0	0
325	Agriculture	3,250,000	3,250,000	0	0
326	Tourist Development	4,995,200	4,750,000	0	245,200
327	Environment and Conservation	17,307,200	18,107,800	0	(800,600)
328	Wildlife Resources Agency	6,275,500	6,275,500	0	0
329	Correction	13,828,700	13,828,700	0	0
330	Economic and Community Development	21,000,000	21,000,000	0	0
331	Education (K-12)	220,533,400	195,533,400	0	25,000,000
	Lottery-Funded Programs *	25,000,000	0	0	25,000,000
	Other K-12 Education Programs *	195,533,400	195,533,400	0	0
332	Higher Education	37,270,900	37,270,900	0	0
	Lottery for Education Account *	25,000,000	25,000,000	0	0
	Other Higher Education Programs *	12,270,900	12,270,900	0	0
335	Commerce and Insurance	1,395,400	316,900	0	1,078,500
336	Financial Institutions	822,500	263,800	0	558,700
337	Labor and Workforce Development	6,800,300	6,700,300	0	100,000
339	Mental Health and Developmental Disabilities	319,100	319,100	0	0
341	Military	1,651,600	927,800	723,800	0
343	Health	11,829,400	11,829,400	0	0
344	F&A - Division of Mental Retardation	66,607,300	0	0	66,607,300
345	Human Services	8,008,000	4,817,400	1,260,100	1,930,500
345.23	Temporary Cash Assistance *	2,500,000	2,500,000	0	0
	Other Human Services Programs *	5,508,000	2,317,400	1,260,100	1,930,500
347	Revenue	98,700	98,700	0	0
348	Tennessee Bureau of Investigation	1,251,300	1,251,300	0	0
349	Safety	4,295,500	4,295,500	0	0

**Departmental Summary of Improvements
Fiscal Year 2006-2007**

<u>Code</u>	<u>Department</u>	<u>Total</u>	<u>Funding</u>		
			<u>Appropriation</u>	<u>Federal</u>	<u>Other</u>
351	Miscellaneous Appropriations	180,700,800	180,700,800	0	0
359	Children's Services	25,736,300	13,246,600	5,742,000	6,747,700
	Sub-total General Fund	\$990,401,200	\$671,081,800	\$208,052,700	\$111,266,700
400	Transportation	0	0	0	0
	Total All Funds	\$990,401,200	\$671,081,800	\$208,052,700	\$111,266,700

* These items are included in the departmental totals.

**General Fund and Education Fund
Comparison of Appropriation Requirements and State Revenues
Fiscal Year 2005-2006**

I. APPROPRIATION REQUIREMENTS

General Fund Programs:

2005 Appropriations Act - Work Program	\$ 9,851,161,200
2005 Appropriations Act - Essential Providers	35,364,000
2005 Appropriations Act - Other Programs	1,235,200
2006 Supplemental Appropriations	40,316,400
2006 Deleted Appropriations	<u>(10,000,000)</u>

Total General Fund Requirements **\$ 9,918,076,800**

Less: Overappropriation (76,600,000)

Net General Fund Requirements **\$ 9,841,476,800**

Transportation Equity Fund	\$ 32,000,000
Capital Outlay Program	68,807,000
Metro Sports Authority Debt Service	3,862,000
Personal License Plates Reserves	1,000,000
Facilities Revolving Fund	666,700
Highway Fund - Restore - Non-Recurring	10,000,000
Mental Retardation - Reserve for Receivables	30,000,000
Revenue Fluctuation Reserve - Increase	<u>49,300,000</u>

Total Other Requirements **\$ 195,635,700**

Total Appropriation Requirements **\$ 10,037,112,500**

II. GENERAL FUND REVENUES AND RESERVES

State Tax Revenue - Department of Revenue	\$ 8,435,200,000
State Tax Revenue - Other State Revenue	833,500,000
Miscellaneous Revenue	86,100,000
Tobacco Funds - Cash Collections	123,000,000
Tobacco Funds - Accrual Adjustment	(16,281,000)
Lottery for Education Account	206,321,000
Highway Fund Transfer - Gas Inspection Act	1,100,000
Reserve for Appropriations 2005-2006	346,723,000
Debt Service Fund Transfer at June 30, 2006	65,000,000
Highway Fund - Transfer to General Fund	65,800,000
Reserve for Future Requirements at June 30, 2005	115,400,000
Undesignated Fund Balance at June 30, 2005	<u>124,000</u>

Total General Fund Revenues and Reserves **\$ 10,261,987,000**

III. AVAILABLE FUNDS AT JUNE 30, 2006

Reserve for Future Requirements at June 30, 2006	\$ 224,700,000
Undesignated Fund Balance	<u>174,500</u>

Total Available Funds **\$ 224,874,500**

Revenue Fluctuation Reserve at June 30, 2005	\$ 275,400,000
Revenue Fluctuation Reserve at June 30, 2006	\$ 324,700,000

**General Fund and Education Fund
Comparison of Appropriation Requirements and State Revenues
Fiscal Year 2006-2007**

I. APPROPRIATION REQUIREMENTS

General Fund Programs:

Base Budget Requirements	\$ 9,596,082,400
Reductions	(48,114,900)
Adjustment - Lottery Scholarships	38,100,000
Adjustment - Other Programs	12,147,400
Base Budget Recommended	\$ 9,598,214,900

Improvement Budget Recommendations:

K-12 BEP:

BEP Formula	\$ 95,200,000
At-Risk Students	18,000,000
English Language Learners	2,000,000
Teachers' Salary Increase	42,400,000
Group Health Insurance	11,300,000
Pre-K Program - State Revenue	20,000,000
Pre-K Program - Lottery Revenue	25,000,000
K-12 - Other Programs	6,633,400
TennCare	115,378,600
TCRS - Teachers and Employees	63,600,000
Employees' Salary Increases	19,400,000
Employees' Group Health Insurance	20,708,900
State Employees' Salary Compression	20,000,000
Other Improvements	211,460,900
Total Improvements	\$ 671,081,800

Total General Fund Requirements **\$ 10,269,296,700**

Less: Overappropriation (76,600,000)

Less: Risk Management Premiums (2,025,700)

Net General Fund Requirements **\$ 10,190,671,000**

Other Programs:

Transportation Equity Fund	\$ 32,000,000
Capital Outlay Program	61,800,000
Metro Sports Authority Debt Service	3,716,000
Personal License Plates Fund Reserves	1,000,000
Facilities Revolving Fund	628,900
State Shared Taxes - Restore - Recurring	22,000,000
Highway Fund - Restore - Non-Recurring	11,000,000
Sales Tax Holiday	11,000,000
Revenue Fluctuation Reserve - Increase	57,100,000

Total Other Requirements **\$ 200,244,900**

Total Appropriation Requirements **\$ 10,390,915,900**

II. GENERAL FUND REVENUES AND RESERVES

State Tax Revenue - Department of Revenue	\$ 8,765,000,000
State Tax Revenue - Other State Revenue	850,100,000
Miscellaneous Revenue	85,400,000
Tobacco Funds - Cash Collections	153,000,000
Tobacco Funds - Accrual Adjustment	15,000,000
Lottery for Education Account	242,000,000
Highway Fund Transfer - Gas Inspection Act	1,100,000
Reserve for Appropriations 2006-2007	224,700,000
Highway Fund - Transfer to General Fund	54,800,000
Undesignated Fund Balance at June 30, 2006	174,500
Total General Fund Revenues and Reserves	\$ 10,391,274,500

III. AVAILABLE FUNDS AT JUNE 30, 2007

Undesignated Fund Balance \$ 358,600

Total Available Funds **\$ 358,600**

Revenue Fluctuation Reserve at June 30, 2006 \$ 324,700,000

Revenue Fluctuation Reserve at June 30, 2007 \$ 381,800,000

Department of Transportation
Comparison of Appropriations and Funding Requirements
Fiscal Years 2005-2006 and 2006-2007

	<u>2005-2006</u>	<u>2006-2007</u>	<u>Difference</u>
I. APPROPRIATION REQUIREMENTS			
ADMINISTRATION:			
D.O.T. Headquarters	\$14,633,000	\$15,493,000	\$860,000
Bureau of Engineering	17,896,000	20,122,000	2,226,000
Bureau of Administration	34,324,000	35,345,000	1,021,000
Bureau of Environment and Planning	6,621,000	8,126,000	1,505,000
Field Engineering	37,512,000	40,721,000	3,209,000
Insurance Premiums	11,000,000	11,000,000	0
Total	\$121,986,000	\$130,807,000	\$8,821,000
EQUIPMENT PURCHASES & OPERATIONS:	\$21,020,000	\$26,020,000	\$5,000,000
HIGHWAY MAINTENANCE:	\$237,428,000	\$243,324,000	\$5,896,000
STATE CONSTRUCTION:			
Highway Betterments	\$6,300,000	\$5,700,000	(\$600,000)
State Aid	28,922,000	28,922,000	0
State Industrial Access	11,415,000	18,865,000	7,450,000
Local Interstate Connectors	2,075,000	8,225,000	6,150,000
Capital Improvements	7,100,000	7,015,000	(85,000)
Total	\$55,812,000	\$68,727,000	\$12,915,000
FEDERAL CONSTRUCTION:			
Mass Transit	\$42,596,000	\$34,239,000	(\$8,357,000)
Planning & Research	5,900,000	5,100,000	(800,000)
Interstate Construction	18,200,000	16,000,000	(2,200,000)
Forest Highways	200,000	200,000	0
State Highway Construction	277,558,000	197,983,000	(79,575,000)
Bridge Replacement	13,000,000	6,700,000	(6,300,000)
Air, Water, and Rail	27,200,000	35,800,000	8,600,000
Total	\$384,654,000	\$296,022,000	(\$88,632,000)
TOTAL APPROPRIATION REQUIREMENTS	\$820,900,000	\$764,900,000	(\$56,000,000)
II. FUNDING REQUIREMENTS:			
Highway User Taxes	\$655,600,000	\$661,900,000	\$6,300,000
Miscellaneous Revenue	29,600,000	19,300,000	(10,300,000)
Bonds	156,000,000	83,500,000	(72,500,000)
Highway Fund Balance/Reserves	12,000,000	12,000,000	0
Transportation Equity Fund	23,500,000	32,000,000	8,500,000
Sub-Total	\$876,700,000	\$808,700,000	(\$68,000,000)
Transfer to General Fund	(65,800,000)	(54,800,000)	11,000,000
Transfer from General Fund	10,000,000	11,000,000	1,000,000
Sub-Total	(55,800,000)	(43,800,000)	12,000,000
TOTAL FUNDING REQUIREMENTS	\$820,900,000	\$764,900,000	(\$56,000,000)

Department of Transportation
Comparison of Appropriations by Funding Sources
Fiscal Years 2005-2006 and 2006-2007

	<u>2005-2006</u>	<u>2006-2007</u>	<u>Difference</u>
I. STATE FUNDS:			
Administration	\$121,986,000	\$130,807,000	\$8,821,000
Equipment Purchases	21,020,000	26,020,000	5,000,000
Highway Maintenance	237,428,000	243,324,000	5,896,000
State Construction	55,812,000	68,727,000	12,915,000
Federal Aid Construction	228,654,000	212,522,000	(16,132,000)
Total	\$664,900,000	\$681,400,000	\$16,500,000
II. BOND AUTHORIZATIONS:			
State Construction	\$0	\$0	\$0
Federal Aid Construction	156,000,000	83,500,000	(72,500,000)
Total	\$156,000,000	\$83,500,000	(\$72,500,000)
III. FEDERAL AID:			
Federal Aid Construction	\$996,332,000	\$904,029,000	(\$92,303,000)
IV. LOCAL GOVERNMENTS:			
Highway Maintenance	\$1,100,000	\$1,100,000	\$0
State Construction	11,134,000	17,284,000	6,150,000
Federal Aid Construction	29,148,000	33,545,000	4,397,000
Total	\$41,382,000	\$51,929,000	\$10,547,000
V. GRAND TOTAL:			
Administration	\$121,986,000	\$130,807,000	\$8,821,000
Equipment Purchases	21,020,000	26,020,000	5,000,000
Highway Maintenance	238,528,000	244,424,000	5,896,000
State Construction	66,946,000	86,011,000	19,065,000
Federal Aid Construction	1,410,134,000	1,233,596,000	(176,538,000)
Total	\$1,858,614,000	\$1,720,858,000	(\$137,756,000)

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
301	Legislature	\$29,820,100	\$36,997,300	\$34,692,900	\$7,177,200	(\$2,304,400)
	Appropriation	29,645,600	36,859,800	34,555,400	7,214,200	(2,304,400)
	Current Services and Other Revenue	174,500	137,500	137,500	(37,000)	0
301.50	Fiscal Review Committee	\$929,400	\$1,012,400	\$1,014,800	\$83,000	\$2,400
	Appropriation	929,400	1,012,400	1,014,800	83,000	2,400
302	Court System	\$93,631,300	\$98,336,100	\$103,093,400	\$4,704,800	\$4,757,300
	Appropriation	88,975,300	94,046,500	99,145,000	5,071,200	5,098,500
	Federal	364,800	200,000	200,000	(164,800)	0
	Current Services and Other Revenue	4,291,200	4,089,600	3,748,400	(201,600)	(341,200)
303	Attorney General and Reporter	\$26,170,300	\$30,199,200	\$30,212,900	\$4,028,900	\$13,700
	Appropriation	17,387,400	18,933,500	18,957,700	1,546,100	24,200
	Current Services and Other Revenue	8,782,900	11,265,700	11,255,200	2,482,800	(10,500)
304	District Attorneys General	\$66,825,000	\$76,271,900	\$75,234,200	\$9,446,900	(\$1,037,700)
	Appropriation	49,059,700	54,526,400	56,609,900	5,466,700	2,083,500
	Current Services and Other Revenue	17,765,300	21,745,500	18,624,300	3,980,200	(3,121,200)
305	Secretary of State	\$33,466,200	\$41,514,500	\$41,836,200	\$8,048,300	\$321,700
	Appropriation	21,725,200	25,575,900	26,013,800	3,850,700	437,900
	Federal	3,212,300	6,306,700	6,306,700	3,094,400	0
	Current Services and Other Revenue	8,528,700	9,631,900	9,515,700	1,103,200	(116,200)
306	District Public Defenders	\$30,438,300	\$32,999,900	\$34,801,700	\$2,561,600	\$1,801,800
	Appropriation	28,761,400	31,292,800	33,298,400	2,531,400	2,005,600
	Current Services and Other Revenue	1,676,900	1,707,100	1,503,300	30,200	(203,800)
307	Comptroller of the Treasury	\$71,112,100	\$78,232,300	\$79,964,600	\$7,120,200	\$1,732,300
	Appropriation	61,523,000	67,720,500	69,577,800	6,197,500	1,857,300
	Current Services and Other Revenue	9,589,100	10,511,800	10,386,800	922,700	(125,000)
308	Post-Conviction Defender	\$1,176,600	\$1,218,600	\$1,268,800	\$42,000	\$50,200
	Appropriation	1,176,600	1,218,600	1,268,800	42,000	50,200
309	Treasury Department	\$16,101,000	\$21,289,900	\$19,818,000	\$5,188,900	(\$1,471,900)
	Appropriation	148,800	154,300	596,700	5,500	442,400
	Current Services and Other Revenue	15,952,200	21,135,600	19,221,300	5,183,400	(1,914,300)
313	Claims and Compensation	\$69,930,000	\$87,137,700	\$88,611,100	\$17,207,700	\$1,473,400
	Appropriation	8,496,300	10,076,100	9,909,900	1,579,800	(166,200)
	Federal	3,167,000	3,200,400	3,415,100	33,400	214,700
	Current Services and Other Revenue	58,266,700	73,861,200	75,286,100	15,594,500	1,424,900
315	Executive Department	\$3,228,800	\$3,683,100	\$3,683,100	\$454,300	\$0
	Appropriation	3,227,300	3,683,100	3,683,100	455,800	0
	Current Services and Other Revenue	1,500	0	0	(1,500)	0

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
315.05	Executive Department - Office of Homeland Security	\$1,819,700	\$4,920,700	\$6,044,500	\$3,101,000	\$1,123,800
	Appropriation	844,500	884,100	2,007,900	39,600	1,123,800
	Current Services and Other Revenue	975,200	4,036,600	4,036,600	3,061,400	0
316	Commissions	\$263,213,700	\$373,579,900	\$374,224,200	\$110,366,200	\$644,300
	Appropriation	26,188,500	30,551,900	30,967,500	4,363,400	415,600
	Federal	194,823,200	283,809,600	282,431,900	88,986,400	(1,377,700)
	Current Services and Other Revenue	42,202,000	59,218,400	60,824,800	17,016,400	1,606,400
317	Finance and Administration (F&A)	\$203,533,700	\$416,489,300	\$295,106,800	\$212,955,600	(\$121,382,500)
	Appropriation	10,412,100	121,490,500	83,046,700	111,078,400	(38,443,800)
	Federal	25,351,800	32,509,800	32,509,800	7,158,000	0
	Current Services and Other Revenue	167,769,800	262,489,000	179,550,300	94,719,200	(82,938,700)
	State Health Planning and Safety Net ¹	\$33,600	\$100,630,100	\$64,876,100	\$100,596,500	(\$35,754,000)
	Appropriation	30,900	100,630,100	64,876,100	100,599,200	(35,754,000)
	Current Services and Other Revenue	2,700	0	0	(2,700)	0
	Criminal Justice and Hurricane Relief ¹	\$25,487,000	\$110,487,900	\$34,189,900	\$85,000,900	(\$76,298,000)
	Appropriation	2,888,800	8,009,600	6,723,600	5,120,800	(1,286,000)
	Federal	22,581,600	27,459,500	27,459,500	4,877,900	0
	Current Services and Other Revenue	16,600	75,018,800	6,800	75,002,200	(75,012,000)
	Other F&A Programs ¹	\$178,013,100	\$205,371,300	\$196,040,800	\$27,358,200	(\$9,330,500)
	Appropriation	7,492,400	12,850,800	11,447,000	5,358,400	(1,403,800)
	Federal	2,770,200	5,050,300	5,050,300	2,280,100	0
	Current Services and Other Revenue	167,750,500	187,470,200	179,543,500	19,719,700	(7,926,700)
318	F&A - TennCare	\$8,569,292,100	\$8,298,914,800	\$7,499,440,400	(\$270,377,300)	(\$799,474,400)
	Appropriation	2,538,746,900	2,649,301,400	2,672,705,900	110,554,500	23,404,500
	Federal	5,195,853,400	5,023,733,500	4,525,389,300	(172,119,900)	(498,344,200)
	Current Services and Other Revenue	834,691,800	625,879,900	301,345,200	(208,811,900)	(324,534,700)
319	Personnel	\$8,376,800	\$9,996,400	\$10,051,800	\$1,619,600	\$55,400
	Appropriation	4,134,400	4,721,200	4,766,000	586,800	44,800
	Current Services and Other Revenue	4,242,400	5,275,200	5,285,800	1,032,800	10,600
321	General Services	\$89,086,200	\$96,585,900	\$95,417,000	\$7,499,700	(\$1,168,900)
	Appropriation	6,900,600	2,169,400	2,169,400	(4,731,200)	0
	Current Services and Other Revenue	82,185,600	94,416,500	93,247,600	12,230,900	(1,168,900)
323	Veterans Affairs	\$3,333,200	\$4,054,400	\$3,867,000	\$721,200	(\$187,400)
	Appropriation	2,810,700	3,611,700	3,396,700	801,000	(215,000)
	Federal	395,800	360,000	360,000	(35,800)	0
	Current Services and Other Revenue	126,700	82,700	110,300	(44,000)	27,600
324	Board of Probation and Parole	\$59,803,100	\$66,989,500	\$66,839,500	\$7,186,400	(\$150,000)
	Appropriation	59,579,300	66,044,500	66,034,500	6,465,200	(10,000)
	Current Services and Other Revenue	223,800	945,000	805,000	721,200	(140,000)

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
325	Agriculture	\$67,138,300	\$78,940,700	\$77,591,700	\$11,802,400	(\$1,349,000)
	Appropriation	43,998,100	58,478,800	57,838,800	14,480,700	(640,000)
	Federal	12,983,000	11,351,400	11,313,500	(1,631,600)	(37,900)
	Current Services and Other Revenue	10,157,200	9,110,500	8,439,400	(1,046,700)	(671,100)
326	Tourist Development	\$12,068,300	\$17,319,600	\$17,689,800	\$5,251,300	\$370,200
	Appropriation	7,110,000	11,823,600	11,948,600	4,713,600	125,000
	Current Services and Other Revenue	4,958,300	5,496,000	5,741,200	537,700	245,200
327	Environment and Conservation	\$277,847,600	\$334,976,700	\$336,563,400	\$57,129,100	\$1,586,700
	Appropriation	150,940,200	168,257,000	171,614,800	17,316,800	3,357,800
	Federal	48,820,100	76,177,100	71,841,600	27,357,000	(4,335,500)
	Current Services and Other Revenue	78,087,300	90,542,600	93,107,000	12,455,300	2,564,400
328	Wildlife Resources Agency	\$64,858,000	\$80,524,700	\$74,421,000	\$15,666,700	(\$6,103,700)
	Appropriation	40,542,200	46,392,400	47,823,100	5,850,200	1,430,700
	Federal	18,269,600	17,751,000	18,480,100	(518,600)	729,100
	Current Services and Other Revenue	6,046,200	16,381,300	8,117,800	10,335,100	(8,263,500)
329	Correction	\$526,292,300	\$597,016,500	\$610,393,400	\$70,724,200	\$13,376,900
	Appropriation	509,304,000	565,667,600	579,266,000	56,363,600	13,598,400
	Federal	1,543,800	15,541,800	15,541,800	13,998,000	0
	Current Services and Other Revenue	15,444,500	15,807,100	15,585,600	362,600	(221,500)
330	Economic and Community Development	\$71,554,400	\$111,007,600	\$96,274,200	\$39,453,200	(\$14,733,400)
	Appropriation	35,259,100	63,933,400	51,533,400	28,674,300	(12,400,000)
	Federal	30,959,500	34,752,800	33,107,100	3,793,300	(1,645,700)
	Current Services and Other Revenue	5,335,800	12,321,400	11,633,700	6,985,600	(687,700)
331	Education (K-12)	\$3,844,012,100	\$4,060,908,300	\$4,235,444,300	\$216,896,200	\$174,536,000
	Appropriation	3,011,589,300	3,159,634,200	3,342,846,600	148,044,900	183,212,400
	Federal	816,258,300	854,229,400	855,738,500	37,971,100	1,509,100
	Current Services and Other Revenue	16,164,500	47,044,700	36,859,200	30,880,200	(10,185,500)
	Lottery-Funded Programs	\$0	\$33,921,000	\$31,500,000	\$33,921,000	(\$2,421,000)
	Appropriation	0	8,921,000	6,500,000	8,921,000	(2,421,000)
	Current Services and Other Revenue	0	25,000,000	25,000,000	25,000,000	0
	Other Education (K-12) Programs	\$3,844,012,100	\$4,026,987,300	\$4,203,944,300	\$182,975,200	\$176,957,000
	Appropriation	3,011,589,300	3,150,713,200	3,336,346,600	139,123,900	185,633,400
	Federal	816,258,300	854,229,400	855,738,500	37,971,100	1,509,100
	Current Services and Other Revenue	16,164,500	22,044,700	11,859,200	5,880,200	(10,185,500)

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
332	Higher Education	\$2,655,462,200	\$2,863,660,900	\$2,928,778,100	\$208,198,700	\$65,117,200
	Appropriation	1,244,840,400	1,371,036,300	1,412,753,500	126,195,900	41,717,200
	Federal	163,965,400	175,534,100	200,534,100	11,568,700	25,000,000
	Current Services and Other Revenue	433,597,100	437,318,200	435,718,200	3,721,100	(1,600,000)
	Tuition and Student Fees	813,059,300	879,772,300	879,772,300	66,713,000	0
	Lottery for Education Account ¹	\$97,722,200	\$197,400,000	\$235,500,000	\$99,677,800	\$38,100,000
	Appropriation	97,722,200	197,400,000	235,500,000	99,677,800	38,100,000
	Other Higher Education Programs ¹	\$2,557,740,000	\$2,666,260,900	\$2,693,278,100	\$108,520,900	\$27,017,200
	Appropriation	1,147,118,200	1,173,636,300	1,177,253,500	26,518,100	3,617,200
	Federal	163,965,400	175,534,100	200,534,100	11,568,700	25,000,000
	Current Services and Other Revenue	433,597,100	437,318,200	435,718,200	3,721,100	(1,600,000)
	Tuition and Student Fees	813,059,300	879,772,300	879,772,300	66,713,000	0
335	Commerce and Insurance	\$109,276,600	\$90,894,100	\$90,614,400	(\$18,382,500)	(\$279,700)
	Appropriation	45,914,300	49,944,300	50,421,600	4,030,000	477,300
	Federal	617,700	1,677,600	258,700	1,059,900	(1,418,900)
	Current Services and Other Revenue	62,744,600	39,272,200	39,934,100	(23,472,400)	661,900
336	Financial Institutions	\$10,387,000	\$13,797,100	\$14,638,200	\$3,410,100	\$841,100
	Appropriation	3,737,200	7,461,700	7,725,500	3,724,500	263,800
	Current Services and Other Revenue	6,649,800	6,335,400	6,912,700	(314,400)	577,300
337	Labor and Workforce Development	\$178,239,400	\$213,962,600	\$215,923,200	\$35,723,200	\$1,960,600
	Appropriation	29,784,200	36,468,500	38,854,100	6,684,300	2,385,600
	Federal	134,168,900	152,729,100	152,536,100	18,560,200	(193,000)
	Current Services and Other Revenue	14,286,300	24,765,000	24,533,000	10,478,700	(232,000)
339	Mental Health and Developmental Disabilities	\$231,834,800	\$250,452,800	\$249,488,100	\$18,618,000	(\$964,700)
	Appropriation	123,412,500	136,914,800	137,190,400	13,502,300	275,600
	Federal	20,138,900	22,303,400	21,597,100	2,164,500	(706,300)
	Current Services and Other Revenue	88,283,400	91,234,600	90,700,600	2,951,200	(534,000)
341	Military	\$95,688,900	\$212,166,300	\$112,003,900	\$116,477,400	(\$100,162,400)
	Appropriation	9,755,500	11,102,000	11,008,800	1,346,500	(93,200)
	Federal	83,103,400	198,672,700	98,635,700	115,569,300	(100,037,000)
	Current Services and Other Revenue	2,830,000	2,391,600	2,359,400	(438,400)	(32,200)
343	Health	\$456,632,500	\$549,541,600	\$534,580,000	\$92,909,100	(\$14,961,600)
	Appropriation	103,115,300	151,945,600	143,092,000	48,830,300	(8,853,600)
	Federal	241,661,900	278,343,100	272,732,800	36,681,200	(5,610,300)
	Current Services and Other Revenue	111,855,300	119,252,900	118,755,200	7,397,600	(497,700)
344	F&A - Mental Retardation Services	\$694,760,700	\$746,292,700	\$824,517,600	\$51,532,000	\$78,224,900
	Appropriation	131,495,900	97,205,300	81,772,800	(34,290,600)	(15,432,500)
	Federal	1,666,800	2,602,700	2,602,700	935,900	0
	Current Services and Other Revenue	561,598,000	646,484,700	740,142,100	84,886,700	93,657,400

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
345	Human Services	\$1,821,943,200	\$1,962,859,900	\$1,909,814,200	\$140,916,700	(\$53,045,700)
	Appropriation	183,167,600	191,291,000	167,354,700	8,123,400	(23,936,300)
	Federal	1,499,843,800	1,595,593,400	1,605,592,700	95,749,600	9,999,300
	Current Services and Other Revenue	138,931,800	175,975,500	136,866,800	37,043,700	(39,108,700)
	Temporary Cash Assistance ¹	\$147,795,000	\$154,550,300	\$150,341,300	\$6,755,300	(\$4,209,000)
	Appropriation	43,882,700	37,253,900	33,044,900	(6,628,800)	(4,209,000)
	Federal	100,500,600	113,916,200	113,916,200	13,415,600	0
	Current Services and Other Revenue	3,411,700	3,380,200	3,380,200	(31,500)	0
	Food Stamp Benefits ¹	\$913,257,500	\$975,000,000	\$975,000,000	\$61,742,500	\$0
	Federal	913,257,500	975,000,000	975,000,000	61,742,500	0
	Other Human Services Programs ¹	\$760,890,700	\$833,309,600	\$784,472,900	\$72,418,900	(\$48,836,700)
	Appropriation	139,284,900	154,037,100	134,309,800	14,752,200	(19,727,300)
	Federal	486,085,700	506,677,200	516,676,500	20,591,500	9,999,300
	Current Services and Other Revenue	135,520,100	172,595,300	133,486,600	37,075,200	(39,108,700)
347	Revenue	\$64,075,400	\$69,206,800	\$68,655,400	\$5,131,400	(\$551,400)
	Appropriation	43,303,500	47,906,000	47,319,700	4,602,500	(586,300)
	Federal	4,500	22,000	22,000	17,500	0
	Current Services and Other Revenue	20,767,400	21,278,800	21,313,700	511,400	34,900
348	Tennessee Bureau of Investigation	\$50,546,200	\$53,923,800	\$51,914,100	\$3,377,600	(\$2,009,700)
	Appropriation	28,303,000	30,723,600	31,922,100	2,420,600	1,198,500
	Federal	8,895,300	7,878,100	7,878,100	(1,017,200)	0
	Current Services and Other Revenue	13,347,900	15,322,100	12,113,900	1,974,200	(3,208,200)
349	Safety	\$157,444,100	\$188,366,700	\$183,176,200	\$30,922,600	(\$5,190,500)
	Appropriation	111,221,400	132,655,600	136,664,800	21,434,200	4,009,200
	Federal	6,817,800	7,623,800	7,623,800	806,000	0
	Current Services and Other Revenue	39,404,900	48,087,300	38,887,600	8,682,400	(9,199,700)
351	Miscellaneous Appropriations	\$30,003,200	\$60,269,400	\$214,281,800	\$30,266,200	\$154,012,400
	Appropriation	30,003,200	60,269,400	214,281,800	30,266,200	154,012,400
353	Emergency and Contingency Fund	\$0	\$819,300	\$819,300	\$819,300	\$0
	Appropriation	0	819,300	819,300	819,300	0
355	State Building Commission	\$250,100	\$250,000	\$250,000	(\$100)	\$0
	Appropriation	250,000	250,000	250,000	0	0
	Current Services and Other Revenue	100	0	0	(100)	0
359	Children's Services	\$571,308,700	\$599,794,200	\$617,367,500	\$28,485,500	\$17,573,300
	Appropriation	264,860,600	294,021,800	305,268,400	29,161,200	11,246,600
	Federal	94,066,700	101,272,200	105,014,200	7,205,500	3,742,000
	Current Services and Other Revenue	212,381,400	204,500,200	207,084,900	(7,881,200)	2,584,700

Comparison of Programs

Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Allot. Code	Department	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007	Act. vs Est. Difference	Est. vs Rec. Difference
Grand Total - General Fund		\$21,632,911,600	\$22,937,376,100	\$22,330,422,700	\$1,304,464,500	(\$606,953,400)
	Appropriation	9,112,580,500	9,918,076,800	10,269,296,700	805,496,300	351,219,900
	Federal	8,606,953,700	8,904,175,700	8,331,663,400	297,222,000	(572,512,300)
	Current Services and Other Revenue	3,100,318,100	3,235,351,300	2,849,690,300	135,033,200	(385,661,000)
	Tuition and Student Fees	813,059,300	879,772,300	879,772,300	66,713,000	0
400	Transportation	\$1,408,945,600	\$1,858,614,000	\$1,720,858,000	\$449,668,400	(\$137,756,000)
	Appropriation	775,469,200 ²	664,900,000	681,400,000	(110,569,200)	16,500,000
	Federal	591,620,900	996,332,000	904,029,000	404,711,100	(92,303,000)
	Current Services and Other Revenue	41,855,500	41,382,000	51,929,000	(473,500)	10,547,000
	Bonds	0	156,000,000	83,500,000	156,000,000	(72,500,000)
	Debt Service Requirements	\$251,788,500	\$285,124,400	\$301,626,000	\$33,335,900	\$16,501,600
	Appropriation	251,788,500	285,124,400	301,626,000	33,335,900	16,501,600
	Capital Outlay Program	\$123,630,000	\$389,557,000	\$354,600,000	\$265,927,000	(\$34,957,000)
	Appropriation	93,021,000 ²	68,807,000	61,800,000	(24,214,000)	(7,007,000)
	Federal	3,231,000	32,900,000	19,900,000	29,669,000	(13,000,000)
	Current Services and Other Revenue	27,378,000	30,950,000	24,000,000	3,572,000	(6,950,000)
	Bonds	0	256,900,000	248,900,000	256,900,000	(8,000,000)
	Facilities Revolving Fund	\$115,328,600	\$130,224,700	\$182,886,900	\$14,896,100	\$52,662,200
	Appropriation	583,300	666,700	628,900	83,400	(37,800)
	Federal	0	0	14,300,000	0	14,300,000
	Current Services and Other Revenue	114,745,300 ³	113,058,000	124,158,000	(1,687,300)	11,100,000
	Bonds	0	16,500,000	43,800,000	16,500,000	27,300,000
	Cities & Counties - State Shared Taxes	\$683,925,300	\$721,000,000	\$742,100,000	\$37,074,700	\$21,100,000
	Appropriation	683,925,300	721,000,000	742,100,000	37,074,700	21,100,000
Total State Budget - All Programs		\$24,216,529,600	\$26,321,896,200	\$25,632,493,600	\$2,105,366,600	(\$689,402,600)
	Appropriation	\$10,917,367,800	\$11,658,574,900	\$12,056,851,600	\$741,207,100	\$398,276,700
	Federal	9,201,805,600	9,933,407,700	9,269,892,400	731,602,100	(663,515,300)
	Current Services and Other Revenue	3,284,296,900	3,420,741,300	3,049,777,300	136,444,400	(370,964,000)
	Tuition and Student Fees	813,059,300	879,772,300	879,772,300	66,713,000	0
	Bonds	0	429,400,000	376,200,000	429,400,000	(53,200,000)

¹ Included in departmental total.

² Includes tax revenues and bonds in Actual 2004-2005.

³ Includes departmental revenues and bonds in Actual 2004-2005.

**General Fund and Education Fund
Supplemental Appropriations
Fiscal Year 2005-2006**

	2005-2006
Legislature	
House of Representatives - 2006 Extraordinary Session	\$ 148,000 *
State Senate - 2006 Extraordinary Session	52,000 *
Sub-Total Legislature	\$ 200,000
TennCare	
Waiver and Crossover Services - Mental Retardation	7,859,200
Department of Environment and Conservation	
Air Pollution Control - Laboratory Services	\$ 1,000,000
State Parks - Bear Trace Golf Courses - Settlement Funds	842,800 *
Solid Waste Management	400,000 *
Sub-Total Environment and Conservation	\$ 2,242,800
Department of Economic and Community Development	
FastTrack Infrastructure Development Program - DENSO Jobs Project	6,000,000 *
Department of Education	
Tennessee Early Intervention Services	\$ 2,950,000
BEP and Other LEA Support - BEP 2% Growth Fund	1,900,000
Sub-Total Education	\$ 4,850,000
Department of Labor and Workforce Development	
Second Injury Fund	4,314,700
Department of Health	
Local Health Services - Health Care Safety Net - Primary Care Staffing	1,200,000
Miscellaneous Appropriations	
Motor Vehicle Operation Rates - State Fleet	\$ 4,404,000
State Employees Mileage Rate	1,890,000
Postal Rate Increase	535,100
Retirees Health Insurance	400,000
Retired Teachers Health Insurance	1,700,000
Hurricane Expense - State Agencies	700,000 *
Utilities - State Institutions	2,900,000
2006 Ethics Bill	750,600
Veterans Home Board - Accounting Assistance	100,000 *
Special Election Reimbursement to Counties	270,000 *
Sub-Total Miscellaneous Appropriations	\$ 13,649,700
Total Supplemental Appropriations	\$ 40,316,400

* One-time cost in 2005-2006. For other items, 2006-2007 costs are addressed as recommended improvements.

**Summary Comparison of Tennessee Personal Income
and Appropriations from State Tax Revenues
Fiscal Years 1977-1978, 2005-2006, and 2006-2007**

TABLE 1

**Tennessee Personal Income
Calendar Years 1977, 2005, and 2006
(Dollars in Millions)**

<u>Year</u>	<u>Personal Income</u>	<u>Percentage Growth</u>
1977	\$ 26,795	-
2005	185,872	5.68
2006	196,178	5.54

TABLE 2

**Appropriations from State Tax Revenues
Fiscal Years 1977-78, 2005-2006, and 2006-2007
(Dollars in Millions)**

<u>Year</u>	<u>Appropriations</u>	<u>Percentage Growth</u>
1977-1978	\$ 1,747.3	-
2005-2006	10,829.4	4.60
2006-2007	11,228.7	3.69

Note: This statement is presented in compliance with Tennessee Code Annotated, Title 9, Chapter 4, Part 52, relating to the calculation of estimated rate of growth of the state's economy and the appropriation of state revenue as required by the Tennessee Constitution, Article II, Section 24, the constitutional spending limitation.

Personnel and Funding Summary All Programs

	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007
STATE AGENCIES - GENERAL FUND *			
Full-time Personnel	44,194	45,725	45,399
Part-time	2,034	2,120	2,131
Seasonal	722	590	650
TOTAL	46,950	48,435	48,180
Expenditures			
Payroll	\$2,020,017,400	\$2,294,635,600	\$2,309,334,200
Operational	16,957,432,000	\$17,745,158,600	17,060,810,400
TOTAL	\$18,977,449,400	\$20,039,794,200	\$19,370,144,600
Funding			
State	\$7,867,740,100	\$8,538,119,500	\$8,850,043,200
Federal	8,442,988,300	8,728,641,600	8,131,129,300
Other	2,666,721,000	2,773,033,100	2,388,972,100
HIGHER EDUCATION **			
Full-time Equivalent Personnel:			
Administrative	1,355	1,409	1,409
Professional	4,373	4,609	4,609
Faculty	8,596	8,744	8,744
Clerical and Support	8,583	8,568	8,568
Part-time	3	2	2
TOTAL	22,910	23,332	23,332
Funding			
State	\$1,147,118,200	\$1,173,636,300	\$1,177,253,500
Federal	163,965,400	175,534,100	200,534,100
Tuition/Fees	813,059,300	879,772,300	879,772,300
Other	433,597,100	437,318,200	435,718,200
TOTAL	\$2,557,740,000	\$2,666,260,900	\$2,693,278,100
EDUCATION LOTTERY-FUNDED PROGRAMS			
Funding			
State	\$97,722,200	\$206,321,000	\$242,000,000
Other	0	25,000,000	25,000,000
TOTAL	\$97,722,200	\$231,321,000	\$267,000,000
GRAND TOTAL - GENERAL FUND			
Full-time Personnel ***	67,101	69,055	68,729
Part-time	2,037	2,122	2,133
Seasonal	722	590	650
TOTAL	69,860	71,767	71,512
Expenditures			
Payroll	\$2,020,017,400	\$2,294,635,600	\$2,309,334,200
Operational	16,957,432,000	17,745,158,600	17,060,810,400
Higher Education	2,557,740,000	2,666,260,900	2,693,278,100
Lottery-Funded Programs	97,722,200	231,321,000	267,000,000
TOTAL	\$21,632,911,600	\$22,937,376,100	\$22,330,422,700

* State Agencies, excluding Tenn. Higher Education Commission (THEC), Tenn. Student Assistance Corp. (TSAC), and Foreign Language Institute.

** Higher Education, excluding Education Lottery-funded programs.

*** Full-time includes Higher Education's full-time personnel.

Personnel and Funding Summary All Programs

	Actual 2004-2005	Estimated 2005-2006	Recommended 2006-2007
Funding			
State	\$9,112,580,500	\$9,918,076,800	\$10,269,296,700
Federal	8,606,953,700	8,904,175,700	8,331,663,400
Other *	3,913,377,400	4,115,123,600	3,729,462,600

DEPARTMENT OF TRANSPORTATION

Full-time Personnel	4,918	4,944	4,944
Part-time	0	0	0
Seasonal	0	0	0
TOTAL	4,918	4,944	4,944
Expenditures			
Payroll	\$202,299,500	\$220,626,500	\$226,267,200
Operational	1,206,646,100	1,637,987,500	1,494,590,800
TOTAL	\$1,408,945,600	\$1,858,614,000	\$1,720,858,000
Funding			
State	\$775,469,200	\$820,900,000	\$764,900,000
Federal	591,620,900	996,332,000	904,029,000
Other	41,855,500	41,382,000	51,929,000

GRAND TOTAL - ALL PROGRAMS

Full-time Personnel **	72,019	73,999	73,673
Part-time	2,037	2,122	2,133
Seasonal	722	590	650
TOTAL	74,778	76,711	76,456
Expenditures			
Payroll	\$2,222,316,900	\$2,515,262,100	\$2,535,601,400
Operational	18,164,078,100	19,383,146,100	18,555,401,200
Higher Education	2,557,740,000	2,666,260,900	2,693,278,100
Lottery-Funded Programs	97,722,200	231,321,000	267,000,000
TOTAL	\$23,041,857,200	\$24,795,990,100	\$24,051,280,700
Funding			
State	\$9,888,049,700	\$10,738,976,800	\$11,034,196,700
Federal	9,198,574,600	9,900,507,700	9,235,692,400
Other *	3,955,232,900	4,156,505,600	3,781,391,600

* Other funding includes Higher Education tuition and fees.

** Full-time Personnel includes Higher Education's full-time personnel.

**Comparison of Authorized Positions
State Agencies and Higher Education
Fiscal Years 2005-2006 and 2006-2007**

	<u>2005-2006</u>	<u>2006-2007</u>	<u>Difference</u>
I. STATE AGENCIES *			
General Fund	48,435	48,180	(255)
Full-time	45,725	45,399	(326)
Part-time	2,120	2,131	11
Seasonal	590	650	60
Department of Transportation	4,944	4,944	0
Full-time	4,944	4,944	0
Part-time	0	0	0
Seasonal	0	0	0
Total State Agencies	53,379	53,124	(255)
Full-time	50,669	50,343	(326)
Part-time	2,120	2,131	11
Seasonal	590	650	60
II. HIGHER EDUCATION			
Total Positions	23,332	23,332	0
Full-time Equivalent:			
Administrative	1,409	1,409	0
Professional	4,609	4,609	0
Faculty	8,744	8,744	0
Clerical and Support	8,568	8,568	0
Part-time	2	2	0
III. STATE AGENCIES & HIGHER EDUCATION			
Total Positions	76,711	76,456	(255)
Full-time **	73,999	73,673	(326)
Part-time	2,122	2,133	11
Seasonal	590	650	60

* State Agencies excludes Tenn. Higher Education Commission and Tenn. Student Assistance Corp., which are included under Higher Education.

** Includes Higher Education's full-time personnel.

Employees Overlapped Over 90 Days

	<u>Number</u>
301.00 Legislature	15
302.00 Court System	12
304.00 District Attorneys General Conference	14
305.00 Secretary of State	2
306.00 District Public Defenders Conference	1
307.00 Comptroller of the Treasury	3
308.00 Office of the Post-Conviction Defender	1
309.00 Treasury Department	1
316.00 Commissions	5
317.00 Finance and Administration	8
318.00 TennCare	11
321.00 General Services	1
324.00 Board of Probation and Parole	2
325.00 Agriculture	8
326.00 Tourist Development	1
327.00 Environment and Conservation	16
328.00 Tennessee Wildlife Resources Agency	3
329.00 Correction	67
331.00 Education	9
335.00 Commerce and Insurance	1
337.00 Labor and Workforce Development	17
339.00 Mental Health and Developmental Disabilities	29
341.00 Military	2
343.00 Health	11
344.00 Finance and Administration - Mental Retardation	38
345.00 Human Services	144
347.00 Revenue	1
349.00 Safety	32
359.00 Children's Services	149
400.00 Transportation	<u>8</u>
Total	<u><u>612</u></u>

Tennessee Economic Overview

Recommended Budget, Fiscal Year 2006 - 2007

Tennessee's fiscal environment depends on economic conditions that influence both the expenditure and revenue sides of the state budget. The Center for Business and Economic Research at the University of Tennessee prepared this summary of current economic conditions and expectations for short-term economic growth in Tennessee and the nation. For additional information, see the most recent edition of "An Economic Report to the Governor of the State of Tennessee."

This brief section places the budget outlook in the context of state and national economic conditions. Strong economic conditions generally translate into improved revenue performance and less pressure on government programs like welfare, while a weak economy has the opposite effects. For more information on the outlook for the state and national economies, please see "*An Annual Report to the Governor of the State of Tennessee.*"

Recent Economic Conditions - The two most recent calendar years have helped solidify growth for both the state and national economies following an anemic period of expansion in the aftermath of the 2001 recession. Most indicators now point to broad-based growth across most areas of the economy. The most important economic news for the last year was the increase in energy prices and a record-breaking hurricane season. These two events will have a lasting impact on the economy. While gasoline prices have retreated from their peak in the fall, natural gas prices remain high and are eating into business profits and household disposable income. Rebuilding in the wake of the hurricanes that hit the US has contributed to rising building material costs. And states like Tennessee have made a concerted effort to provide relief to those displaced by hurricanes. Higher interest rates certainly warrant attention even though they did not grab the headlines. The Federal Reserve once again raised interest rates in December, the thirteenth increase dating back to summer of 2004. These rate increases will help stave off acceleration in the rate of inflation over the next

couple of years. State fiscal affairs finally stabilized in calendar year 2005 following several years of revenue weakness. Most states had little difficulty bringing budgets into balance at the close of fiscal year 2004-05. Since that time revenue performance generally has been quite strong.

The nation enjoyed job growth of 1.6 percent in 2005, well ahead of the 1.0 percent pace of job growth for the state economy. Tennessee's rate of job loss in manufacturing was, however, better than the rate of decline for the national economy. Job growth has generally been concentrated in the various service sectors which continue to rise in relative importance. Nominal personal income growth for 2005 totaled 5.7 percent for Tennessee and 5.4 for the US.

Short-term Economic Outlook - The overall outlook for the state and the national economies calls for continued expansion through 2008. US nominal gross domestic product, the broadest measure of economic activity available, is projected to advance at a 6.0 percent rate in 2006, slightly lower than the 6.4 percent rate of growth that prevailed in 2005. Growth is expected to slow to 4.8 percent in 2007. Job growth for the nation is expected to be up 1.5 percent in 2006 and yield an unemployment rate of 4.8 percent. The nation's manufacturing job base will continue to contract with a 0.3 percent setback, matching the decline in 2005. The prime interest rate is forecast at 7.7 and 7.8 percent in 2006 and 2007. Inflation, as measured by the chained price index for gross domestic product, will slow to 2.5 percent in 2006 relative to 2.7 percent growth in 2005.

The Tennessee economy will be buoyed by the performance of its national counterpart. Expect nominal personal income to grow 5.5 percent in both 2006 and 2007. On a fiscal year basis personal income is projected to rise 5.3 percent in 2005-06 and 5.6 percent in 2006-07. Tennessee's rate of nonfarm job growth in 2006 (1.2 percent) will lag the nation. The state unemployment rate should fall to 5.3 percent in 2006 versus the 5.6 percent rate that prevailed in 2005.

Federal Aid Trends and Federal Mandate Costs

Recommended Budget, Fiscal Year 2006 - 2007

Since fiscal year 1979-80, federal aid to Tennessee excluding Food Stamps, Medicaid, and Temporary Assistance to Needy Families (TANF) grants, formerly Aid to Families with Dependent Children (AFDC), has declined from 27 cents of every dollar in the state budget to 21 cents in 2006-2007. If the state were still receiving 27 cents of every budgeted dollar as federal aid, an additional \$866.1 million would be available in federal funds.

In constant (2006-2007) dollars, federal aid has increased by 91.7 percent, or \$1.7 billion, from 1979-80 to 2006-2007 for state programs other than Food Stamps, Medicaid, and TANF/AFDC grants.

Figure 1 and Table 1 show the constant (2006-2007) dollar trend in federal aid in the state budget since 1979-80 for all programs,

including transportation. Amounts for fiscal years 1979-80 through 2004-2005 are based on actual federal aid collections; amounts for 2005-2006 and 2006-2007 are based on estimates included in the recommended state budget.

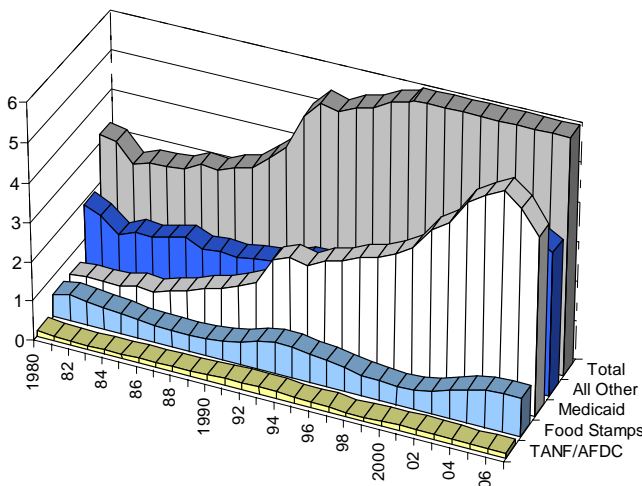
Current dollars have been converted to real (constant) dollars using the gross domestic product implicit price deflator, as reported by the University of Tennessee, Center for Business and Economic Research.

The decline in federal aid in the early 1980s (Figure 1) reflects the elimination of federal revenue sharing for states, new federal restrictions on eligibility for the TANF/AFDC program, and the consolidation of several federal grant programs into block grants at reduced levels.

From 1988-89 to 2006-2007, all the programs other than TANF/AFDC have had real growth. This reflects congressional decisions in the late 1980s to relax the earlier federal deficit-control statutes, which had restrained the growth of domestic discretionary programs during the 1980s.

As shown in Figure 1, not until 1992-93 does "all other" federal aid, excluding Medicaid, TANF/AFDC grants, and Food Stamps, return to the real-dollar level available to the state in 1979-80. Reflecting recent domestic initiatives, the growth rate for this federal aid category had steadily increased

Figure 1
Federal Aid Trend in State Programs
FY 1980 through FY 2007
in Billions of Constant (2006-2007) Dollars



through 2005-2006, in spite of federal budget-balancing efforts. In 2006-2007, “all other” federal aid, excluding Food Stamps, Medicaid, and TANF/AFDC, shows a constant dollar decrease compared with 2005-2006. This decline is because of non-recurring federal aid for Hurricane Katrina

dollar decrease of 18.1 percent.

Over the 27-years, as shown in Table 1, real growth for all federal aid to state programs has averaged 4.0 percent per year. This growth above the rate of inflation has been led by the 7.9 percent annual-average real growth in the Medicaid program.

Table 1
Comparison of Federal Aid in State Budget,
Actual 1979-80 through Estimated 2006-2007
In Millions of Constant (2006-2007) Dollars

	1979-80	1988-89	2006-07	% Change		
				1980-2007	Annual Average	
					1980-2007	1989-2007
Total Aid	\$ 3,220.8	\$ 3,346.5	\$ 9,269.9	187.8%	4.0%	5.8%
Medicaid	587.7	1,228.0	4,525.4	670.1%	7.9%	7.5%
Food Stamp Coupons	587.4	458.2	975.0	66.0%	1.9%	4.3%
TANF/AFDC	139.1	134.0	113.9	-18.1%	-0.7%	-0.9%
All Other	1,906.6	1,526.3	3,655.6	91.7%	2.4%	5.0%

TANF/AFDC decreased by 0.7 percent, while Food Stamps increased by 1.9 percent and all other federal aid increased by 2.4 percent on an annual-average basis.

Over the last 18 years of the period, from 1988-89 through 2006-2007, real

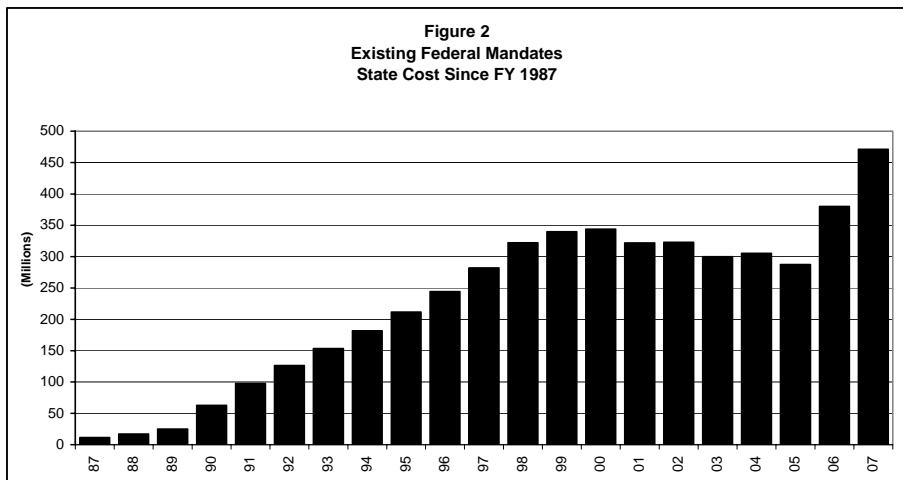
relief in the current year (\$100 million) and the completion of some major federal aid highway projects (\$92.3 million decline). Excluding these two areas, other federal aid programs generally are experiencing modest growth.

growth in total federal aid has increased above the longer-term growth rates. Total federal aid to state programs has grown at an 18-year annual-average rate of 5.8 percent. Real growth in this period has averaged 7.5 percent per year for Medicaid and 4.3 percent per year in Food Stamps, while TANF/AFDC decreased by 0.9%. All other federal aid has grown at a real-dollar rate of 5.0 percent per year.

Over the 27-year period, Medicaid, the major federal entitlement program in the state budget, has had real growth well above the rate of inflation. Although total federal aid has increased in constant dollars by 187.8 percent from 1979-80 to 2006-2007, the 670.1 percent real growth in the Medicaid program is accompanied by real growth of only 91.7 percent in federal aid for all other state programs, excluding Food Stamps and TANF/AFDC.

The 2006-2007 decline in the Medicaid match rate will result in increased state costs for federal mandates (Figure 2). Medicaid accounts for 82 percent of the \$473.6 million state mandate cost in the 2006-2007 fiscal year. The longer-term federal funding

A constant dollar increase of 66.0 percent in federal aid for the Food Stamps program since 1979-80 is related to recent trends in caseload and inflation. TANF/AFDC had a constant



for mandated Medicaid expansions is accompanied by significant state costs, which are identified in detail below.

While federal aid as a percentage of discretionary program funding has declined in the state budget since 1979-80, federal legislation in the late 1980s, early 1990s, and mid-2000s has imposed increasingly costly mandates on state government.

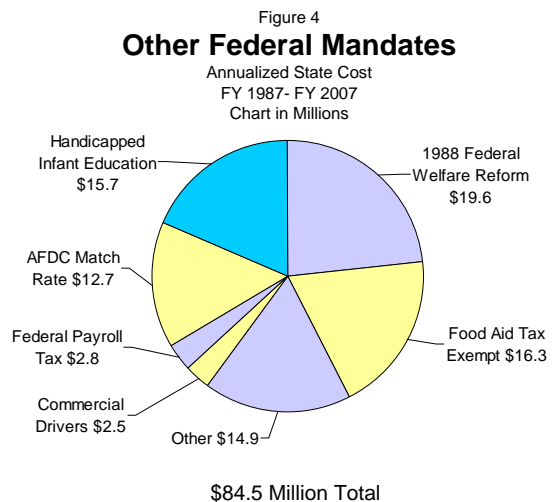
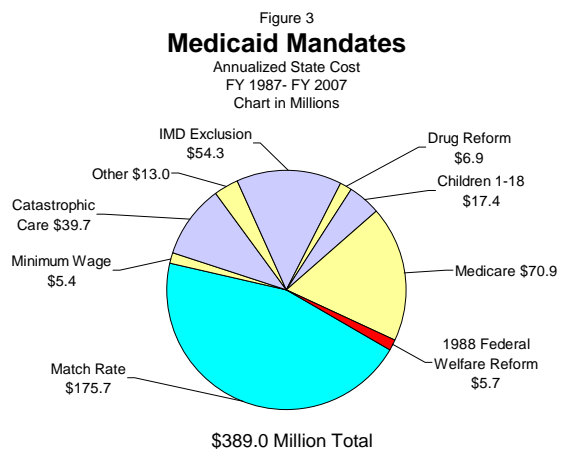
By fiscal year 2006-2007, provisions imposed since 1986-87 will cost \$473.6 million per year in recurring state appropriations from General Fund tax sources. The cumulative state cost in 2004-2005 was \$295.4 million and in 2005-2006 is \$390.9 million. Figure 2 illustrates the annual recurring state cost, from General Fund tax sources, of new federal mandates beginning in fiscal year 1986-87.

Costly major Medicaid mandates imposed since 1986-87 (Figure 3) are expanded services under the 1988 catastrophic health care law; coverage of children aged one through 18 under 1989 and 1990 laws; payment of premiums and deductibles for poor Medicare clients under a 1990 law; Medicare premium increases beginning in 2002-2003; Medicare cost sharing affecting the state in 2005-2006 and 2006-2007; increase in the minimum wage for the nursing home program under a 1989 law; increases in the state Medicaid match rate as personal income increases; expansion of Medicaid eligibility under the 1988 federal welfare reform law; drug purchasing reform under a 1990 law; and the loss of federal funds matching institute for the mentally diseased (IMD) expenditures for acute inpatients aged 21 to 64. Other Medicaid mandates include the 1988 nursing home reform initiative and the expansion of the child disability standard under the 1990 "Zebly" court ruling on supplemental security income regulations.

Major federal mandates imposed in other programs since fiscal year 1986-87 (Figure 4) include expansion of AFDC eligibility and support services under the 1988 federal welfare reform law; exemption from the sales tax of food stamps and supplemental foods for women, infants, and

children; increases in the state match rate for the former AFDC program; intervention services for handicapped infants and toddlers in the K-12 education system; extensions of federal social security and Medicare payroll taxes under the 1990 federal budget act; national standards under the commercial drivers license law; and other items of lesser fiscal impact affecting several state agencies.

For purposes of this analysis, the term "federal mandates" is limited to provisions of federal law or regulation which require state government implementation, without option to the state. This includes mandatory new programs, changes in existing federal programs, and increases in state financial participation in jointly funded federal programs resulting from decreases in federal match rates.



State Revenues

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State Tax Revenues

Introduction

Recommended Budget, Fiscal Year 2006-2007

The revenues necessary to finance state government are collected from a variety of sources. The primary source of funding for state expenditures is appropriation from general revenues. General revenues are proceeds from taxes, licenses, fees, fines, forfeitures, and other imposts laid specifically by law.

The revenue estimating process generally starts twelve months before a fiscal year begins. Revenue collections are tracked on a monthly basis, and this information, along with specific long-run forecasts of individual sectors of the economy, is used to form the basis for the next fiscal year's estimated revenue collections.

Preliminary estimates are supplied to the Department of Finance and Administration in mid-summer by the Department of Revenue and the University of Tennessee Center for Business and Economic Research. Tax estimates are recalculated in October and November and refined in December and January for inclusion in the Governor's Budget Document.

Sales tax estimates are based on estimated retail sales activity, which is provided by the Center for Business and Economic Research. Corporate excise tax estimates are made as late as possible in the year to take advantage of the latest available corporate profit forecasts for the nation and the October state tax returns filed with the Department of Revenue, which provide information useful in projecting quarterly estimated corporate tax payments through the next year.

Estimates for selective excise taxes are commonly based on long-run consumption trends for the selectively-taxed items: cigarettes, gasoline, beer, and alcoholic beverages. Long-run trend analysis is also used as a basis for projecting corporate excise and franchise tax collections and Tennessee Valley Authority in lieu of tax payments.

Motor vehicle fuel (primarily diesel fuel)

taxes and motor vehicle registration fees are estimated conservatively, given their sensitivity to business cycles (especially the truck-related components of both taxes).

The revenue estimating process in Tennessee incorporates the "Good Practices in Revenue Estimating" endorsed by the National Association of State Budget Officers and the Federation of Tax Administrators. This requires using national and state economic forecasts, developing an official revenue estimate, monitoring and monthly reporting on revenue collections, and revising estimates when appropriate.

Tennessee Code Annotated (TCA) 9-4-5104, 5105, 5106, and 5202 specify the manner in which tax revenue estimates are prepared and transmitted to the General Assembly in the Budget Document.

The Commissioner of Finance and Administration prepares revenue estimates based on advice from economists, his own staff, the Department of Revenue, and the State Funding Board. The Funding Board, which is composed of the Governor, the Commissioner of Finance and Administration, the Comptroller, the State Treasurer, and the Secretary of State, is assisted in preparing its range of revenue growth estimates by economists from the state's universities, the executive director of the Fiscal Review Committee, and staff of the Department of Finance and Administration, Department of Revenue, and the Treasurer's Office. The Funding Board prepares and recommends a range of revenue growth estimates using the information provided by the economists, the executive director of the Fiscal Review Committee, and staff.

The Funding Board's review and recommendations concern only the taxes collected by the Department of Revenue. The growth estimates provide a basis for the tax revenue estimates that are used in preparing the budget. However, recommendation of revenue estimates in the Budget is the responsibility of the Governor

and Commissioner of Finance and Administration.

The State Funding Board's most recent letter notifying the Governor and the chairmen of the Senate and House Finance, Ways and Means committees of its revenue growth estimates is included in the following subsection entitled "State Funding Board, Range of Tax Revenue Estimates." This letter states the economic assumptions affecting the Funding Board's recommendations. A more detailed economic overview is presented in the "Budget Overview" section of the Budget Document.

The tax revenue estimates recommended in the Budget Document are shown in a following subsection entitled "Comparison Statement of State Revenues." These taxes include not only the taxes collected by the Department of Revenue (the major taxes), but also those collected and deposited to the General Fund by some other line agencies in conjunction with carrying out their programs. In the revenue estimate charts, the latter are shown by collecting agency and are subtotaled as "other state revenue."

Following the chart comparing taxes for the three fiscal years, three charts are included to show the collections distributed by fund. The funds on the distribution charts, for Budget Document presentation, are General Fund, Education (Trust) Fund, Highway (Transportation) Fund, Debt Service Fund, and Cities and Counties (Local Government Fund). (For information about the inclusion of certain Special Revenue Fund taxes and fees in the General Fund estimates, see the "Budget Overview" subsection entitled "Basis of Budgeting and Accounting.")

Following the four tax revenue estimate charts is a chart detailing the revenues of regulatory boards, with the collections and estimates listed by board. This is a supporting schedule to the "Comparison Statement of State Revenues" charts, on which single lines for regulatory board fees appear.

In addition to the general revenues detailed in

this section, other revenues are collected by departments, institutions, and agencies and are appropriated directly to them. These are called departmental revenues. In the Budget Document, these departmental revenues are estimated by program and are shown as federal revenue, other revenue (or, sometimes, current services and other revenue), and tuition and fees. The term "other revenue" includes interdepartmental revenue, current services revenue, non-governmental revenue, and revenue from cities and counties. These various departmental revenues consist of earnings and charges for goods and services; student tuition and fees in the higher education system; and donations, contributions, and grants-in-aid from the federal government, political subdivisions, foundations, corporations, and individuals. In a few cases, the other departmental revenues also include reserves from revolving funds or from the unencumbered balance and capital outlay (major maintenance) reserves, in instances in which specific legal authority to carry such funds forward exists. The departmental revenues are reflected in each department's budget as operating revenue.

Information presented in the subsection entitled "Revenue Sources and Basis of Apportionment" outlines the general tax revenues by collecting agency, along with TCA citations on the rate and source of the revenue and the basis of apportionment among funds and agencies, based on current law.

The tax revenue estimates proposed in this Budget are provided in the following subsection entitled "Comparison Statement of State Revenues." The distribution of taxes among the funds on these charts is as provided by law as it existed last year for 2004-2005 actual revenue and as it exists currently for 2005-2006 and 2006-2007 estimates.

Following that subsection is a subsection detailing so-called tax expenditures, which reports on major tax exemptions provided by law.

Comparison Statement of State Revenues

**Actual and Estimated
July 1, 2004 – June 30, 2007**

Revenue apportionment in this section is based on current law. The 2006-2007 Budget and related revenue legislation propose the full restoration of state-shared taxes to the cities and counties fund.

Comparison Statement of State Revenues
Actual and Estimated July 1, 2004 - June 30, 2007

SOURCE OF REVENUE

Department of Revenue	Actual 2004-2005	Estimated 2005-2006	Estimated 2006-2007	Percent Required
Sales and Use Tax	\$6,091,545,800	\$6,432,000,000	\$6,740,700,000	4.80%
Gasoline Tax	608,050,800	608,100,000	608,700,000	0.10%
Motor Fuel Tax	173,682,100	178,900,000	184,300,000	3.02%
Gasoline Inspection Tax	63,634,400	64,500,000	65,800,000	2.02%
Motor Vehicle Registration Tax	244,153,800	254,000,000	259,000,000	1.97%
Income Tax	155,919,100	165,300,000	175,200,000	5.99%
Privilege Tax	264,933,100	283,500,000	286,000,000	0.88%
Gross Receipts Tax - TVA	216,214,800	221,400,000	228,000,000	2.98%
Gross Receipts Tax - Other	19,669,400	20,700,000	21,800,000	5.31%
Beer Tax	17,254,900	17,500,000	17,700,000	1.14%
Alcoholic Beverage Tax	37,115,700	38,000,000	38,400,000	1.05%
Franchise Tax	528,213,600	628,100,000	640,700,000	2.01%
Excise Tax	843,784,400	791,900,000	807,700,000	2.00%
Inheritance and Estate Tax	82,890,400	84,000,000	84,000,000	0.00%
Tobacco Tax	120,512,200	121,000,000	121,000,000	0.00%
Motor Vehicle Title Fees	11,396,200	11,400,000	11,800,000	3.51%
Mixed Drink Tax	43,142,900	45,700,000	48,500,000	6.13%
Business Tax	114,662,900	119,400,000	124,300,000	4.10%
Severance Tax	1,405,300	1,400,000	1,400,000	0.00%
Coin-operated Amusement Tax	349,700	300,000	300,000	0.00%
Unauthorized Substance Tax	65,800	100,000	100,000	0.00%
Total Department of Revenue	\$9,638,597,300	\$10,087,200,000	\$10,465,400,000	3.75%
Other State Revenue				
Department of Commerce and Insurance	\$395,449,700	\$412,800,000	\$427,800,000	3.63%
Department of Financial Institutions	5,770,300	7,500,000	7,700,000	2.67%
Wildlife Resources Agency	39,079,100	44,900,000	46,400,000	3.34%
Department of Agriculture	11,890,800	11,500,000	12,600,000	9.57%
Regulatory Board Fees	33,100,000	31,600,000	32,500,000	2.85%
Tennessee Regulatory Authority	7,370,600	7,600,000	7,600,000	0.00%
Secretary of State	21,436,300	21,500,000	21,500,000	0.00%
Department of Safety	39,753,300	40,700,000	40,700,000	0.00%
State Treasurer	23,865,600	45,000,000	45,000,000	0.00%
Department of Education	1,603,500	1,700,000	1,700,000	0.00%
Department of Health	11,433,600	12,400,000	12,400,000	0.00%
Dept. of Environment and Conservation	64,969,700	65,100,000	67,500,000	3.69%
Miscellaneous Revenue	37,293,700	31,000,000	26,500,000	-14.52%
Nursing Home Tax	99,676,700	100,200,000	100,200,000	0.00%
Total Other State Revenue	\$792,692,900	\$833,500,000	\$850,100,000	1.99%
Total State Revenue	\$10,431,290,200	\$10,920,700,000	\$11,315,500,000	3.62%

**Distribution of Actual Revenue by Fund
Fiscal Year 2004-2005**

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,091,545,800	\$2,335,724,400	\$3,493,572,700	\$0	\$43,178,900	\$219,069,800
Gasoline Tax	608,050,800	10,100,900	0	292,068,000	74,000,000	231,881,900
Motor Fuel Tax	173,682,100	3,293,100	0	124,852,700	0	45,536,300
Gasoline Inspection Tax	63,634,400	18,489,400	0	33,128,000	0	12,017,000
Motor Vehicle Registration Tax	244,153,800	47,829,700	178,200	196,145,900	0	0
Income Tax	155,919,100	119,883,400	0	0	0	36,035,700
Privilege Tax	264,933,100	264,798,000	135,100	0	0	0
Gross Receipts Tax - TVA	216,214,800	129,424,200	0	0	0	86,790,600
Gross Receipts Tax - Other	19,669,400	16,763,700	0	2,905,700	0	0
Beer Tax	17,254,900	11,862,000	0	2,166,700	0	3,226,200
Alcoholic Beverage Tax	37,115,700	31,217,400	0	0	0	5,898,300
Franchise Tax	528,213,600	510,213,600	0	0	18,000,000	0
Excise Tax	843,784,400	712,508,300	0	0	108,321,100	22,955,000
Inheritance and Estate Tax	82,890,400	82,890,400	0	0	0	0
Tobacco Tax	120,512,200	646,500	119,865,700	0	0	0
Motor Vehicle Title Fees	11,396,200	8,696,200	0	0	2,700,000	0
Mixed Drink Tax	43,142,900	1,937,100	21,571,000	0	0	19,634,800
Business Tax	114,662,900	114,662,900	0	0	0	0
Severance Tax	1,405,300	571,000	0	0	0	834,300
Coin-operated Amusement Tax	349,700	349,700	0	0	0	0
Unauthorized Substance Tax	65,800	20,400	0	0	0	45,400
Total Department of Revenue	\$9,638,597,300	\$4,421,882,300	\$3,635,322,700	\$651,267,000	\$246,200,000	\$683,925,300
Other State Revenue						
Department of Commerce and Insurance	\$395,449,700	\$395,449,700	\$0	\$0	\$0	\$0
Department of Financial Institutions	5,770,300	5,770,300	0	0	0	0
Wildlife Resources Agency	39,079,100	39,079,100	0	0	0	0
Department of Agriculture	11,890,800	11,890,800	0	0	0	0
Regulatory Board Fees	33,100,000	33,100,000	0	0	0	0
Tennessee Regulatory Authority	7,370,600	7,370,600	0	0	0	0
Secretary of State	21,436,300	21,436,300	0	0	0	0
Department of Safety	39,753,300	39,753,300	0	0	0	0
State Treasurer	23,865,600	23,865,600	0	0	0	0
Department of Education	1,603,500	0	1,603,500	0	0	0
Department of Health	11,433,600	11,433,600	0	0	0	0
Dept. of Environment and Conservation	64,969,700	64,969,700	0	0	0	0
Miscellaneous Revenue	37,293,700	37,293,700	0	0	0	0
Nursing Home Tax	99,676,700	99,676,700	0	0	0	0
Total Other State Revenue	\$792,692,900	\$791,089,400	\$1,603,500	\$0	\$0	\$0
Total State Revenue	\$10,431,290,200	\$5,212,971,700	\$3,636,926,200	\$651,267,000	\$246,200,000	\$683,925,300

**Distribution of Revised Estimated Revenue by Fund
Fiscal Year 2005-2006**

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,432,000,000	\$2,458,600,000	\$3,688,300,000	\$0	\$45,900,000	\$239,200,000
Gasoline Tax	608,100,000	11,200,000	0	282,300,000	82,500,000	232,100,000
Motor Fuel Tax	178,900,000	3,400,000	0	128,500,000	0	47,000,000
Gasoline Inspection Tax	64,500,000	19,000,000	0	33,500,000	0	12,000,000
Motor Vehicle Registration Tax	254,000,000	49,300,000	300,000	204,400,000	0	0
Income Tax	165,300,000	119,200,000	0	0	0	46,100,000
Privilege Tax	283,500,000	283,500,000	0	0	0	0
Gross Receipts Tax - TVA	221,400,000	131,600,000	0	0	0	89,800,000
Gross Receipts Tax - Other	20,700,000	17,600,000	0	3,100,000	0	0
Beer Tax	17,500,000	11,900,000	0	2,200,000	0	3,400,000
Alcoholic Beverage Tax	38,000,000	31,700,000	0	0	0	6,300,000
Franchise Tax	628,100,000	610,100,000	0	0	18,000,000	0
Excise Tax	791,900,000	641,000,000	0	0	127,900,000	23,000,000
Inheritance and Estate Tax	84,000,000	84,000,000	0	0	0	0
Tobacco Tax	121,000,000	700,000	120,300,000	0	0	0
Motor Vehicle Title Fees	11,400,000	8,700,000	0	0	2,700,000	0
Mixed Drink Tax	45,700,000	2,500,000	22,100,000	0	0	21,100,000
Business Tax	119,400,000	119,400,000	0	0	0	0
Severance Tax	1,400,000	400,000	0	0	0	1,000,000
Coin-operated Amusement Tax	300,000	300,000	0	0	0	0
Unauthorized Substance Tax	100,000	100,000	0	0	0	0
Total Department of Revenue	\$10,087,200,000	\$4,604,200,000	\$3,831,000,000	\$654,000,000	\$277,000,000	\$721,000,000
Other State Revenue						
Department of Commerce and Insurance	\$412,800,000	\$412,800,000	\$0	\$0	\$0	\$0
Department of Financial Institutions	7,500,000	7,500,000	0	0	0	0
Wildlife Resources Agency	44,900,000	44,900,000	0	0	0	0
Department of Agriculture	11,500,000	11,500,000	0	0	0	0
Regulatory Board Fees	31,600,000	31,600,000	0	0	0	0
Tennessee Regulatory Authority	7,600,000	7,600,000	0	0	0	0
Secretary of State	21,500,000	21,500,000	0	0	0	0
Department of Safety	40,700,000	40,700,000	0	0	0	0
State Treasurer	45,000,000	45,000,000	0	0	0	0
Department of Education	1,700,000	0	1,700,000	0	0	0
Department of Health	12,400,000	12,400,000	0	0	0	0
Dept. of Environment and Conservation	65,100,000	65,100,000	0	0	0	0
Miscellaneous Revenue	31,000,000	31,000,000	0	0	0	0
Nursing Home Tax	100,200,000	100,200,000	0	0	0	0
Total Other State Revenue	\$833,500,000	\$831,800,000	\$1,700,000	\$0	\$0	\$0
Total State Revenue	\$10,920,700,000	\$5,436,000,000	\$3,832,700,000	\$654,000,000	\$277,000,000	\$721,000,000

**Distribution of Estimated Revenue by Fund
Fiscal Year 2006-2007**

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,740,700,000	\$2,576,200,000	\$3,865,300,000	\$0	\$48,100,000	\$251,100,000
Gasoline Tax	608,700,000	11,300,000	0	280,700,000	84,500,000	232,200,000
Motor Fuel Tax	184,300,000	3,500,000	0	132,400,000	0	48,400,000
Gasoline Inspection Tax	65,800,000	19,400,000	0	34,400,000	0	12,000,000
Motor Vehicle Registration Tax	259,000,000	49,800,000	300,000	208,900,000	0	0
Income Tax	175,200,000	126,300,000	0	0	0	48,900,000
Privilege Tax	286,000,000	286,000,000	0	0	0	0
Gross Receipts Tax - TVA	228,000,000	134,800,000	0	0	0	93,200,000
Gross Receipts Tax - Other	21,800,000	18,500,000	0	3,300,000	0	0
Beer Tax	17,700,000	12,000,000	0	2,200,000	0	3,500,000
Alcoholic Beverage Tax	38,400,000	32,000,000	0	0	0	6,400,000
Franchise Tax	640,700,000	622,700,000	0	0	18,000,000	0
Excise Tax	807,700,000	641,600,000	0	0	143,100,000	23,000,000
Inheritance and Estate Tax	84,000,000	84,000,000	0	0	0	0
Tobacco Tax	121,000,000	700,000	120,300,000	0	0	0
Motor Vehicle Title Fees	11,800,000	9,100,000	0	0	2,700,000	0
Mixed Drink Tax	48,500,000	2,700,000	23,400,000	0	0	22,400,000
Business Tax	124,300,000	124,300,000	0	0	0	0
Severance Tax	1,400,000	400,000	0	0	0	1,000,000
Coin-operated Amusement Tax	300,000	300,000	0	0	0	0
Unauthorized Substance Tax	100,000	100,000	0	0	0	0
Total Department of Revenue	\$10,465,400,000	\$4,755,700,000	\$4,009,300,000	\$661,900,000	\$296,400,000	\$742,100,000
Other State Revenue						
Department of Commerce and Insurance	\$427,800,000	\$427,800,000	\$0	\$0	\$0	\$0
Department of Financial Institutions	7,700,000	7,700,000	0	0	0	0
Wildlife Resources Agency	46,400,000	46,400,000	0	0	0	0
Department of Agriculture	12,600,000	12,600,000	0	0	0	0
Regulatory Board Fees	32,500,000	32,500,000	0	0	0	0
Tennessee Regulatory Authority	7,600,000	7,600,000	0	0	0	0
Secretary of State	21,500,000	21,500,000	0	0	0	0
Department of Safety	40,700,000	40,700,000	0	0	0	0
State Treasurer	45,000,000	45,000,000	0	0	0	0
Department of Education	1,700,000	0	1,700,000	0	0	0
Department of Health	12,400,000	12,400,000	0	0	0	0
Dept. of Environment and Conservation	67,500,000	67,500,000	0	0	0	0
Miscellaneous Revenue	26,500,000	26,500,000	0	0	0	0
Nursing Home Tax	100,200,000	100,200,000	0	0	0	0
Total Other State Revenue	\$850,100,000	\$848,400,000	\$1,700,000	\$0	\$0	\$0
Total State Revenue	\$11,315,500,000	\$5,604,100,000	\$4,011,000,000	\$661,900,000	\$296,400,000	\$742,100,000

Comparative Statement of Revenues of Regulatory Boards
Actual and Estimated July 1, 2004 - June 30, 2007
To Support Statement of State Revenues

SOURCE OF REVENUE	Actual 2004-2005	Estimated 2005-2006	Estimated 2006-2007
State Board of Accountancy	\$676,600	\$809,900	\$810,000
State Board of Examiners for Architects & Engineers	1,330,700	1,311,500	1,400,800
Advisory Board on Professional Boxing and Racing	4,900	6,300	6,300
Athletic Commission	252,200	15,000	15,000
Tennessee Auctioneer Commission	252,900	267,800	267,800
Board of Barber Examiners	339,100	308,500	340,700
Tennessee Collection Service Board	260,000	242,000	260,000
Licensing Contractors, Home Improvement & Interior Designers	3,112,900	3,927,600	3,927,600
State Board of Cosmetology	1,308,400	1,443,400	1,450,500
Board of Funeral Directors and Embalmers	386,600	424,300	424,300
Board of Examiners for Land Surveyors	35,800	177,600	177,600
Board of Alarm Contractors	352,800	111,000	160,000
Private Investigators Licensing and Regulation	215,500	331,300	331,300
Private Protective Services Licensing & Regulation	1,002,600	602,400	655,400
Board of Polygraph Examiners	7,300	976,800	976,800
Real Estate Appraiser Commission	373,300	365,700	370,700
Registration of Geologists	69,800	227,700	227,700
Tennessee Real Estate Commission	4,368,800	2,176,100	2,276,100
Board of Pharmacy	1,258,300	1,344,500	1,344,500
Tennessee Motor Vehicle Commission	1,336,100	1,594,500	1,594,500
Employee Leasing	112,100	0	0
Sub-Total: Commerce and Insurance	\$17,056,700	\$16,663,900	\$17,017,600
Board of Chiropractic Examiners	\$179,500	\$187,500	\$196,700
Board of Dentistry	1,182,900	1,174,700	1,226,400
Board of Dietitian / Nutritionist Examiners	61,900	59,700	62,300
Board of Dispensing Opticians	101,900	100,900	106,000
State Board of Electrolysis Examiners	33,800	19,700	21,500
Council for Licensing Hearing Instrument Specialists	48,200	30,200	33,000
Board of Social Worker Certification and Licensure	227,000	202,800	212,500
Board of Medical Examiners	2,582,100	2,100,000	2,233,300
Tennessee Medical Laboratory Board	742,400	704,100	705,100
Board of Nursing	4,358,200	4,000,000	4,171,600
Board of Examiners for Nursing Home Administrators	91,800	88,000	95,400
Board of Occupational and Physical Therapy Examiners	444,800	435,900	449,000
State Board of Athletic Trainers	47,200	27,900	28,600
Board of Respiratory Care	151,700	164,000	174,000
State Board of Optometry	158,500	137,200	142,800
Board of Osteopathic Examination	127,900	108,600	122,500
Board of Registration for Podiatry	58,000	49,900	54,500
Board of Cert. for Prof. Counselors, and Marital and Family Therapists	150,900	151,300	155,600
Board of Examiners in Psychology	330,800	317,400	338,300
Board for Communication Disorders and Sciences	91,000	93,600	98,200
Committee on Physician Assistants	119,000	113,000	116,500
Massage Licensure Board	292,600	295,600	310,700
Board of Veterinary Medical Examiners	467,200	405,900	422,800
Alcohol and Drug Abuse Counselors	93,000	72,200	75,100
Board of Midwifery	11,000	4,700	5,000
Board of Acupuncture	19,900	5,400	5,800
Board of Clinical Perfusionists	(1,800)	14,400	15,100
Reflexologist License	5,000	4,200	4,300
Sub-Total: Health	\$12,176,400	\$11,068,800	\$11,582,600
State Regulatory Fee	\$2,183,000	\$2,148,100	\$2,180,600
State Board of Law Examiners	766,500	677,000	677,000
Health Services Development Agency	917,400	1,042,200	1,042,200
Total Regulatory Boards	\$33,100,000	\$31,600,000	\$32,500,000

Tax Expenditures

Recommended Budget, Fiscal Year 2006-2007

Tennessee Code Annotated 9-4-5115 requires the Department of Finance and Administration to report annually to the Finance, Ways and Means Committees of the House and the Senate on two areas of government finance: 1) tax exemptions; and 2) vendor compensation for the collection of the sales tax. This section of the Budget Document is intended to fulfill that statutory obligation.

Under the law, the tax expenditure report is required to "...identify all exemptions, to the extent that it is practical, and estimate the amount of revenue which would have been collected by the state in the fiscal year commencing on July 1 next succeeding such report had each exemption not existed." The report on vendor compensation is required to show the amount paid to vendors for the collection of the sales tax. No format or reporting period is specified. Both reports are to be made no later than February 1 of each year.

Vendors compensation for collection of the sales tax was repealed, effective July 1, 2000, by Public Acts of 2000, chapter 983. Thus, no report is made on vendors compensation.

Tax Exemptions

It is not possible to estimate the amount of revenue lost for each of the tax exemptions found in the Tennessee code. For example, since 1947, the list of non-profit institutions that are exempt from the sales tax has grown dramatically. Such institutions are allowed to

buy tangible goods and certain services tax free. Retailers and sellers require proof of exemption and keep records of exempt sales; but tax returns filed with the Department of Revenue do not show detailed statistics on exempt sales by type of exempt entity. Such data is only available in the records of the thousands of individual retailers and vendors who sell directly to the public. Therefore, the tax exemptions listed in the present report consist only of those that can be estimated with a reasonable degree of accuracy.

The fiscal impact of Tennessee's major tax exemptions is presented in tabular form in Tables 1-A and 1-B. Estimates of revenue loss are provided for FY 2006-2007. Table 1-A presents revenue foregone on services not currently taxed. These services represent activities that were not included in the original tax base. Table 1-B presents revenue foregone due to specific exemptions in the existing sales tax law. For each item in this table, the exemption is briefly described and the specific authorization of the Tennessee code is cited.

It is difficult to estimate the true cost of tax exemptions for two reasons. First, each exemption is considered separately, without regard to how it overlaps with other provisions of the tax code. Summing tax exemptions may result in double-counting in cases where exemptions overlap. Secondly, the estimates of revenue loss provided in the tables do not generally take into account the impact of a change in a particular tax provision on taxpayer behavior which impacts other taxes (the estimates do not reflect secondary or feedback effects).

Major Tax Exemptions from the Sales and Use Tax
Currently Untaxed Services: Table 1-A

<u>Service/Product Area Exempted</u>	<u>FY2006-2007 Estimated Loss</u>	
	<u>State</u>	<u>Local*</u>
Administrative & Support Services	\$332,500,000	\$114,100,000
Collection Agencies & Credit Bureaus	20,900,000	7,200,000
Employment Services	186,100,000	63,800,000
Investigation & Security Services	40,700,000	14,000,000
Mail, Document Reproduction, & Call Centers	14,900,000	5,100,000
Services to Buildings & Dwellings	69,900,000	24,000,000
Construction Services	\$675,500,000	\$231,600,000
Building, Developing, & General Contracting	222,500,000	76,300,000
Heavy Construction	95,700,000	32,800,000
Special Trade Contractors	357,300,000	122,500,000
Educational Services	\$40,900,000	\$14,000,000
Educational Services (for-profit)	36,700,000	12,600,000
Educational Services (non-profit)	4,200,000	1,400,000
Finance, Insurance, & Real Estate	\$251,300,000	\$86,200,000
Investment Banking, Securities Brokerage, & Related Services	83,300,000	28,500,000
Insurance Agents & Related Services	64,600,000	22,200,000
Real Estate Agents & Brokers	103,400,000	35,500,000
Health Care & Social Services (For-profit)	\$707,400,000	\$242,500,000
Physicians & Dentists	410,900,000	140,900,000
Other Health Practitioners	48,700,000	16,700,000
Hospitals	80,900,000	27,700,000
Nursing & Residential Care Facilities	77,100,000	26,400,000
Outpatient Care Centers	29,400,000	10,100,000
Medical and Diagnostic Laboratories	23,100,000	7,900,000
Other Selected Health Services	9,800,000	3,400,000
Social & Community Services	27,500,000	9,400,000
Health Care & Social Services (Non-profit)	\$440,100,000	\$150,900,000
Hospitals	366,000,000	125,500,000
Nursing & Residential Care Facilities	25,100,000	8,600,000
Outpatient Care Centers	24,300,000	8,300,000
Other Selected Health Services	6,100,000	2,100,000
Social & Community Services	18,600,000	6,400,000
Information Services	\$63,100,000	\$21,800,000
Data Processing Services	22,300,000	7,700,000
Movie Production & Sound Recording Studios	6,300,000	2,200,000
Cable T.V. Subscriptions (exempt amt.)	18,300,000	6,300,000
Newspaper Subscriptions & Sales	16,200,000	5,600,000
Media Advertising Sales	\$123,800,000	\$42,500,000
Newspaper Advertising	37,000,000	12,700,000
Radio Advertising	18,900,000	6,500,000
Television Advertising (Broadcast & Cable)	67,900,000	23,300,000
Personal Services	\$80,500,000	\$27,600,000
Coin-operated Laundry	2,600,000	900,000
Death Care Services	14,500,000	5,000,000
Diet & Weight Loss	1,600,000	500,000
Hair, Nail, & Skin Care Services	36,100,000	12,400,000
Non-Profit Amusement & Membership Organizations	25,700,000	8,800,000
Professional & Technical Services	\$657,200,000	\$225,400,000
Accounting, Tax Return Prep., & Payroll	84,900,000	29,100,000
Advertising & Public Relations	29,700,000	10,200,000
Architectural Services	23,000,000	7,900,000
Engineering Services	139,500,000	47,800,000
All Other Architectural, Engineering, & Related Services	13,400,000	4,600,000
Specialized Design Services	16,000,000	5,500,000
Computer Systems Design & Related Services	42,200,000	14,500,000
Legal Services (profit & non-profit)	153,000,000	52,500,000
Management, Scientific, & Technical Consulting	136,900,000	46,900,000
Scientific Research & Development (profit & non-profit)	18,600,000	6,400,000
Transportation Services	\$55,500,000	\$19,000,000
Couriers & Messengers	55,500,000	19,000,000
Total Revenue Loss	\$3,427,800,000	\$1,175,600,000

*Local revenue loss calculated based on an average local sales tax rate of 2.40%.

Source: Tennessee Department of Revenue

**Major Tax Exemptions
From Current Tax Base: Table 1-B**

Tennessee Code Annotated	Tax Source and Description of the Exemption	FY 2006-2007 Estimated Loss	
		State	Local
	Sales and Use Tax	\$2,243,812,000	\$693,613,000
67-6-329(a)(1)	Gasoline	478,177,000	163,947,000
67-6-329(a)(2)	Motor vehicle fuel (diesel fuel)	160,174,000	54,917,000
67-6-329(a)(1-2)	Gasoline/diesel fuel for agriculture	9,479,000	3,250,000
67-6-334	Energy fuels sold for residential use	254,804,000	87,361,000
67-6-206(b)(1-2); [206(b)(1-2), 67-4-2303(a-b)]*	Energy and water sales to manufacturers (reduced rate/privilege tax*)	170,302,000	74,314,000
67-6-206(b)(2-8); [206(b)(1-2), 67-4-2303(b-g)]*	Energy and water sales to manuf. for direct processing (exempt/priv. tax*)	61,543,000	790,000
67-6-217; [67-4-2701]*	Aviation fuel (reduced rate/privilege tax*)	15,292,000	14,680,000
67-6-312, 320; [67-6-320]*	Prescription drugs, insulin, and syringes	311,829,000	106,913,000
67-6-319	Prescription drug samples	29,580,000	10,142,000
67-6-102(a)(19), 206(a); [67-6-102(30), 206(a)]*	Industrial machinery and equipment	164,723,000	20,742,000
67-6-102(a)(15), 207; [67-6-207]*	Farm machinery and equipment	19,061,000	2,151,000
67-6-102(a)(32)(E)(ii); [67-6-329(a)(14)]*	Packaging sold for resale or use	95,064,000	32,594,000
67-6-228; [67-6-228]*	Food sales (reduced rate)	77,845,000	0
67-6-103(f), 226; [67-4-2401(b)]*	Cable television (exempt portion/privilege tax*)	18,262,000	11,479,000
67-6-329(a)(12); [67-6-329(a)(3), (a)(20)]*	School books and lunches	17,225,000	5,906,000
67-6-316	Prescription eyewear and optical goods	15,852,000	5,435,000
67-6-329(a)(21); [67-6-329(a)(10)]*	Newspaper periodical sales	15,126,000	5,186,000
67-6-330(a)(4-5); [67-6-330(a)(3-4)]*	Membership dues of civic organizations & business assoc.	11,775,000	4,037,000
67-6-216	Non-material cost of manufactured homes (reduced rate)	8,556,000	0
67-6-336	Used factory-manufactured structures	2,310,000	50,000
67-6-219, 67-6-702(e); [67-4-2305]*	Sales to common carriers (reduced rate/privilege tax*)	7,232,000	2,003,000
67-6-313(g), 321	Railroad rolling stock, materials, and repairs	6,410,000	1,425,000
67-6-309(a)	Film and transcription rentals	5,142,000	1,763,000
67-6-303	Motor vehicles sold to active-duty or non-resident military personnel	4,881,000	365,000
67-6-330(a)(17); [67-6-330(a)(16)]*	Physical fitness facility fees	4,127,000	1,415,000
67-6-329(a)(16); [67-6-329(a)(6)]*	Magazines and books--printers' nexus	3,297,000	1,130,000
67-6-329(a)(3-10), (17); [67-6-207(a)(10-17)]*	Fertilizers, pesticides, seeds, and related items to nurseries	3,275,000	1,123,000
67-6-102(a)(19)(H)(i); [67-6-102(a)(30)(H)(i)]*	Certain warehouse equipment	2,184,000	397,000
67-6-530	Motion picture production refund	285,000	98,000
	All other remaining exemptions	270,000,000	80,000,000
	Corporate Franchise and Excise Tax	\$97,300,000	\$0
67-4-2109	Jobs credit (Fran. & Exc.)	30,600,000	NA
67-4-2108	Cap on value of inventories (Franchise)	21,900,000	NA
67-4-2009	Industrial machinery credit (Excise)	20,200,000	NA
67-4-2012, 2111	Double-weighted sales factor (Fran. & Exc.)	15,600,000	NA
67-4-2009, 2112	Hospital company tax credit (Fran. & Exc.)	9,000,000	NA
	Motor Vehicle Registration Fees	\$4,876,000	\$0
55-4-223	Government vehicles	1,149,000	NA
55-4-228(d)(1)(a)	Enlisted members of the Tennessee National Guard	139,000	NA
55-4-235, 236, 237	Former POWS, medal of honor recipients, and disabled veterans	266,000	NA
55-4-113(6)	Special Zone Tags - Class 1	897,000	NA
55-4-113(6), 124	Special Zone Tags - Class 2	2,281,000	NA
55-21-103(a)(l)	Handicapped person fee	58,000	NA
55-21-103(b)(2)	Handicapped person placards	86,000	NA
	Gross Receipts Taxes	\$211,500,000	\$0
67-4-405(b)	Gas, Water, and Electric Companies - Govt. operations exempt	204,600,000	NA
67-4-405(d)	Gas, Water, and Electric Companies - Franchise and excise tax credit	3,800,000	NA
67-4-405(e)	Gas, Water, and Electric Companies - \$5,000 exemption	100,000	NA
67-4-402	Bottlers - Franchise and excise tax credit	3,000,000	NA
	Miscellaneous Taxes	\$217,900,000	\$0
67-8-316(b)	Standard Exemption on the inheritance and gift tax	152,300,000	NA
67-8-315(a)(6)	Marital Deduction on the inheritance and gift tax	50,900,000	NA
67-2-104(a)	Standard Exemption on the income tax	14,400,000	NA
67-4-409(b)(4)	Mortgage Tax - \$2,000 exemption	300,000	NA
	Total Revenue Loss	\$2,775,388,000	\$693,613,000

* Represents tax and T.C.A. changes effective July 1, 2007 as of the 2005 Session of the General Assembly.

Source: Tennessee Departments of Revenue and Safety

Revenue Sources and Basis of Apportionment

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Department of Revenue

SALES AND

USE TAX.....7.0% is the general rate that applies to the gross proceeds derived from the retail sale or use of tangible personal property and specific services. A one-half of one percent portion of the gross tax is earmarked solely for the Education Fund and the remaining 6.5% portion is distributed to various funds (TCA 67-6-201 through 67-6-205, 67-6-212, 67-6-213, and 67-6-220). Also, rates varying from 1% to 8.25% apply to other items and services including the following: 6% for the retail sale of food and food ingredients for human consumption (TCA 67-6-228); 7% for merchandise purchased from any vending machine (TCA 67-6-102(a)(28)(I)); 1.5% for energy fuels used by manufacturers and nurserymen, and 1% for water used by manufacturers (TCA 67-6-206(b) and 67-6-218); 3.5% for manufactured homes (TCA 67-6-216); 4.5% for aviation fuel (TCA 67-6-217); 3.75% for common carriers (TCA 67-6-219); 7.5% for interstate telecommunication services sold to businesses (TCA 67-6-221); 8.25% for cable and wireless television services (between \$15 and \$27.50) and satellite TV services (TCA 67-6-226 and 67-6-227). An additional tax of 2.75% is imposed on the amount for single article sales of personal property in excess of \$1,600 but less than or equal to \$3,200 (TCA 67-6-202(a)).

General Fund.....100% of the 1.0% increase in the general rate enacted in 2002 and 100% of the additional tax imposed on single article sales. 29.1977% of the remaining 5.5% after the allocation to the Transportation Equity Trust Fund, less amounts paid to premier resorts (TCA 67-6-103). Also, amounts from cable and wireless television services in excess of \$15 but less than \$27.50 (TCA 67-6-103(f) and 67-6-226); and from interstate telecommunication services sold to businesses, plus 4.5%

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

from cities and counties (TCA 67-6-221(b)). In addition, amounts from the tax on interstate telecommunication services sold to businesses are earmarked to the Telecommunication Ad Valorem Tax Reduction Fund (TCA 67-6-103(a) and 67-6-221(b)).

Administration.....	0.3674% of the remaining 5.5% after the allocation to the Transportation Equity Trust Fund (TCA 67-6-103).
Education Fund	65.0970% of the remaining 5.5% after the allocation to the Transportation Equity Trust Fund, and 100% of one-half of one percent of the gross tax (TCA 67-6-103 and 49-3-357). Also, amounts from interstate telecommunication services sold to businesses (TCA 67-6-221(b)).
Highway Fund.....	An amount equivalent to tax collections from air, rail and barge fuel sales is earmarked for the Transportation Equity Trust Fund (TCA 67-6-103(b)).
Debt Service Fund.....	0.9185% of the remaining 5.5% after the allocation to the Transportation Equity Trust Fund, or whatever amount is necessary to meet debt service requirements (TCA 67-6-103 and 9-9-106, and Section 1 of the general appropriations bill).
Municipalities.....	4.4194% of the remaining 5.5% after the allocation to the Transportation Equity Trust Fund, less the MTAS grant (0.95% of the amount from the preceding calculation during FY 1998-99 and 1.0% thereafter) to the University of Tennessee. Premier resorts receive a portion of the tax collected by dealers within their boundaries. The collective amount distributed to premier resorts is limited to the amount distributed in the 1999-2000 fiscal year (TCA 67-6-103). A share of the tax on interstate telecommunication services sold to businesses is allocated to cities and counties and distributed based on

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

population, less 4.5% to the general fund (TCA 67-6-221 (b)).

Counties.....A share of the tax on interstate telecommunication services sold to businesses is allocated to cities and counties and distributed based on population, less 4.5% to the general fund (TCA 67-6-221(b)).

GASOLINE TAX.....\$.20 on each gallon of gasoline sold, stored, or distributed in the state (TCA 67-3-201 and 60-4-102).

General Fund.....Approximately 1.9% (TCA 67-3-901).

Highway Fund.....Approximately 60.0%, less an amount to the Debt Service Fund (TCA 67-3-901).

Debt Service FundAmount required from Highway Fund apportionment (TCA 9-9-103 and 67-3-901).

CitiesApproximately 12.7% based on population (TCA 54-4-203 and 67-3-901).

Counties.....Approximately 25.4% based ¼ on population, ¼ on area, and ½ divided equally (TCA 54-4-103 and 67-3-901).

MOTOR FUEL TAX\$.17 on each gallon of diesel fuel and all fuel other than gasoline, except dyed fuel under IRS rules (TCA 67-3-202); a prepaid annual agricultural diesel tax ranging from \$56 to \$159, based on registered gross weight (TCA 67-3-1309); \$.13 on each gallon of compressed natural gas used for motor vehicles on public highways (TCA 67-3-1113); \$.14 on each gallon of liquefied gas used for motor vehicles on public highways (TCA 67-3-1102); and an annual vehicle tax on liquefied gas users ranging from \$70 to \$114, based on registered gross vehicle weight (TCA 67-3-1106).

General Fund.....Approximately 1.9% (TCA 67-3-905, 67-3-908, and 67-3-901(k)).

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Rate and Source

Basis of Apportionment

Highway Fund.....		Approximately 71.8%, less an amount to the Debt Service Fund and less 2% to the General Fund (TCA 67-3-905, 67-3-908, and 67-3-901 (k)).
Debt Service Fund.....		Amount required from Highway Fund apportionment (TCA 9-9-105, 9-9-106, 67-3-905, and 67-3-908).
Cities		Approximately 8.7% based on population (TCA 54-4-203, 67-3-905, and 67-3-908).
Counties.....		Approximately 17.6% based $\frac{1}{4}$ on population, $\frac{1}{4}$ on area, and $\frac{1}{2}$ divided equally (TCA 54-4-103, 67-3-905, and 67-3-908).

**GASOLINE
INSPECTION TAX
(SPECIAL
PETROLEUM
PRODUCTS AND
EXPORT TAX)**

\$.01 for each gallon of gasoline and most other volatile fuels sold, used, or stored (TCA 67-3-203); an additional \$.004 per gallon for the environmental assurance fee (TCA 67-3-204 and 68-215-110); and an export fee of 1/20 of one cent on fuels subject to the special petroleum products tax (TCA 67-3-205).

General Fund.....		2% of the balance remaining after the local government apportionment of the \$.01 per gallon tax and the export fee (TCA 67-3-906). 100% of the environmental assurance fee is earmarked for the Petroleum Underground Storage Tank Fund (TCA 68-215-110).
Highway Fund.....		98% of the balance remaining after the local government apportionment of the \$.01 per gallon tax and the export fee (TCA 67-3-906).
Debt Service Fund.....		Amount required from General Fund and Highway Fund apportionments (TCA 9-9-103).

**Collecting Agency
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Rate and Source

Basis of Apportionment

Cities and Counties.....A local government fund of \$12,017,000, of which 38.1% is for county roads and the remainder for city roads (less a \$120,000 grant to the University of Tennessee Center for Government Training) (TCA 67-3-906).

MOTOR VEHICLE

REGISTRATION.....Fees received from registration and licensing of motor vehicles. Rates are based on classification of vehicles (TCA 55-4-103 and 55-4-111 through 55-4-113, 55-4-115, 55-4-132 and Title 55, Chapter 4, Part 2).

General Fund.....100% of the revenues from the 2002 increase in commercial vehicle registration fees. 2% of the balance of registration fee revenue (TCA 55-6-107) after the allocation of \$2.75 per vehicle plate to the General Fund (TCA 55-4-103), of which \$1 from non-freight registration is earmarked for police pay supplement (TCA 55-4-111); and after an additional \$2 per motorcycle plate to the General Fund, earmarked for the motorcycle rider safety fund (TCA 55-51-104); except for special license plates, for which all revenue above the expense incurred in designing, manufacturing and marketing such plates is allocated in the following manner: personalized plates - 100% to the Arts Commission (TCA 55-4-214); specialty earmarked plates - 50% to the nonprofit organization, state agency or fund earmarked and 40% to the Arts Commission (55-4-215); cultural plates - 80% to the Arts Commission (55-4-216). A \$1 registration and renewal fee is earmarked to the Dept. of Safety for funding the acquisition, updating, and operation of a computerized titling and registration system; this fee is effective from July 1, 1999 until June 30, 2008 (TCA 55-4-132). All penalties and fines, except only 20% of overweight-truck fines, earmarked for administration (TCA 55-6-107); less an amount required for debt service (TCA 55-6-107 and 9-9-103). Also, an amount is allocated from the Highway Fund for motor

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

vehicle registration plates in the annual appropriations bill (TCA 55-6-107(a)).

Highway Fund.....After allocation of 100% of the revenues from the 2002 commercial vehicle registration fee increase to the General Fund, 98% of the balance of registration fee revenue (TCA 55-6-107) after the allocation of \$2.75 per vehicle plate, an additional \$2 per motorcycle plate, and an amount sufficient to fund the cost of issuing motor vehicle registration plates to the General Fund; 10% of the revenue from specialty earmarked plates (55-4-215) and 20% of the revenue from cultural plates (55-4-216); and 80% of overweight-truck fines (TCA 55-6-107), and less an allocation to the General Fund for motor vehicle registration plates (TCA 55-6-107(a)).

Debt Service FundAmount required from General Fund and Highway Fund apportionment (TCA 55-6-107 and 9-9-103).

INCOME TAX.....6% on incomes from dividends on stocks or interest on certain bonds (TCA 67-2-102).

General Fund.....5/8 of revenue, plus 1/6 of the amount allocated to cities and counties, and an administrative expense of 10% of the first \$200,000 and 5% of the remainder of the tax (TCA 67-2-117 through 67-2-119).

Cities and Counties.....3/8 of revenue to the local governments by situs, less 1/6 to the General Fund, and less the General Fund administrative apportionment (TCA 67-2-117 and 67-2-119).

PRIVILEGE TAX.....Various taxes on litigation in the courts, domestic protection civil penalties (\$50), sex offender tax (maximum \$3,000), drug treatment offenders (\$75), realty transfer tax (37 cents per \$100 of consideration or property value), mortgage recordation tax (11.5 cents per \$100 of principal indebtedness), tire tax (\$1 per tire sold), occupational tax (\$400 on

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

certain occupations), \$15 marriage license fee, plus a \$60.00 state share of a \$62.50 marriage license fee for couples not completing a premarital preparation course, a packaged automotive oil fee (2 cents per quart), and a 3% surcharge tax on certain rental motor vehicles, blood alcohol testing fee (\$100 per conviction), \$12 per bail bond, and a maximum fine of \$200 for persons convicted of either assault, aggravated assault, or domestic assault. The tire tax, automotive oil fee, and a portion of the litigation taxes are reported under the "Other State Revenue" section of the revenue statement (TCA 16-15-5007, 36-3-610, 36-6-413, 39-13-101, 39-13-102, 39-13-111, 39-13-709, 16-22-109, 55-10-419, 67-4-409, 67-4-411, 67-4-602, 40-24-107, 67-4-1603, 67-4-1701 through 67-4-1703, 67-4-1901, 68-211-1006, 67-4-803, and 67-4-804).

General Fund..... 100% less certain litigation taxes earmarked for various retirement funds. Portions of litigation taxes are earmarked for Corrections Institute, driver education and highway safety, criminal injuries compensation, victims of crime assistance, State Court Clerks Conference, General Sessions Judges Conference staffing expenses of the state administrative director of the courts, indigent defense attorneys' compensation, civil legal representation of indigents, and electronic fingerprint imaging systems for local law enforcement agencies. The State's 95% share of the sex offender tax is earmarked for treatment programs. Civil penalties from violation of domestic protection orders are earmarked for domestic violence community education. Until June 30, 2007, the realty transfer tax designated for the 1986 Wetland Acquisition Fund, Local Parks Acquisition Fund, State Lands Acquisition Fund, and Agricultural Resources Conservation Fund is allocated to the General Fund unless allocated to the other funds in the annual appropriations act (TCA 16-15-

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

5007, 36-3-616, 39-13-709, 40-24-107, 67-4-409, 67-4-602, 67-4-606, 67-4-1701, and 67-4-1905). In addition, portions of the proceeds of the sale of various contraband items seized under alcoholic beverage laws are reported under the privilege tax and earmarked for criminal injuries compensation. These proceeds are explained below under the alcoholic beverage tax (TCA 40-24-107). From the automobile rental surcharge \$1.5 million is earmarked for the Department of Safety to train, equip, and pay members of the Tennessee highway patrol (TCA 67-4-1905). Of the bail bond tax 96% is earmarked for the civil legal representation of low-income persons as determined by the Tennessee Supreme Court and 4% is earmarked for development costs and continuing education for bail bonding agents (TCA 67-4-806). Revenue from the assault fines is directed to fund family violence shelters and services (TCA 39-13-101, 39-13-102, and 39-13-111). The \$60 marriage license fee is earmarked for various departments and organizations concerned with family and children's issues (TCA 36-6-413). Of the \$75 fee for violators of the 2003 Drug Court Treatment Act, \$5 is earmarked for the drug court treatment program resources fund, and \$70 is deposited into dedicated county funds for the creation and maintenance of drug court treatment programs (TCA 16-22-101 – 113). All of the \$100 blood alcohol testing fee is earmarked for the Tennessee Bureau of Investigation Toxicology Unit Testing Fund (TCA 55-10-419).

GROSS RECEIPTS

TAXTaxes levied principally on the gross receipts of certain types of businesses operating in the state. The main sources are taxes on the following portions of gross receipts: 1.9% on soft-drink bottlers, 3% on gross receipts over \$5,000 of intrastate water and electric power distribution companies, 1.5% on manufactured or natural gas intrastate distributors, 15%

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

on mixing bars and clubs, and an in lieu of tax payment by the Tennessee Valley Authority (TVA) (TCA 67-4-402, 67-4-405, 67-4-406, 67-4-410, and 16 USC 831(l)); and a \$10 per year firearms dealer permit fee (TCA 39-17-1316).

General Fund.....	79% of bottlers' gross receipts tax, plus 2% of gross highway litter amount from the Highway Fund, 100% of various other gross receipts taxes, and TVA in lieu of tax payments equal to FY 1977-78 payments and 48.5% of any TVA payments received by the state which exceed the amount paid in FY 1977-78, less approximately \$4.1 million distributed to local governments (TCA 67-9-101 through 67-9-103 and 67-4-402).
Highway Fund.....	Approximately 21% of the bottlers' gross receipts tax is earmarked for litter control, less 2% to the general fund (TCA 67-4-402).
Cities and Counties.....	51.5% of the TVA in lieu of tax payments which exceed state receipts in FY 1977-78, of which approximately 65.9% is designated for counties based ½ on population and ½ on area, 28.3% for municipalities based on population, and 5.8% for impacted local areas affected by TVA construction, plus an amount equal to that received by local governments in FY 1977-78 (\$4.1 million). Portions of this share are earmarked for TACIR and, under some circumstances, for CTAS and additional funds for TACIR. With no local areas impacted by TVA construction, the 5.8% impact fund is allocated as follows: 30% to CTAS, 40% to TACIR, and 30% is returned to be included in the amount distributed to cities and counties. Any funds remaining after other allocations provided for in TCA 67-9-102 are allocated to any regional development authorities created by TCA 64-5-201 that have acquired a former nuclear site from TVA (TCA 67-9-101 through 67-9-103).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

BEER EXCISE

TAXRegistration fees imposed on beer wholesalers (\$20) and manufacturers (\$40); a privilege tax of \$4.29 per 31-gallon barrel of beer manufactured or sold in the state (TCA 57-5-102 and 57-5-201).

General Fund67.1% of privilege tax collections, plus 4.5% of the amount allocated to cities and counties (4% of total tax earmarked for administration and 0.41% for alcohol and drug treatment programs); 100% of registration fees (earmarked 50% for the Department of Revenue and 50% for Highway Patrol) (TCA 57-5-102, 57-5-202, and 57-5-205).

Highway Fund12.8% of privilege tax collections for litter control (TCA 57-5-201).

Counties10.05% of privilege tax collections, less 4.5% to the General Fund, distributed to counties equally (TCA 57-5-205).

Municipalities10.05% of privilege tax collections, less 4.5% to the General Fund, distributed to cities based on population (TCA 57-5-205).

ALCOHOLIC

BEVERAGE

TAX\$1.21 per gallon on wine and \$4.40 per gallon on spirits. (TCA 57-3-302).

General Fund82.5% of distilled spirit and wine gallonage taxes, calculated on the total collections less 4 cents per liter of spirit tax, plus 4.5% of the amount allocated to counties (TCA 57-3-306); and the following shares of proceeds from sales of seized items, all earmarked for criminal injuries compensation and reported under the privilege tax collections (TCA 40-24-107): 100% from liquor seized by state agents (TCA 57-9-115); 50% from vehicles, aircraft, and boats seized by local law enforcement officers (TCA 57-9-201); and 50%

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

from other contraband goods seized, less 15% retained for administration as departmental current services revenue by Department of General Services (TCA 57-9-205, 12-2-207, and 12-2-209). In addition, 10% of proceeds of sale of liquor seized by local officers is retained for administration as departmental revenue by the Department of General Services (TCA 57-9-115, 12-2-207 and 12-2-209).

Counties.....\$.04 per liter of spirit tax, earmarked for any county in which a distillery is located, plus 17.5% of the balance of spirit and wine gallonage taxes, less 4.5% to the General Fund and, less \$192,000 earmarked for CTAS. In counties of 250,000 or more population, 30% of their allocation is paid by the county to cities of 150,000 or more population (TCA 57-3-306). Also, 50% of the proceeds of sale of contraband goods, less 15% retained as departmental revenue by the Department of General Services (TCA 57-9-205, 12-2-207, and 12-2-209).

Cities and Counties.....90% of the proceeds of sale of liquor seized by local law enforcement officers, earmarked to city or county employing officer (TCA 57-9-115), and 50% of proceeds of sale of vehicles, aircraft, and boats seized by local officers, earmarked to city or county employing officer (TCA 57-9-201).

FRANCHISE TAX.....\$.25 on each \$100 of stock surplus or undivided profits of entities for the privilege of doing business within the state. The tax applies to business entities that enjoy some form of limited liability protection. The minimum tax is \$100 (TCA 67-4-2105 through 67-4-2109).

General Fund.....100% less an amount to the Debt Service Fund (TCA 67-4-2120).

Debt Service FundAmount required from General Fund apportionment (TCA 9-9-103).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

EXCISE TAX.....6.5% of net earnings of all business conducted for a profit in this state. The tax applies to business entities that enjoy some form of limited liability protection. Current year losses may be carried forward as many as 15 years in computing net earnings subject to tax (TCA 67-4-2006 and 67-4-2007).

General Fund.....Remaining balance after cities, counties, and Debt Service Fund distribution, plus 4.5% of the amount allocated to cities and counties (TCA 67-4-2017).

Debt Service FundAmount required from General Fund apportionment (TCA 9-9-103).

Cities and Counties.....An amount based on bank earnings is distributed based on situs in lieu of intangible personal property taxes on banks and banking associations, less a 4.5% distribution to the General Fund (TCA 67-4-2017).

**INHERITANCE,
ESTATE, AND
GIFT TAX**.....

The inheritance tax ranges from a rate of 5.5% on the value of net taxable estates of at least \$40,000 to a rate of \$30,200 plus 9.5% of the value in excess of \$850,000 for decedents dying in 2004. The exemption levels for beneficiaries increases to \$950,000 for those dying in 2005 and \$1,000,000 for those dying in 2006 and thereafter. Gifts made after 1983 are taxed at rates ranging from 5.5% on gifts up to \$40,000 to 9.5% on the excess over \$440,000 for Class A beneficiaries and from 6.5% on gifts up to \$50,000 to 16% on the excess over \$200,000 for Class B beneficiaries. Gift tax exemptions of \$10,000 for 1986 through 2001, \$11,000 for 2002 through 2005, and \$12,000 for 2006 are allowed for Class A donees. However, the Class A standard exemption allowable for gifts will increase each year by the same amount as the increase in the annual exclusion for the federal gift

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

tax. Class B donees, are allowed \$3,000 per donee. (TCA 67-8-101 through 67-8-106, 67-8-204, 67-8-303, 67-8-314, and 67-8-316).

General Fund 100% (TCA 67-8-210 and 67-8-415).

TOBACCO TAX.....\$.01 per cigarette or \$.20 per package of 20; \$.0005 per cigarette pack enforcement fee; 6.6% of wholesale price on other tobacco products; license fees of \$10 to \$20 per location for sellers, distributors, and handlers; proceeds of sale of confiscated goods; and penalties of \$100 to \$5,000 for violations of the Unfair Cigarette Sales Law (TCA 67-4-1002 through 67-4-1005, 67-4-1015, 67-4-1020, and 47-25-311).

General Fund Approximately 0.6% (includes 4% of taxes from tobacco other than cigarettes and of proceeds of sale of confiscated tobacco products and 100% of the \$.0005 per pack enforcement fee, all earmarked for administration) (TCA 67-4-1025).

Education Fund Approximately 99.4% (includes 100% of cigarette taxes, earmarked for grades 1-12; 100% of license fees and penalties; and 96% of the 6% tax rate on other tobacco taxes and of proceeds of sale of confiscated tobacco products) (TCA 67-4-1025 and 49-3-357).

MOTOR VEHICLE

TITLE FEES.....\$5 certificate of title fee and other fees received for the issuance of motor vehicle titles and noting of liens (TCA 55-6-101).

General Fund Approximately 77.1% (including 50 cents of the \$5 fee, earmarked for enforcement action against odometer fraud; and a portion of \$1.50 of the \$5 fee in excess of debt service requirements, earmarked for State Parks capital projects) (TCA 55-6-101 and 55-6-103).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Debt Service Fund.....Approximately 22.9% (including a portion of \$1.50 of the \$5 fee, earmarked for debt service on a State Parks bond issue) (TCA 55-6-101).

MIXED DRINK

TAXA license tax of \$150 to \$2,000 for the privilege of selling alcoholic beverages for consumption on premises plus a \$300 application fee and a 15% gross receipts tax on sales (TCA 57-4-301).

General Fund.....100% of the privilege tax with the 2004 increase earmarked for the Alcoholic Beverage Commission, plus 4.5% of the gross receipts tax allocated to cities and counties (TCA 57-4-306).

Education Fund50% of the 15% gross receipts tax (TCA 57-4-306 and 49-3-357).

Cities and Counties.....50% of the 15% gross receipts tax, less 4.5% to the General Fund, of which one half is earmarked for education and one half is distributed to the city or county based on situs (TCA 57-4-306).

BUSINESS TAXTax imposed principally by local units of government on certain businesses, vocations, and operations carried on within this state (TCA 67-4-701, 67-4-704, 67-4-705, 67-4-707 through 67-4-709, and 67-4-714 through 67-4-717). 15% of all taxes collected locally are remitted to the state by the collector of each county and incorporated municipality. In addition, all increased revenues directly attributable to the 2002 amendments to TCA 67-4-709(b) are remitted to the state (TCA 67-4-724).

General Fund.....100% (TCA 67-4-725).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

**CRUDE OIL AND
NATURAL GAS**

SEVERANCE TAX3% of the sales price of severed oil
and natural gas in the state (TCA 60-1-
301).

General Fund..... 2/3 of tax (TCA 60-1-301).

Counties..... 1/3 of tax distributed to county of
severance (TCA 60-1-301).

COAL

SEVERANCE TAX\$.20 per ton of severed coal in the state
(TCA 67-7-103 and 67-7-104).

General Fund..... 7.365% of \$.20 gross tax and all
penalties and interest (collected as
departmental current services revenue
of the Department of Revenue) (TCA
67-7-110).

Counties..... 92.635% of \$.20 gross tax distributed
to county of severance, of which 50%
is earmarked for highway and stream
cleaning (TCA 67-7-110).

**COIN-OPERATED
AMUSEMENT**

MACHINE TAX.....\$10 per bona fide coin-operated
amusement machine offered for
commercial use and play by the public.
Also, an annual master license tax is
levied on machine owners ranging
from \$500 to \$2,000 depending on the
number of machines owned and
offered for use (TCA 67-4-2204 and
67-4-2205).

General Fund..... 100%.

UNAUTHORIZED

SUBSTANCE TAX.....Tax imposed on various substances of
any dealer who possesses unauthorized
substances upon which the tax has not
been paid as evidenced by a stamp
available from the Tennessee
Department of Revenue.
Unauthorized substances include
marijuana, cocaine, crack,
methamphetamine, etc. as well as
untaxed liquors and spirits and "low-
value-street drugs." The tax rate
varies by the type and quantity of

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

unauthorized substance (TCA 67-4-2803 and TCA 67-4-2805 through 67-4-2807).

General Fund.....100% of voluntarily paid amounts. For all other proceeds, 25% of the unencumbered tax proceeds. The remaining 75% is allocated to the state or local law enforcement agencies conducting the investigation that led to a tax assessment (TCA 67-4-2809).

Cities and Counties.....That portion of the 75% of tax proceeds returned to city and county law enforcement agencies conducting investigations leading to a tax assessment (TCA 67-4-2809).

Department of Commerce and Insurance

INSURANCE

COMPANY

PREMIUM TAX.....Life, accident, and health companies are taxed at a rate of 1.75% on gross premiums received; health maintenance organizations and prepaid limited health service organizations are taxed 2% of the gross amount of all dollars collected from an enrollee or on an enrollee's behalf. Companies writing fire insurance and lines of business having fire coverage as a part of the risk rate pay a 0.75% tax on that portion of the premium applicable to fire risk. All other companies pay a tax rate of 2.5% on gross premiums paid by or for policyholders residing in this state or on property located in the state, except captive insurance companies, which are taxed 1% on gross premiums collected or contracted for on policies or contracts of insurance covering property or risks in this state. Companies writing workers' compensation insurance are taxed 4.0% on gross premiums collected for workers' compensation insurance, plus a surcharge of 0.4% on gross premiums. Other revenues collected include regulatory fees for Limited Capital Credit Reinsurers, renewal fees for Fraternal Benefit Societies,

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

insurance agent fees, examination fees, certificates of qualifications, broker fees, certificates of authority fees, utilization review fees, and other miscellaneous fees (TCA 56-4-101, 56-4-106, 56-4-203, 56-4-205, 56-4-206, 56-4-208, 56-4-218, and other provisions of Title 56, Chapter 4, Part 2; Title 56, Chapter 6, Part 1; 56-13-128; 56-21-111; 56-24-104; 56-25-1603; 56-32-224, and 56-51-152).

General Fund 100%.

WORKERS'

COMPENSATION 4% on gross premiums collected plus a 0.4% surcharge on said premiums which is earmarked for administration of the Tennessee Occupational Safety and Health Act (TCA 50-6-401 and 56-4-207).

General Fund 100% (TCA 8-22-118).

HEALTH CLUBS'

CERTIFICATES OF

REGISTRATION Fees for issuance of certificates of authority (TCA 47-18-302).

General Fund 100%.

911 EMERGENCY

COMMUNICATIONS

FUND Monthly fee of \$1.00 charged to all users and subscribers of commercial mobile radio service (cellular phone). Collected funds are distributed to the State's emergency communications districts to support 911 service and 911 location technology deployment. Commercial mobile radio service providers may retain 3% of the fees collected for administrative expenses (TCA 7-86-108, 7-86-303, and 7-86-306).

General Fund 100% (earmarked for the 911 Emergency Communications Fund) (TCA 7-86-108).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Department of Financial Institutions

FINANCIAL

INSTITUTIONS.....Annual banking fee received from state chartered banks on a pro rata basis based on assets, not to exceed the annualized fee that a state bank would pay if it were a national bank of equivalent asset size, except that banks are required to pay a minimum of \$5,000 (TCA 45-1-118).

General Fund.....100% (earmarked for the Department of Financial Institutions) (TCA 45-1-118 (d)(1)).

Wildlife Resources Agency

WILDLIFE

RESOURCESFees received from the sale of hunting and fishing licenses, stamp tax on shells, permits, metallic cartridges, fines, private lake operations, and minnow dealers (TCA 70-2-201 through 70-2-222 and 70-3-101).

General Fund.....100% (earmarked exclusively for Wildlife Resources Agency) (TCA 70-1-401).

BOATING SAFETY.....Fees received for the registration of propelled vessels for a one-, two-, or three-year period; and a portion of the tax on marine fuel (TCA 69-9-207 and 67-3-901(g)).

General Fund.....100% (earmarked for administration of the Boating Safety program) (TCA 67-3-901(g), 69-9-207, and 69-9-208).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Department of Agriculture

**AGRICULTURAL
REGULATORY**

FUNDFees from plant and insect pest control industry license, registration, certification, and charter applications and from sample analyses, civil penalties, and damages (TCA 43-1-701, 703, and 704).

General Fund100% (earmarked for Regulatory Services programs) (TCA 43-1-701 through 43-1-703).

FERTILIZER

INSPECTIONFee based on \$.20 per ton for all commercial fertilizer (TCA 43-11-106).

General Fund 100%.

FEED

INSPECTIONFee based on \$.10 per ton for all commercial feeds (TCA 44-6-109).

General Fund100% (earmarked for administrative expenses) (TCA 43-1-104).

**RETAIL FOOD
STORE
INSPECTION ACT**

OF 1986Fee based on types of food sold and seating capacity (TCA 53-8-214).

General Fund 100%.

**TENNESSEE
STATE PUBLIC
LIVESTOCK**

MARKET BOARDFee based on charter application (TCA 44-12-111).

General Fund 100%.

DOG AND CAT

BREEDERSFee based on type of facility and volume of animal transactions (TCA 44-17-104(b)).

General Fund 100%.

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Regulatory Board Fees

REGULATORY

BOARDSFees received from the issuance of licenses and permits to engage in certain professions, from licensing of health care facilities, and gross receipts taxes collected from professional boxing matches (TCA 4-3-1011, 4-3-1304, 4-29-121, Title 55, Chapter 17, Titles 46, 62, and 63, 68-11-216, 68-29-113, and other provisions of Title 68).

General Fund 100%.

Tennessee Regulatory Authority

PUBLIC

UTILITIES.....Fees for applicable holders of certificates of public convenience and necessity. Annual fees for inspection, control, and supervision of utilities and their rates. The amount of fee is based on gross receipts of each public utility in excess of \$5,000 annually as follows: \$3 per \$1,000 for the first \$1 million or less of such gross receipts over \$5,000. The fee for gross receipts over \$1 million is \$2 per \$1,000. Minimum fee, \$100. A \$10 annual registration fee for each privately owned public pay phone is also collected (TCA 65-4-301 through 65-4-308).

General Fund 100% (earmarked for Tennessee Regulatory Authority) (TCA 65-4-307).

UNIVERSAL

SERVICE.....Fees as required by TRA to ensure the availability of affordable residential basic, local exchange telephone service. Fees are required by TRA as are necessary to support universal service and fund administration of the mechanism (TCA 65-5-207).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

General Fund 100% (earmarked for Tennessee
Regulatory Authority) (TCA 65-4-307
and 64-4-120).

TELEMARKETING A fee of \$500 per year for access to a
database of telephone numbers of
residential subscribers who object to
receiving telephone solicitations. The
Authority may also impose a civil
penalty up to a maximum of \$2,000
for each violation of state laws
regulating telephone solicitation (65-4-
405).

General Fund 100% (earmarked for Tennessee
Regulatory Authority) (TCA 65-4-
405).

**UNSOLICITED
FACSIMILES** Civil penalties up to a maximum of
\$2,000 for each violation of state laws
regulating unsolicited facsimiles (TCA
65-4-504).

General Fund 100% (earmarked for Tennessee
Regulatory Authority) (TCA 65-4-
504).

**TDAP
DISTRIBUTION
PROGRAM** Fees paid by telecommunication
service providers with annual
Tennessee intrastate gross receipts in
excess of \$5,000,000. Fees assessed
are not to exceed \$750,000 per year in
total for the establishment of a fund for
support of the telecommunications
assistive device distribution program
(TDAP). The reserve fund for the
program shall not exceed \$1 million.
(65-21-115).

General Fund 100% (earmarked for TDAP program
of Tennessee Regulatory Authority)
(TCA 65-21-115).

**GAS SAFETY
INSPECTION** Annual fee for the inspection and
supervision of safety standards to all
gas distribution systems (not
applicable to gas companies subject to
TCA 65-4-301). Fees based on
number of meters on a declining scale

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

(\$.65 down to \$.35 per meter). Minimum fee, \$100 (TCA 65-28-110(c)). Also, any person who violates state laws or regulations issued by the Tennessee Regulatory Authority concerning gas safety inspections is subject to a civil penalty not to exceed \$10,000 for each violation for each day that such violation persists, up to a maximum civil penalty of \$500,000 (TCA 65-28-108).

General Fund.....100% (earmarked for Tennessee Regulatory Authority) (TCA 65-4-307).

MISCELLANEOUS.....A \$25.00 fee per party for filing a petition with the TRA, and fees for copies of records (TCA 65-2-103 and 65-1-212). Penalties of \$50 for each day of any violation or failure by public utilities to comply with Tennessee Regulatory Authority orders, judgments, findings, rules or requirements (TCA 65-4-120).

General Fund.....100% (earmarked for Tennessee Regulatory Authority) (TCA 65-4-307).

Secretary of State

FEES AND TAXESAll fees and taxes received from notary certifications, foreign characters, trademarks, and miscellaneous (TCA 3-17-104, 47-25-517).

General Fund.....100% (TCA 8-22-118).

Department of Safety

**CLASSIFIED
DRIVER**

LICENSESFees received from 5-year drivers license: Class A (Commercial) - \$40; Classes B and C (Commercial) - \$35; Class D (Operator) - \$17.50; duplicate licenses - \$6 first duplication, \$10 for second and subsequent duplications

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

during a regular renewal cycle (TCA 55-50-323).

General Fund..... 100%.

FINES AND

PENALTIES.....All fines, fees, and forfeitures received from motor vehicle violations (TCA 55-7-206, 55-10-303, 55-12-129, and 55-50-604).

General Fund..... 100% (TCA 4-7-107).

MOTOR

CARRIERSAnnual fees for inspection, control, supervision and safety of motor carriers. A fee of 2.5% of vehicle registration fees paid by motor vehicles (TCA 55-4-113 and 65-15-116), and an \$8 annual fee per vehicle also is paid under the federal single state registration plan. Motor carriers and contract haulers must pay a \$50 application fee (TCA 65-15-109).

General Fund..... 100% (earmarked for Department of Safety) (TCA 55-4-113 and 65-15-116).

LITIGATION

PRIVILEGE TAX.....A portion of the privilege taxes on litigation, derived from a 25% share of 11.12% of the balance of litigation taxes which are not otherwise earmarked (TCA 67-4-602 and 67-4-606).

General Fund..... 100% (earmarked for driver education in public schools and for highway safety promotion) (TCA 67-4-606).

State Treasurer

INTEREST

EARNED.....Interest received on state funds deposited in commercial banks and credited on a daily basis (TCA 9-4-106).

General Fund..... 100%.

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

Department of Education

LITIGATION

PRIVILEGE TAX.....A portion of the privilege taxes on litigation, based on the first \$2 derived from criminal cases and from a 75% share of 11.12% of the balance of litigation taxes which are not otherwise earmarked (TCA 67-4-602 and 67-4-606).

Education Fund 100% (earmarked for driver education in public schools) (TCA 67-4-602 and 67-4-606).

Department of Health

**HOTEL, B & B,
RESTAURANT,
SWIMMING
POOL, AND CAMP**

INSPECTIONFees from annual permits. Rates for hotels and restaurants, based on maximum occupancy, are a maximum fee of \$650 for hotels and \$360 for food service establishments. Other fees include: \$100 for auxiliary food service operations; \$30 for temporary food service establishments; a maximum fee of \$80 for child care center food service establishments based on the number of seats; a flat fee of \$140 is assessed for each bed and breakfast establishment; \$340 for each public swimming pool; a flat fee of \$80 for day and primitive camps, a maximum fee of \$150 for resident camps based on the number of sleepers, a maximum fee of \$310 for travel camps based on the number of sites; and \$80 for school service establishments (TCA 68-14-312 through 68-14-316, 68-14-511, 68-14-512, and 68-110-103).

General Fund 100%.

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

**TATTOO
PARLORS AND
ARTISTS**

Fees received from the issuance of certificates to operate a tattoo studio and from the issuance of licenses to engage in the practice of tattooing (TCA 62-38-202, 204, and 205).

General Fund..... 100%.

CHILD SAFETY.....Fines up to \$50 imposed for violations of the Child Passenger Restraint Law for children under 4 years of age or between 4 and 8 years of age and measuring less than 5 feet in height; fines up to \$50 imposed for violation of mandatory use of a passenger restraint system for children between 9 and 12 years of age or any child through 12 years of age measuring 5 feet or more in height, or any child 13 through 15 years of age (TCA 55-9-602 and 40-35-111).

General Fund..... For violations involving children under 4 years of age or between 4 and 8 years of age and measuring less than 5 feet in height, 100% of the \$50 fine for any offense (earmarked to Child Safety Fund for formula distribution to those entities best suited for child passenger safety system distribution). For violations involving children between 9 and 15 years of age, \$10 of the \$50 fine for a first offense. The remaining \$40 is earmarked to the Child Safety Fund. For second and subsequent violations, 100% of the \$50 fine is earmarked to the Child Safety Fund. (TCA 55-9-602).

NURSING HOME

CIVIL PENALTIESFees from civil penalties assessed on nursing homes, based upon the type of violation (TCA 68-11-811).

General Fund..... 100% (earmarked for resident protection activities) (TCA 68-11-827).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

**TRAUMATIC
BRAIN INJURY**

FUNDFines and penalties levied for motor vehicle violations in addition to those fines and penalties levied in Title 55 Chapters 8, 10, and 50 for speeding, reckless driving, driving with an invalid license and driving under the influence. (TCA 68-55-301 through 68-55-304).

General Fund100% (earmarked for the Traumatic Brain Injury Fund) (TCA 68-55-301 through 68-55-304).

Department of Environment and Conservation

**TENNESSEE
ENVIRONMENTAL
PROTECTION**

FUNDFees from environmental permits, inspections, damages, and fines (TCA Title 68, Chapter 131, Part 4, Chapter 201, Part 1; Chapter 202, Parts 2 and 5; Chapter 211, Part 1; Chapter 212, Part 1; and Chapter 221, Parts 4, 7, 9 and 10; and Title 69, Chapters 3 and 11).

General Fund100% (earmarked for the programs generating the fees) (TCA 68-203-101 and citations above).

**SOLID WASTE
MANAGEMENT**

FUNDFees from a surcharge on each ton of municipal solid waste received at all Class 1 solid waste disposal facilities or incinerators of \$.75 per ton through FY 2003-04. Also, the \$1 pre-disposal fee collected from retailers by the Department of Revenue for each new tire sold in Tennessee (TCA 68-211-835 and 67-4-1603).

General Fund100% (earmarked for the Solid Waste Assistance Program) (TCA 68-211-835).

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

**DRYCLEANER
ENVIRONMENTAL
RESPONSE FUND.....**

Various fees from drycleaning facilities, including annual site registration fees of up to \$1,500, annual wholesale distributor registration fees of \$5,500 per in-state facility, and drycleaning solvent surcharges of \$10 per gallon of non-aqueous solvent and \$1 per gallon of light non-aqueous solvent purchased by a drycleaner (TCA 68-217-105 through 68-217-106).

General Fund.....100% (earmarked for the Drycleaners Environmental Response Program) (TCA 68-217-103).

**OIL AND GAS
REGULATION.....**

Application fees of \$150 for oil and gas well permits, \$25 for natural gas well price determinations, and \$10 for mineral test hole permits (TCA 60-1-103, 105, and 505).

General Fund.....100% (earmarked for administrative expenses) (TCA 60-1-103, 105, and 505).

**AUTOMOTIVE
OIL FEE.....**

Two cents per quart fee on the sale of packaged automotive oil, less a distributor handling deduction of 2%, up to \$50 per report. This fee is collected from the distributors by the Department of Revenue (TCA 68-211-1006 and 68-211-1010).

General Fund.....100% (earmarked for the Used Oil Collection Program) (TCA 68-211-1004 and 1005).

Nursing Home Tax

**NURSING HOME
TAX**

Annual tax assessed at \$2,225 per licensed nursing home bed excluding those certified as ICF/MR beds (TCA 68-11-216(d)(1) through (12)).

General Fund.....100%.

**Collecting Agency
and Classification**

Rate and Source

Basis of Apportionment

**INTERMEDIATE
CARE FACILITIES
FOR THE
MENTALLY
RETARDED
(ICF/MR) GROSS
RECEIPTS TAX.....**

A six percent (6%) monthly gross receipts tax on revenue generated from ICF/MR certified beds (TCA 68-11-830(d)(2)(B)).

General Fund 100% (TCA 68-11-830(d)(5)).

Department of Transportation

RAILROADS.....Annual fees for inspection, control, and supervision of the business, service, and safety of railroads. Fees figured at \$.04 per 1,000 ton miles. Minimum fee, \$100 (TCA 65-3-201). DOT collects these fees as miscellaneous revenue.

Transportation Fund 100% (earmarked for Department of Transportation) (TCA 65-3-202).

State Funding Board

Range of Tax Revenue Estimates



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

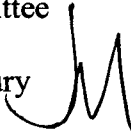

December 6, 2005


Memorandum


TO: Governor Phil Bredesen

Chairman Douglas Henry, Jr.
Senate Finance, Ways, & Means Committee

Chairman Craig Fitzhugh
House Finance, Ways, & Means Committee

FROM: John Morgan, Comptroller of the Treasury 

Riley Darnell, Secretary of State

Dale Sims, State Treasurer 

M.D. Goetz, Jr., Commissioner
Department of Finance & Administration 

SUBJECT: Revenue Estimates for FY 2005-06 and FY 2006-07

The State Funding Board met on November 30 and December 6, 2005 to hear presentations on, and to engage in discussions about, the State's near-term economic outlook for the fiscal years 2005-06 and 2006-07. During this meeting, the Board heard economic testimony from Dr. William Fox of The University of Tennessee, Dr. Albert DePrince of Middle Tennessee State University, Dr. Jeff Wallace and Dr. Richard Evans of the University of Memphis, Mr. Jim White of the Fiscal Review Committee, and Mr. Reid Linn of the State Department of Revenue. The state tax revenue estimates provided by each of the presenters are summarized in two attachments to this memorandum.

The Board is charged with responsibility to develop consensus ranges of state revenue growth. In doing so, the Board evaluates and interprets economic data and revenue forecasts supplied by various economists as well as persons acquainted with the

Tennessee revenue system. Since this is a revenue estimation process and **not** a budgeting process, the Board does not take into consideration the State's fiscal situation when developing its consensus ranges of revenue growth. Fiscal considerations properly belong with those who set the State's revenue estimates - the Administration that recommends appropriation levels based upon its assessment of revenue growth and the General Assembly that adopts a *de facto* revenue estimate through its final action on the appropriations bill.

The consensus is that the economy is growing, but problems remain. The lack of an educated workforce, or the existence of an undereducated workforce, works against the Tennessee economy in many ways. Tennessee is less able to attract companies needing a large and consistent pool of technically proficient workers and workers with advanced degrees. Tennessee has experienced some job growth, but it has been spotty and has been substantially in low wage jobs. Tennessee's tax system depends upon healthy growth in sales tax collections. Such growth is in turn dependent on growth in per capita income resulting in increased discretionary income.

Presenters acknowledged the negative impact from the increase in interest rates and in the price of gas and heating oil. Housing starts are slackening but not dramatically dropping off. The demand for construction (materials and labor) needed in the wake of the recent hurricanes has driven up this cost throughout the southeast. The State has benefited from increased tax collections due to the growth in this sector during the past few years; however, the State cannot count on such continued incremental growth over the short-term. Despite these negative impacts, many households are not saving and are continuing to spend without significant growth in personal income, perhaps in part relying on real property investment (increased real property values).

Presenters also acknowledged the unpredictability of the franchise and excise taxes (as is experienced throughout the other states). Nationally, corporate tax collections are strong. Tennessee's franchise and excise tax collections are outperforming the economy, indicating that state tax law changes have improved the base. However, it is likely that continued changes to the statutes will be needed as corporate taxpayers create ways to avoid the taxes.

In terms of state revenue forecasts, all presenters believed the state would experience modest revenue growth during both fiscal years 2005-06 and 2006-07. For fiscal year 2005-06, estimates from four of the five presenters for total revenue growth range from 4.31% to 4.83%; the fifth estimate of 3.45% is not included due to certain assumptions embedded in the economic forecasting model that was used. For fiscal year 2006-07, estimates from four of the five presenters for total revenue growth range from 3.57% to 4.32%; the fifth estimate of 5.36% is not included.

Based on the testimony received and the Board discussions, the Board developed the following consensus estimates expressed in ranges of growth rates in State tax revenue collections. The following table summarizes these estimates:

	FY 2005-06		FY 2006-07	
	Low	High	Low	High
Total State Taxes	4.60%	4.85%	3.50%	4.00%
General Fund Only	4.65%	4.90%	3.80%	4.30%

The Board believes these consensus revenue growth ranges to be reasonable and appropriate for use in state budgeting. Note, the ranges for fiscal year 2005-06 have been increased from those we presented in April 2005, and are to be applied to the higher beginning base resulting from overcollection of revenues in the prior fiscal year. As in past years, the Board intends to revisit these estimates prior to the General Assembly's final budget deliberations. Each of you will be advised of any revisions made by the Board at that time.

Additionally, the State Funding Board received presentations regarding the Tennessee Education Lottery (TEL). Legislation in 2003 created the Tennessee Education Lottery Corporation (TELC) (Tennessee Code Annotated Sections 4-51-101 et seq.) Tennessee Code Annotated Section 4-51-111(c) requires the Board to establish a projected revenue range for the "Net Lottery Proceeds" [defined in Section 4-51-102(14)] for the remainder of the current fiscal year and for the succeeding fiscal year. Mr. Robert Currey, Fiscal Analyst, with the Fiscal Review Committee (FRC) presented the Board the FRC's projections. Mr. Currey reviewed the fiscal year 2004-05 performance of the TEL, including \$227,400,000 in Net Lottery Proceeds. Mr. Currey indicated that the reasons for higher than expected fiscal year 2005-06 revenues to date were: higher prize payout strategy, addition of CASH 4 game, and nine consecutive \$100,000,000+ Powerball jackpots (including a record \$340,000,000). He additionally forecasted continuing increased revenues for the fiscal year due to continued higher prize payout strategy, Powerball matrix change, and mid-day drawings for CASH 3 and 4. Mr. Currey cautioned that long-term use of a higher payout strategy could lead to the point where subsequent increases to the prize payout ratio will have no or negative effect (the incremental revenue is less than the incremental increase in expenses).

For fiscal year 2005-06, the FRC projected a 6.86% growth rate in Net Revenue, a 1% population growth rate, an 8.15% growth rate in expenses as a percent of revenue constant, and a 3.67% growth rate in Net Lottery Proceeds. For fiscal year 2006-07, the FRC projected a 1.60% growth rate in Net Revenue, a 1% population growth rate, a 1.60% growth rate in expenses as a percent of revenue constant, and a 1.60% growth rate in Net Lottery Proceeds. The mean estimate of Net Lottery Proceeds available for deposit into the Education Account for fiscal year 2005-06 is \$235,800,000 and for fiscal year 2006-07 is \$239,600,000. Both amounts are 28% of Net Revenue. Caution was

expressed that revenues that become available for pre-school and after-school programs should not be considered a recurring revenue source at a certain level and expenditures of these funds should be for non-recurring items.

The Board additionally heard from Ms. Rebecca Paul, the Chief Executive Officer and President, Mr. Steve Adams, the Chief Operating Officer, and Mr. Andy Davis, Chief Financial and Technology Officer of the TELC. The aggregate deposit to the Education Account through October 2005 was \$438,510,000. There are currently approximately 4,400 retailers, down from last year; this number was expected to grow with the maturity of the lottery. The TELC is continuing to estimate approximately 2% of prizes (excluding jackpot prizes) to be the estimated amount for unclaimed prizes; 50% of which is to be deposited into the "after school programs special account" at the end of each fiscal year. Lottery sales from January 2004 to October 2005, have generated \$8,920,000 due to the after school programs special account.

Net Revenue through October 31, 2005 for fiscal year 2005-06 was \$292,900,000. The TELC's estimate of Net Lottery Proceeds available for deposit into the Education Account for fiscal year 2005-06 is from a low of \$233,900,000 to a high of \$238,700,000; and for fiscal year 2006-07 is from a low of \$238,500,000 to a high of \$243,500,000. These amounts are 28.3% and 28% respectively of Net Revenue.

The Board then heard from Dr. Brian Noland, Assistant Executive Director of Academic Affairs, of the Tennessee Higher Education Commission, and Dr. Robert Ruble, Executive Director of the Tennessee Student Assistance Corporation. In fiscal year 2004-05, there were 40,225 awards in the TEL Scholarship program, with an actual cost of \$93,416,022. Dr. Noland projected for fiscal year 2005-06, there will be 61,245 awards in the TEL Scholarship program, with a projected cost of \$168,066,080; and for fiscal year 2006-07, there will be 72,571 awards, with a projected cost of \$206,172,383. The updated projections reflect statutory changes made during the 2005 legislative session to the scholarship criteria and award amounts.

The estimates provided by each of the presenters are summarized in an attachment to this memorandum. Given the volatility of lottery sales contrasted with the recurring nature of scholarships, the Board consensus was that estimates should continue to be conservative in nature until such time that more experience is gained in Tennessee. Consensus was reached on the following estimates of the range for net proceeds of lottery revenues to be deposited in the Lottery for Education Account, to be used for the various statutory purposes:

NET LOTTERY PROCEEDS		
	<u>Low</u>	<u>High</u>
FY 2005-06	\$233,900,000	\$238,700,000
FY 2006-07	\$238,500,000	\$243,500,000

Note, this is an upward revision from our April estimates.

Tennessee Code Annotated Section 4-51-111(c)(2)(B) states:

Before December 15, 2003, and before December 15 in each succeeding year, appropriate state agencies shall submit to the funding board and to the governor their recommendations for other educational programs and purposes consistent with article XI, § 5 of the Tennessee Constitution based on the difference between the funding board's projections and recommendations for the lottery scholarship program based on the report submitted pursuant to subdivision (c)(2)(A). In no event shall such recommendations exceed the projections of the funding board for a specific fiscal year.

Attached are copies of two letters received to date pursuant to this statutory section.

The estimates of the net lottery proceeds will be revisited at the time the State Funding Board considers revisions to the ranges of State revenue estimates prior to the adoption of the State's Appropriations Act. As indicated previously, each of you will be advised of any revisions made by the Board at that time.

Each of us stands ready to discuss this further at your convenience.

Attachments

Revenue Estimates (2)
Lottery Estimates
Funding Request Letters (2)

cc. The Honorable John S. Wilder
The Honorable Jimmy Naifeh

COMPARISON OF ESTIMATED STATE TAX REVENUE FOR
FISCAL YEAR 2005-2006
(Accrual - Basis Estimates)

Schedule 1

2005-2006													
DEPARTMENT OF REVENUE	2004-2005	% CHANGE		% CHANGE		% CHANGE		% CHANGE		% CHANGE		% CHANGE	
SOURCE OF REVENUE	ACTUAL	BUDGETED	OVER 04-05	DR. FOX	OVER 04-05	FISCAL REVIEW	OVER 04-05	DR. DePRINCE	OVER 04-05	DR. EVANS	OVER 04-05	REVENUE DEPT.	OVER 04-05
	ACCRUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL	ESTIMATE	ACTUAL
Sales and use Tax	\$ 6,091,545,800	\$ 6,346,000,000	4.18%	\$ 6,432,000,000	5.59%	\$ 6,420,489,000	5.40%	\$ 6,359,800,000	4.40%	\$ 6,363,000,000	4.46%	\$ 6,383,900,000	4.80%
Gasoline Tax	608,050,800	600,000,000	-1.32%	608,100,000	0.01%	612,314,000	0.70%	612,500,000	0.73%	614,000,000	0.98%	600,100,000	-1.31%
Motor Fuel Tax	173,682,100	174,100,000	0.24%	178,900,000	3.00%	178,273,000	2.64%	177,200,000	2.03%	178,000,000	2.49%	174,000,000	0.18%
Gasoline Inspection Tax	63,634,400	64,800,000	1.83%	64,500,000	1.36%	64,331,000	1.09%	66,800,000 *	4.97%	65,000,000	2.15%	64,800,000	1.83%
Motor Vehicle Registration Tax	244,153,800	257,000,000	5.26%	254,000,000	4.03%	253,920,000	4.00%	256,400,000	5.02%	252,000,000	3.21%	257,100,000	5.30%
Income Tax	155,919,100	162,200,000	4.03%	165,300,000	6.02%	166,833,000	7.00%	162,400,000	4.16%	170,000,000	9.03%	162,200,000	4.03%
Privilege Tax - Less Earmarked Portion	264,933,100	263,600,000	-0.50%	283,500,000	7.01%	286,128,000	8.00%	266,700,000 (1)	0.67%	291,000,000 (1)	9.84%	297,300,000	12.22%
Gross Receipts Tax - TVA	216,214,800	220,500,000	1.98%	221,400,000	2.40%	219,714,000	1.62%	220,500,000 **	1.98%	220,000,000	1.75%	220,000,000	1.75%
Gross Receipts Tax - Other	19,669,400	18,100,000	-7.98%	20,700,000	5.24%	20,850,000	6.00%	23,000,000	16.93%	22,000,000	11.85%	18,000,000	-8.49%
Beer Tax	17,254,900	17,700,000	2.58%	17,500,000	1.42%	17,514,000	1.50%	18,200,000 *	5.48%	18,000,000	4.32%	17,700,000	2.58%
Alcoholic Beverage Tax	37,115,700	37,400,000	0.77%	38,000,000	2.38%	38,600,000	4.00%	38,500,000 *	3.73%	38,000,000	2.38%	37,400,000	0.77%
Franchise & Excise Taxes	1,371,998,000	1,358,400,000	-0.99%	1,420,000,000	3.50%	1,440,598,000	5.00%	1,388,600,000	1.21%	1,480,000,000	7.87%	1,439,200,000	4.90%
Inheritance and Estate Tax	82,890,400	92,000,000	10.99%	84,000,000	1.34%	87,864,000	6.00%	94,800,000 *	14.37%	86,000,000	3.75%	92,000,000	10.99%
Tobacco Tax	120,512,200	116,000,000	-3.74%	121,000,000	0.40%	121,115,000	0.50%	119,500,000 *	-0.84%	121,000,000	0.40%	116,100,000	-3.66%
Motor Vehicle Title Fees	11,396,200	11,600,000	1.79%	11,400,000	0.03%	11,567,000	1.50%	12,000,000 *	5.30%	12,000,000	5.30%	11,600,000	1.79%
Mixed Drink Tax	43,142,900	44,900,000	4.07%	45,700,000	5.93%	45,731,000	6.00%	46,300,000 *	7.32%	45,000,000	4.30%	44,900,000	4.07%
Business Tax	114,662,900	102,700,000	-10.43%	119,400,000	4.13%	116,383,000	1.50%	105,800,000 *	-7.73%	117,000,000	2.04%	115,600,000	0.82%
Severance Tax	1,405,300	1,000,000	-28.84%	1,400,000	-0.38%	1,500,000	6.74%	1,000,000 *	-28.84%	2,000,000	42.32%	1,600,000	13.85%
Coin Operated Amusement Tax	349,700	800,000	128.77%	300,000	-14.21%	400,000	14.38%	800,000 *	128.77%	0	NA	800,000	128.77%
Unauthorized Substance Tax	65,800	400,000	NA	100,000	NA	450,000	NA	400,000 *	NA	0	NA	0	NA
TOTAL DEPARTMENT OF REVENUE	\$ 9,638,597,300	\$ 9,889,200,000	2.60%	\$ 10,087,200,000	4.65%	\$ 10,104,574,000	4.83%	\$ 9,971,200,000	3.45%	\$ 10,094,000,000	4.72%	\$ 10,054,300,000	4.31%
GENERAL FUND ONLY (2)	\$ 8,057,205,000	\$ 8,257,800,000	2.49%	\$ 8,435,200,000	4.69%	\$ 8,450,074,000	4.88%	\$ 8,316,400,000	3.22%	\$ 8,439,900,000	4.75%	\$ 8,416,300,000	4.46%
Budgeted Est. Compared to New Est. - Total				\$198,000,000		\$215,374,000		\$82,000,000		\$204,800,000		\$165,100,000	
Budgeted Est. Compared to New Est. - Gen. Fund				\$177,400,000		\$192,274,000		\$58,600,000		\$182,100,000		\$158,500,000	
SELECTED TAXES	ACTUAL	BUDGETED	%	DR. FOX	%	FISCAL REVIEW	%	DR. DePRINCE	%	DR. EVANS	%	REVENUE DEPT.	%
SALES AND USE TAX	\$ 6,091,545,800	\$ 6,346,000,000	4.18%	\$ 6,432,000,000	5.59%	\$ 6,420,489,000	5.40%	\$ 6,359,800,000	4.40%	\$ 6,363,000,000	4.46%	\$ 6,383,900,000	4.80%
FRANCHISE AND EXCISE TAXES	1,371,998,000	1,358,400,000	-0.99%	1,420,000,000	3.50%	1,440,598,000	5.00%	1,388,600,000	1.21%	1,480,000,000	7.87%	1,439,200,000	4.90%
INCOME TAX	155,919,100	162,200,000	4.03%	165,300,000	6.02%	166,833,000	7.00%	162,400,000	4.16%	170,000,000	9.03%	162,200,000	4.03%
ROAD USER TAXES	1,089,521,100	1,095,900,000	0.59%	1,105,500,000	1.47%	1,108,838,000	1.77%	1,112,900,000	2.15%	1,109,000,000	1.79%	1,096,000,000	0.59%
ALL OTHER TAXES	929,613,300	926,700,000	-0.31%	964,400,000	3.74%	967,816,000	4.11%	947,500,000	1.92%	972,000,000	4.56%	973,000,000	4.67%

(1) Privilege Tax estimates are reduced by \$32 million for the earmarked portion of the tax.

(2) F&A calculated the General Fund distribution for all presenters.

* F&A distributed taxes for Dr. DePrince based on ratios for budgeted collections for 2005-2006.

** F&A distributed the Gross Receipts Taxes for Dr. DePrince based on anticipated TVA collections in 2005-2006.

COMPARISON OF ESTIMATED STATE TAX REVENUE FOR FISCAL YEAR 2006-2007

Schedule 2

(Accrual - Basis Estimates)

DEPARTMENT OF REVENUE	% CHANGE		% CHANGE		% CHANGE		% CHANGE		% CHANGE	
	DR. FOX ESTIMATE	OVER 05-06 ESTIMATE	FISCAL REVIEW ESTIMATE	OVER 05-06 ESTIMATE	DR. DePRINCE ESTIMATE	OVER 05-06 ESTIMATE	DR. EVANS ESTIMATE	OVER 05-06 ESTIMATE	REVENUE DEPT. ESTIMATE	OVER 05-06 ESTIMATE
Sales and use Tax	\$ 6,740,700,000	4.80%	\$ 6,709,411,000	4.50%	\$ 6,649,900,000	4.56%	\$ 6,700,000,000	5.30%	\$ 6,626,500,000	3.80%
Gasoline Tax	608,700,000	0.10%	618,437,000	1.00%	619,700,000	1.18%	620,000,000	0.98%	607,300,000	1.20%
Motor Fuel Tax	184,300,000	3.02%	183,621,000	3.00%	183,500,000	3.56%	182,000,000	2.25%	177,500,000	2.01%
Gasoline Inspection Tax	65,800,000	2.02%	65,618,000	2.00%	68,800,000 *	2.99%	66,000,000	1.54%	65,600,000	1.23%
Motor Vehicle Registration Tax	259,000,000	1.97%	261,538,000	3.00%	263,000,000	2.57%	257,000,000	1.98%	259,900,000	1.09%
Income Tax	175,200,000	5.99%	175,175,000	5.00%	169,400,000	4.31%	187,000,000	10.00%	162,500,000	0.18%
Privilege Tax - Less Earmarked Portion	292,000,000	3.00%	294,712,000	3.00%	300,900,000 (1)	12.82%	323,000,000 (1)	11.00%	318,700,000	7.20%
Gross Receipts Tax - TVA	228,000,000	2.98%	224,767,000	2.30%	220,500,000 **	0.00%	227,000,000	3.18%	222,500,000	1.14%
Gross Receipts Tax - Other	21,800,000	5.31%	21,684,000	4.00%	31,300,000	36.09%	24,000,000	9.09%	19,500,000	8.33%
Beer Tax	17,700,000	1.14%	17,829,000	1.80%	18,800,000 *	3.30%	18,000,000	0.00%	17,900,000	1.13%
Alcoholic Beverage Tax	38,400,000	1.05%	39,565,000	2.50%	39,700,000 *	3.12%	39,000,000	2.63%	38,900,000	4.01%
Franchise & Excise Taxes	1,448,400,000	2.00%	1,498,222,000	4.00%	1,444,100,000	4.00%	1,598,000,000	7.97%	1,501,100,000	4.30%
Inheritance and Estate Tax	84,000,000	0.00%	89,621,000	2.00%	97,600,000 *	2.95%	91,000,000	5.81%	97,100,000	5.54%
Tobacco Tax	121,000,000	0.00%	121,115,000	0.00%	123,100,000 *	3.01%	123,000,000	1.65%	117,300,000	1.03%
Motor Vehicle Title Fees	11,800,000	3.51%	11,798,000	2.00%	12,300,000 *	2.50%	12,000,000	0.00%	11,800,000	1.72%
Mixed Drink Tax	48,500,000	6.13%	47,560,000	4.00%	47,700,000 *	3.02%	48,000,000	6.67%	47,500,000	5.79%
Business Tax	124,300,000	4.10%	118,711,000	2.00%	109,000,000 *	3.02%	118,000,000	0.85%	119,400,000	3.29%
Severance Tax	1,400,000	0.00%	1,500,000	0.00%	1,100,000 *	10.00%	2,000,000	0.00%	1,600,000	0.00%
Coin Operated Amusement Tax	300,000	0.00%	400,000	0.00%	800,000 *	0.00%	0	NA	600,000	-25.00%
Unauthorized Substance Tax	100,000	NA	500,000	NA	400,000 *	NA	0	NA	0	NA
TOTAL DEPARTMENT OF REVENUE	\$10,471,400,000	3.81%	\$10,501,784,000	3.93%	\$10,401,600,000	4.32%	\$10,635,000,000	5.36%	\$10,413,200,000	3.57%
GENERAL FUND ONLY (2)	\$ 8,788,400,000	4.19%	\$ 8,811,184,000	4.27%	\$ 8,711,100,000	4.75%	\$ 8,942,700,000	5.96%	\$ 8,749,000,000	3.95%
Growth over FY 06 Budgeted Est. - Total	\$582,200,000		\$612,584,000		\$512,400,000		\$745,800,000		\$524,000,000	
Growth over FY 06 Budgeted Est. - Gen. Fund	\$530,600,000		\$553,384,000		\$453,300,000		\$684,900,000		\$491,200,000	
SELECTED TAXES	DR. FOX	%	FISCAL REVIEW	%	DR. DePRINCE	%	DR. EVANS	%	REVENUE DEPT.	%
SALES AND USE TAX	\$ 6,740,700,000	4.80%	\$ 6,709,411,000	4.50%	\$ 6,649,900,000	4.56%	\$ 6,700,000,000	5.30%	\$ 6,626,500,000	3.80%
FRANCHISE AND EXCISE TAXES	1,448,400,000	2.00%	1,498,222,000	4.00%	1,444,100,000	4.00%	1,598,000,000	7.97%	1,501,100,000	4.30%
INCOME TAX	175,200,000	5.99%	175,175,000	5.00%	169,400,000	4.31%	187,000,000	10.00%	162,500,000	0.18%
ROAD USER TAXES	1,117,800,000	1.11%	1,129,214,000	1.84%	1,135,000,000	1.99%	1,125,000,000	1.44%	1,110,300,000	1.30%
ALL OTHER TAXES	989,300,000	2.58%	989,762,000	2.27%	1,003,200,000	5.88%	1,025,000,000	5.45%	1,012,800,000	4.09%

(1) Privilege Tax estimates are reduced by \$32 million for the earmarked portion of the tax.

(2) F&A calculated the General Fund distribution for all presenters.

* F&A distributed taxes for Dr. DePrince based on ratios for budgeted collections for 2005-2006.

** F&A distributed the Gross Receipts Taxes for Dr. DePrince based on anticipated TVA collections in 2005-2006.

**Estimated Revenues Based on Growth Rates
State Funding Board Staff Recommendation
December 2005 Meeting**

	<u>FY 2005-2006</u>	<u>Growth Rate</u>	<u>FY 2006-2007</u>	<u>Growth Rate</u>
Total Taxes	\$ 10,082,000,000	4.60%	\$ 10,434,900,000	3.50%
			\$ 10,485,300,000	4.00%
	\$ 10,106,100,000	4.85%	\$ 10,459,800,000	3.50%
			\$ 10,510,300,000	4.00%
General Fund	\$ 8,431,900,000	4.65%	\$ 8,752,300,000	3.80%
			\$ 8,794,500,000	4.30%
	\$ 8,452,000,000	4.90%	\$ 8,773,200,000	3.80%
			\$ 8,815,400,000	4.30%

State Funding Board
Net Lottery Proceeds Estimates
Actual 2004-2005 and Estimated 2005-2006 and 2006-2007
December 2005

	2004-2005	2005-2006		2006-2007	
	Actual	Revised	%		%
Lottery Corporation					
Low	227,423,000	233,909,000	2.85%	238,500,000	1.96%
High	227,423,000	238,700,000	4.96%	243,500,000	2.01%
Fiscal Review Staff					
Low	227,423,000	229,400,000	0.87%	233,100,000	1.61%
High	227,423,000	242,200,000	6.50%	246,000,000	1.57%
Point Estimate	227,423,000	235,766,600	3.67%	239,538,800	1.60%
Recommended Range					
Low	227,423,000	233,900,000	2.85%	238,500,000	1.97%
High	227,423,000	238,700,000	4.96%	243,500,000	2.01%

Financial Statements

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**General Fund
Comparative Balance Sheet
June 30, 2004, and June 30, 2005**

	June 30, 2004	June 30, 2005
Assets		
Cash and Cash Equivalents	\$ 853,208,000	\$ 927,727,000
Receivables	1,581,670,000	1,607,092,000
Due from Other Funds	188,562,000	75,374,000
Due from Component Units	2,881,000	3,510,000
Loans Receivable	140,000	130,000
Leases Receivable	9,222,000	10,759,000
Deferred Charges	3,443,000	2,759,000
Inventories	12,874,000	12,201,000
Prepayments	15,000	19,000
	\$ 2,652,015,000	\$ 2,639,571,000
Total Assets		
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accruals	\$ 933,914,000	\$ 953,392,000
Due to Other Funds	13,576,000	17,540,000
Due to Component Units	9,540,000	8,128,000
Unearned Revenue	343,336,000	327,931,000
Other	223,000	396,000
	\$ 1,300,589,000	\$ 1,307,387,000
Total Liabilities		
Fund Balance:		
Reserved for Related Assets	\$ 16,079,000	\$ 18,770,000
Reserved for Encumbrances and Contracts	7,197,000	8,243,000
Reserved for Continuing Appropriations	427,937,000	410,548,000
Reserved for Federal Essential Services Revenue	104,304,000	0
Reserved for Other Specific Purposes	137,854,000	156,844,000
Unreserved:		
Designated for Revenue Fluctuations	217,000,000	275,400,000
Designated for Future Requirements	178,600,000	115,400,000
Designated for Future Appropriations	244,765,000	346,723,000
Designated for Contingent Appropriations	17,355,000	0
Designated for Other Specific Purposes	132,000	132,000
Undesignated	203,000	124,000
	\$ 1,351,426,000	\$ 1,332,184,000
Total Fund Balance		
Total Liabilities and Fund Balance		
	\$ 2,652,015,000	\$ 2,639,571,000

**Education Fund
Comparative Balance Sheet
June 30, 2004, and June 30, 2005**

	June 30, 2004	June 30, 2005
Assets		
Cash and Cash Equivalents	\$ 9,000	\$ 9,000
Receivables	472,069,000	495,139,000
Due from Other Funds	3,000	6,000
Due from Component Units	62,163,000	67,588,000
Total Assets	\$ 534,244,000	\$ 562,742,000
 Liabilities and Fund Balance 		
Liabilities:		
Accounts Payable and Accruals	\$ 126,549,000	\$ 128,992,000
Due to Other Funds	180,231,000	67,263,000
Due to Component Units	721,000	367,000
Unearned Revenue	58,247,000	62,091,000
Total Liabilities	\$ 365,748,000	\$ 258,713,000
Fund Balance:		
Reserved for Encumbrances and Contracts	\$ 687,000	\$ 667,000
Reserved for Continuing Appropriations	43,079,000	38,801,000
Reserved for Lottery Scholarships	122,282,000	255,111,000
Reserved for Other Specific Purposes	2,448,000	9,450,000
Total Fund Balance	\$ 168,496,000	\$ 304,029,000
Total Liabilities and Fund Balance	\$ 534,244,000	\$ 562,742,000

**Highway Fund
Comparative Balance Sheet
June 30, 2004, and June 30, 2005**

	June 30, 2004	June 30, 2005
Assets		
Cash and Cash Equivalents	\$ 150,905,000	\$ 195,149,000
Receivables	165,584,000	200,293,000
Due from Other Funds	14,000	2,183,000
Deferred Charges	5,435,000	4,016,000
Inventories, at Cost	5,663,000	6,294,000
Total Assets	\$ 327,601,000	\$ 407,935,000
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accruals	\$ 60,584,000	\$ 83,857,000
Due to Other Funds	1,222,000	1,470,000
Unearned Revenue	9,743,000	9,895,000
Other	7,179,000	4,016,000
Total Liabilities	\$ 78,728,000	\$ 99,238,000
Fund Balances:		
Reserved for Related Assets	\$ 5,663,000	\$ 6,295,000
Reserved for Encumbrances and Contracts	58,313,000	69,615,000
Reserved for Other Specific Purposes	184,847,000	232,737,000
Unreserved: Designated for Highway Construction	50,000	50,000
Total Fund Balance	\$ 248,873,000	\$ 308,697,000
Total Liabilities and Fund Balance	\$ 327,601,000	\$ 407,935,000

Debt Management

Recommended Budget, Fiscal Year 2006-2007

The State Funding Board is empowered as the sole governing body over the issuance of general obligation debt for Tennessee. It was created by the 45th General Assembly through passage of Public Chapter 126, Public Acts of 1887, codified as Title 9, Chapter 9, Section 101 of the Tennessee Code.

By statute, the state's full faith and credit, as well as specific tax revenues are pledged for the payment of principal and interest on state bonds. Additionally, the law covenants that such pledged revenues shall not be less than 150 percent of the amount necessary to service the state's outstanding debt and any debt proposed to be issued.

For the fiscal year ending June 30, 2005, the debt limit calculation produced a maximum annual debt service debt limit of \$517,857,356. The annual debt service requirement on the state's outstanding debt, authorized but unissued debt, and proposed bond authorizations in the fiscal year 2006-2007 budget, total \$217,126,000, well below the maximum legal limit. The statutory debt limitation, therefore, provides for a substantial amount of additional debt capacity.

Over the years, Tennessee has consistently maintained a relatively low debt burden. This has been accomplished through the use of sound, prudent, and conservative debt management practices adopted by the executive and legislative branches of government, with concurrence of the State Funding Board. Such practices include funding a portion of the state's capital program with surplus cash, cancellation of bond authorizations in lieu of issuing debt, creating and maintaining a "Rainy Day Fund" to offset unanticipated revenue shortfalls, and the adoption of state statutes designed to control the issuance of excessive debt. The state continues to maintain a relative low debt burden, and access to the capital markets remains strong.

Tennessee's commitment to conservative and prudent debt management is widely

recognized by the nation's leading debt-rating agencies. Current ratings on the state's general obligation long-term debt are: Fitch AA, Standard and Poor's AA, and Moody's Investor Service Aa2.

The state sold \$145 million in general obligation bonds in the second quarter of this fiscal year. No additional general obligation bond sales are anticipated prior to the close of this fiscal period. As of June 30, 2005, Tennessee's total general obligation bonded indebtedness was \$903,239,000, excluding the Facilities Revolving Fund. This debt was issued entirely for institutional and building construction.

The first session of the 104th General Assembly approved new authorizations in the amount of \$413,390,000. Of this amount, institutional and building bonds accounted for \$257,390,000 and highway bonds for \$156,000,000.

The practice of using the state's cash flow to finance road projects in lieu of issuing debt has been one of the key factors in Tennessee's ability to secure and retain very high bond ratings. Consistent with this long-standing policy, the Funding Board, cancelled \$82.5 million in highway bond authorizations and \$2.3 million in institutional and building construction bonds in the first six months of this fiscal period.

The increase in bond authorization coupled with the Funding Board's action on bond cancellations reduced the category of authorized but unissued bonds to \$1,683,009,000, which includes \$800,000,000 in highway authorizations, \$727,092,000 in capital construction bonds, and \$91,416,000 in Facilities Revolving Fund bonds.

The 2006-2007 proposed capital budget recommends the authorization of an additional \$83.5 million in highway construction bonds, \$248.9 million in institutional and building bonds, and \$43.8 million in Facilities Revolving Fund bonds. It also includes \$61.8 million in surplus cash to fund capital maintenance and projects.

Debt Service Fund
Statement of Revenues, Expenditures, and Requirements
July 1, 2004 - June 30, 2007

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Estimated 2006-2007</u>
Unreserved Fund Balance, July 1	\$3,567,342.53	\$6,369,933.18	\$5,105,000.00
Tax Revenues:			
Sales Tax	43,178,850.29	45,900,000.00	48,100,000.00
Gasoline Tax	74,000,000.00	82,500,000.00	84,500,000.00
Franchise Tax	18,000,000.00	18,000,000.00	18,000,000.00
Excise Tax	108,321,149.71	127,900,000.00	143,100,000.00
Motor Vehicle Title Fees	2,700,000.00	2,700,000.00	2,700,000.00
Total Tax Revenues	\$246,200,000.00	\$277,000,000.00	\$296,400,000.00
Other Revenues:			
Sports Authority	\$4,041,742.83	\$3,862,000.00	\$3,716,000.00
Motlow State - Smyrna Center	0.00	17,000.00	\$135,000.00
Ross Creek Landing State Park	0.00	317,000.00	340,000.00
State Veterans' Homes - Refinancing	241,106.26	341,000.00	339,000.00
Community Provider Pooled Loans	2,975,402.71	0.00	0.00
Premium on Bond Sales	0.00	2,322,362.60	0.00
Refunding - Revenue for Debt Service Expense	720,380.96	0.00	0.00
Refunding - Revenue from Capital Projects Fund	5,634.59	0.00	0.00
Other	406,810.00	0.00	0.00
Total Other Revenues	\$8,391,077.35	\$6,859,362.60	\$4,530,000.00
Total Available Funds	\$258,158,419.88	\$290,229,295.78	\$306,035,000.00
Appropriations, Transfers, and Fund Balance			
Debt Service Appropriations for:			
Outstanding Bonds @ 6/30/2005	\$124,720,566.77	\$126,632,000.00	\$113,746,000.00
Bond Sale - November 2005	0.00	1,270,000.00	10,370,000.00
Community Provider Pooled Loans - Repaid	2,800,000.00	0.00	0.00
Capital Outlay Projects - Unissued Bonds (\$587,553,000)	0.00	0.00	64,631,000.00
Capital Outlay Projects - Proposed Bonds (\$248,900,000)	0.00	0.00	27,379,000.00
Short Term Interest	1,509,411.08	2,500,000.00	0.00
Debt Issuance Expense	2,158,508.85	1,000,000.00	1,000,000.00
Total Debt Service Appropriations	\$131,188,486.70	\$131,402,000.00	\$217,126,000.00
Transfers to Other Funds:			
Highway Fund	\$74,000,000.00	\$82,500,000.00	\$84,500,000.00
General Fund	42,700,000.00	65,000,000.00	0.00
Capital Projects Fund - Technology Centers	3,900,000.00	3,900,000.00	0.00
Capital Projects Fund - Other	0.00	2,322,362.60	0.00
Total Transfers to Other Funds	\$120,600,000.00	\$153,722,362.60	\$84,500,000.00
Total Appropriations and Transfers	\$251,788,486.70	\$285,124,362.60	\$301,626,000.00
Unreserved Fund Balance, June 30			
Taxes Receivable	\$3,419,933.70	\$3,500,000.00	\$3,600,000.00
Cash	2,949,999.48	1,604,933.18	809,000.00
Total Unreserved Fund Balance, June 30	\$6,369,933.18	\$5,104,933.18	\$4,409,000.00

**Debt Service Fund
Comparative Balance Sheet
June 30, 2004, and June 30, 2005**

	<u>June 30, 2004</u>	<u>June 30, 2005</u>
Assets		
Cash and Cash Equivalents	\$ 270,000	\$ 2,950,000
Taxes Receivable	4,338,000	4,708,000
Prepayments	0	4,000
Loans Receivable	9,870,000	6,920,000
	<u>9,870,000</u>	<u>6,920,000</u>
Total Assets	<u>\$ 14,478,000</u>	<u>\$ 14,582,000</u>
 Liabilities and Fund Balance		
Liabilities:		
Payables and Accruals	\$ 391,000	\$ 577,000
Unearned Revenue	10,520,000	7,635,000
	<u>10,520,000</u>	<u>7,635,000</u>
Total Liabilities	<u>\$ 10,911,000</u>	<u>\$ 8,212,000</u>
 Fund Balance:		
Designated for Debt Service	<u>\$ 3,567,000</u>	<u>\$ 6,370,000</u>
Total Fund Balance	<u>\$ 3,567,000</u>	<u>\$ 6,370,000</u>
 Total Liabilities and Fund Balance	 <u>\$ 14,478,000</u>	 <u>\$ 14,582,000</u>

Bond Fund
Statement of Bonds Authorized and Unissued
June 30, 2004 - June 30, 2006

Year	Authority	Description	June 30, 2004	June 30, 2005	June 30, 2006*
1993	Chapter 533	Capital Outlay	\$ 335,209.87	\$ 335,209.87	\$ 172,307.89
1994	Chapter 850	Data Processing Equipment	13,800,000.00	13,800,000.00	13,800,000.00
1994	Chapter 1009	Higher Education - Technology Centers	1,660,426.00	0.00	0.00
1994	Chapter 1010	Capital Outlay	1.00	1.00	0.00
1994	Chapter 1010	Facilities Revolving Fund	590,763.97	590,763.97	516,085.86
1995	Chapter 457	Higher Education - Technology Centers	1,053,250.00	526,625.00	526,625.00
1995	Chapter 461	Capital Outlay	905,518.04	905,518.04	669,996.93
1996	Chapter 908	Higher Education - Technology Centers	6,564,339.32	4,851,390.32	4,851,390.32
1996	Chapter 945	State Parks	77,365.99	77,365.99	77,365.99
1996	Chapter 952	Capital Outlay	5,928,647.73	5,928,647.73	3,339,194.00
1996	Chapter 952	Data Processing Equipment	20,000,000.00	20,000,000.00	20,000,000.00
1996	Chapter 952	Highway Construction	74,000,000.00	0.00	0.00
1996	Chapter 990	Ross Creek Landing State Park	10,935,000.00	10,935,000.00	10,935,000.00
1997	Chapter 535	Capital Outlay	7,439,886.14	7,439,886.14	3,611,351.42
1997	Chapter 535	Highway Construction	75,000,000.00	75,000,000.00	0.00
1998	Chapter 831	Refund TLDA Community Provider Pooled Loans	16,800,000.00	14,000,000.00	14,000,000.00
1998	Chapter 1103	Capital Outlay	23,676,604.70	23,676,604.70	3,313,160.17
1998	Chapter 1103	Facilities Revolving Fund	730,370.56	730,370.56	179,961.80
1998	Chapter 1103	Highway Construction	90,000,000.00	90,000,000.00	83,500,000.00
1999	Chapter 401	Capital Outlay	5,024,159.27	5,024,159.27	2,561,811.10
1999	Chapter 401	Facilities Revolving Fund	10,233,492.21	10,233,492.21	3,980,501.13
1999	Chapter 401	Highway Construction	83,800,000.00	83,800,000.00	83,800,000.00
2000	Chapter 984	Capital Outlay	18,210,785.80	18,210,785.80	4,627,900.91
2000	Chapter 984	Prison Construction	3,205,318.00	0.00	0.00
2000	Chapter 984	Facilities Revolving Fund	13,515,158.80	13,515,158.80	1,281,871.55
2000	Chapter 984	Highway Construction	87,700,000.00	87,700,000.00	87,700,000.00
2001	Chapter 460	State Parks	2,000,000.00	2,000,000.00	2,000,000.00
2001	Chapter 462	Capital Outlay	14,296,140.56	14,296,140.56	7,862,566.76
2001	Chapter 462	Facilities Revolving Fund	58,760,962.48	58,760,962.48	42,057,815.27
2001	Chapter 462	Highway Construction	80,000,000.00	80,000,000.00	80,000,000.00
2002	Chapter 852	Higher Education - Geier Settlement	11,600,000.00	11,600,000.00	11,600,000.00
2002	Chapter 852	Capital Outlay	32,697,498.31	32,697,498.31	10,051,695.70
2002	Chapter 852	Facilities Revolving Fund	3,100,000.00	3,100,000.00	3,100,000.00
2002	Chapter 852	Highway Construction	77,000,000.00	77,000,000.00	77,000,000.00
2003	Chapter 296	Capital Outlay	16,503,000.00	16,503,000.00	10,983,645.72
2003	Chapter 296	Highway Construction	74,000,000.00	74,000,000.00	74,000,000.00
2003	Chapter 313	Motlow State - Smyrna Facility	2,000,000.00	2,000,000.00	584,832.13
2003	Chapter 313	State Veterans' Homes - Refinancing	13,930,000.00	13,930,000.00	13,930,000.00
2003	Chapter 338	Capital Outlay - Leased Facilities	100,000,000.00	100,000,000.00	100,000,000.00
2004	Chapter 941	Higher Education	40,180,000.00	40,180,000.00	30,154,706.60
2004	Chapter 958	Capital Outlay	269,400,000.00	269,400,000.00	257,334,371.58
2004	Chapter 958	Facilities Revolving Fund	25,300,000.00	25,300,000.00	23,800,000.00
2004	Chapter 958	Equipment Revolving Fund	20,000,000.00	20,000,000.00	16,700,000.00
2004	Chapter 958	Highway Construction	159,000,000.00	159,000,000.00	158,000,000.00
2005	Chapter 501	Capital Outlay	0.00	185,800,000.00	180,744,422.92
2005	Chapter 501	Facilities Revolving Fund	0.00	16,500,000.00	16,500,000.00
2005	Chapter 501	Highway Construction	0.00	156,000,000.00	156,000,000.00
2005	Chapter 502	Capital Outlay	0.00	1,600,000.00	1,600,000.00
2005	Chapter 502	Higher Education	0.00	69,990,000.00	65,560,000.00
Total Bonds Authorized and Unissued			\$ 1,570,953,898.75	\$ 1,916,938,580.75	\$ 1,683,008,580.75
Summary by Purpose:					
		Capital Outlay	\$587,623,150.73	\$837,907,832.73	\$727,092,345.14
		Facilities Revolving Fund	112,230,748.02	128,730,748.02	91,416,235.61
		Highway Construction	800,500,000.00	882,500,000.00	800,000,000.00
		Data Processing Equipment	33,800,000.00	33,800,000.00	33,800,000.00
		Equipment Revolving Fund	20,000,000.00	20,000,000.00	16,700,000.00
		Refund TLDA Loans	16,800,000.00	14,000,000.00	14,000,000.00
Total Bonds Authorized and Unissued			\$ 1,570,953,898.75	\$ 1,916,938,580.75	\$ 1,683,008,580.75

* This column reflects bonds sold and cancelled in the current fiscal year.

Bond Fund
Statement of Bonds Sold
July 1, 2003 - June 30, 2006

Year	Authority	Description	July 1, 2003 - June 30, 2004	July 1, 2005 - June 30, 2006 *
1993	Chapter 533	Capital Outlay	\$ 0.00	\$ 162,901.98
1994	Chapter 1010	Capital Outlay	50,425.86	1.00
1994	Chapter 1010	Facilities Revolving Fund	41,576.18	74,678.11
1995	Chapter 461	Capital Outlay	414,244.94	235,521.11
1996	Chapter 952	Capital Outlay	13,640,588.63	2,589,453.73
1996	Chapter 952	State Parks	91,720.23	0.00
1996	Chapter 990	Ross Creek Landing State Park	5,065,000.00	0.00
1997	Chapter 535	Capital Outlay	5,641,583.68	3,828,534.72
1998	Chapter 1103	Capital Outlay	71,936,114.83	20,363,444.53
1998	Chapter 1103	Facilities Revolving Fund	532,668.24	550,408.76
1999	Chapter 401	Capital Outlay	12,137,764.11	2,462,348.17
1999	Chapter 401	Facilities Revolving Fund	1,454,240.09	6,252,991.08
2000	Chapter 984	Capital Outlay	46,783,702.36	13,582,884.89
2000	Chapter 984	Facilities Revolving Fund	1,764,972.20	11,425,649.85
2001	Chapter 462	Capital Outlay	5,003,859.44	4,111,211.20
2001	Chapter 462	Facilities Revolving Fund	2,539,037.52	16,703,147.21
2002	Chapter 852	Capital Outlay	2,867,501.69	22,645,802.61
2003	Chapter 296	Capital Outlay	0.00	5,519,354.28
2003	Chapter 313	State Veterans' Homes - Refinancing	4,070,000.00	0.00
2003	Chapter 313	Motlow State - Smyrna Facility	0.00	1,415,167.87
2004	Chapter 941	Higher Education	0.00	10,025,293.40
2004	Chapter 958	Capital Outlay	0.00	12,065,628.42
2004	Chapter 958	Facilities Revolving Fund	0.00	1,500,000.00
2005	Chapter 501	Capital Outlay	0.00	5,055,577.08
2005	Chapter 502	Higher Education	0.00	4,430,000.00
Total Bonds Sold			<u>\$ 174,035,000.00</u>	<u>\$ 145,000,000.00</u>
Summary by Purpose:				
		Capital Outlay	\$ 167,702,505.77	\$ 108,493,124.99
		Facilities Revolving Fund	6,332,494.23	36,506,875.01
		Total Bonds Sold	<u>\$ 174,035,000.00</u>	<u>\$ 145,000,000.00</u>

* This column reflects bonds sold in the current fiscal year.

Note: No bonds sold in fiscal year 2004-2005.

Bond Fund
Statement of Appropriations in Lieu of Issuing Bonds
July 1, 2003 - June 30, 2006

Year	Authority	Description	July 1, 2003 - June 30, 2004	July 1, 2004 - June 30, 2005	July 1, 2005 - June 30, 2006 *
1992	Chapter 930	Capital Outlay	\$ 40,886.37	\$ 0.00	\$ 0.00
1994	Chapter 1009	Higher Education-Technology Centers	1,660,429.00	1,660,426.00	0.00
1995	Chapter 457	Higher Education-Technology Centers	529,103.95	526,625.00	0.00
1995	Chapter 461	Higher Education-Technology Centers	36,535.66	0.00	0.00
1996	Chapter 908	Higher Education-Technology Centers	4,575,559.58	1,712,949.00	0.00
1996	Chapter 952	Capital Outlay	305,000.00	0.00	0.00
1996	Chapter 952	Highway Construction	74,000,000.00	74,000,000.00	0.00
1997	Chapter 535	Highway Construction	0.00	0.00	75,000,000.00
1998	Chapter 831	Community Provider Pooled Loans	2,500,000.00	2,800,000.00	0.00
1998	Chapter 1103	Capital Outlay	2,385,000.00	0.00	0.00
1998	Chapter 1103	Highway Construction	0.00	0.00	6,500,000.00
2000	Chapter 984	Prison Construction	10,146,841.00	3,205,318.00	0.00
2000	Chapter 984	Facilities Revolving Fund	248,371.81	0.00	807,637.40
2001	Chapter 462	Capital Outlay	0.00	0.00	2,322,362.60
2004	Chapter 958	Equipment Revolving Fund	0.00	0.00	3,300,000.00
2004	Chapter 958	Highway Construction	0.00	0.00	1,000,000.00
Total Appropriations in Lieu of Issuing Bonds			<u>\$ 96,427,727.37</u>	<u>\$ 83,905,318.00</u>	<u>\$ 88,930,000.00</u>
Summary by Purpose:					
		Capital Outlay	\$ 19,679,355.56	\$ 7,105,318.00	\$ 2,322,362.60
		Facilities Revolving Fund	248,371.81	0.00	807,637.40
		Highway Construction	74,000,000.00	74,000,000.00	82,500,000.00
		Equipment Revolving Fund	0.00	0.00	3,300,000.00
		Refund TLDA Loans	2,500,000.00	2,800,000.00	0.00
Total Appropriations in Lieu of Issuing Bonds			<u>\$ 96,427,727.37</u>	<u>\$ 83,905,318.00</u>	<u>\$ 88,930,000.00</u>

* This column reflects bonds cancelled in the current fiscal year.

Bond Fund
Statement of Bonded Indebtedness
Principal and Interest on Bonded Debt
June 30, 2005

<u>Fiscal Year</u>	<u>Outstanding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 - 2006	\$ 82,032,000	\$ 44,600,000	\$ 126,632,000
2006 - 2007	73,293,000	40,453,000	113,746,000
2007 - 2008	68,230,000	36,858,000	105,088,000
2008 - 2009	67,357,000	33,686,000	101,043,000
2009 - 2010	64,800,000	30,390,000	95,190,000
2010 - 2011	65,060,000	26,760,000	91,820,000
2011 - 2012	61,296,000	23,594,000	84,890,000
2012 - 2013	61,112,000	20,379,000	81,491,000
2013 - 2014	55,382,000	17,449,000	72,831,000
2014 - 2015	50,956,000	14,579,000	65,535,000
2015 - 2016	46,891,000	12,030,000	58,921,000
2016 - 2017	42,691,000	9,887,000	52,578,000
2017 - 2018	35,718,000	7,702,000	43,420,000
2018 - 2019	28,035,000	6,142,000	34,177,000
2019 - 2020	24,693,000	4,741,000	29,434,000
2020 - 2021	18,303,000	3,515,000	21,818,000
2021 - 2022	18,433,000	2,602,000	21,035,000
2022 - 2023	11,143,000	1,683,000	12,826,000
2023 - 2024	11,169,000	1,142,000	12,311,000
2024 - 2025	3,140,000	798,000	3,938,000
2025 - 2026	3,295,000	646,000	3,941,000
2026 - 2027	3,245,000	492,000	3,737,000
2027 - 2028	3,400,000	336,000	3,736,000
2028 - 2029	3,565,000	172,000	3,737,000
Total	<u>\$ 903,239,000</u>	<u>\$ 340,636,000</u>	<u>\$ 1,243,875,000</u>

NOTE: The statement excludes bonds for sewage treatment works, waterworks construction, and solid waste recovery facilities authorized prior to the enactment of Chapter 785, Public Acts of 1978, the Tennessee Local Development Authority Act. Debt service for these bonds is provided by local governments. The statement also excludes bonds for the State Facilities Revolving Fund. Debt service for the bonds is appropriated to the Facilities Revolving Fund and is expended in the fund. At June 30, 2005 outstanding principal was \$126,415,000 and interest was \$39,520,000.

Capital Outlay and Facilities Program

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Capital Budget

Recommended Budget, Fiscal Year 2006 - 2007

The Capital Budget process begins with the receipt of departmental and agency capital maintenance and project requests. The various agencies and departments annually submit their capital requests in priority order to the Department of Finance and Administration, Division of Budget.

Upon receipt of the capital budget requests, three phases of review are undertaken by the Division of Capital Projects and Real Property Management and the Division of Budget. The initial phase allows for an understanding of the need by the Capital Projects and Real Property Management and Budget review teams. Phase two is built upon the technical requirements of the capital request, involving on-site visits by the review teams. The final phase involves financial review. The projects are analyzed for funding requirements and consistency with program goals and are reviewed within projected availability of funds in the budget for the requested fiscal year. If funds are deemed to be insufficient, individual projects may be deferred to be included in future budgets or rejected.

The Administration intends for the needs of departmental programs to be the impetus for all capital outlay requirements. Facilities funded through the capital budget process should support program and service requirements. Therefore, funding of projects is analyzed on priority of fiscal support for individual existing and new programs. The goal is to find the best mix of new capital outlay and facility maintenance in order to sustain and implement programs and services.

The management of facilities should be flexible enough to adjust to changing programs through renovation of existing assets. Attempts are made to minimize operational costs and future capital expenditures through better design and more flexible layouts, as has been done in the state's new prisons. In the event that a capital project creates the need for additional opera-

tional funding, the operating costs are identified during the capital budget review and further reviewed in the development of the budget in the year when the new space is expected to be occupied.

Improvements to real property funded by public or private funds must be approved by the State Building Commission, comprised of seven ex-officio members: the Governor, the Secretary of State, the Comptroller of the Treasury, the Commissioner of Finance and Administration, the Treasurer, and the Speakers of the Senate and House of Representatives. The State Building Commission, in addition to supervising improvements to real property, oversees leases by state agencies and the demolition of structures located on state property.

The capital items presented in this document as recommendations to the General Assembly consist of projects meeting the requirements and policy guidelines of the State Building Commission. The capital project recommendations are itemized by department.

Capital maintenance projects are defined as major, non-routine repairs and replacements unrelated to new construction and costing \$100,000 or more. Maintenance projects costing less than this amount are addressed within the departments' operational budget major maintenance programs. Capital maintenance projects include items that appreciably extend the life of the facility, such as alterations to rectify code deficiencies, modifications to improve utility systems, repaving, roof repairs, exterior fencing and lighting, and repair projects that restore a facility to its former condition and do not result in changes in facility use. Funding for these projects is included in the amount allocated to the Department of Finance and Administration, and projects are selected for completion according to the review process outlined above.

Capital outlay projects are defined as those providing new facilities or materially extending

Capital Budget

the useful life and improving or changing the function of an existing facility. These projects include facility renovation, new construction, new utility or service systems, land with or without buildings, appurtenances, site improvements or permanent betterments, and initial equipment to furnish and operate a new or improved facility which require the assistance of a design professional or cost \$100,000 or more.

For fiscal year 2006-2007, the capital outlay budget recommends a total of \$354,600,000, divided between capital outlay projects and capital maintenance requests.

Capital Maintenance — Capital maintenance projects are recommended at a level of \$110,321,000. A State bond authorization of \$61,490,000 and state appropriations of \$24,451,000 are requested. Federal and other sources equal the remainder of the total amount. These projects focus on maintaining current facilities, primarily through repair and renovation of roofing, mechanical, and electrical systems. Funding is also included to bring state facilities in line with federal standards for underground storage tanks, asbestos, and citizens with disabilities. The Tennessee Board of Regents and the University of Tennessee are also funded for modifications to assist in compliance with the Americans with Disabilities Act.

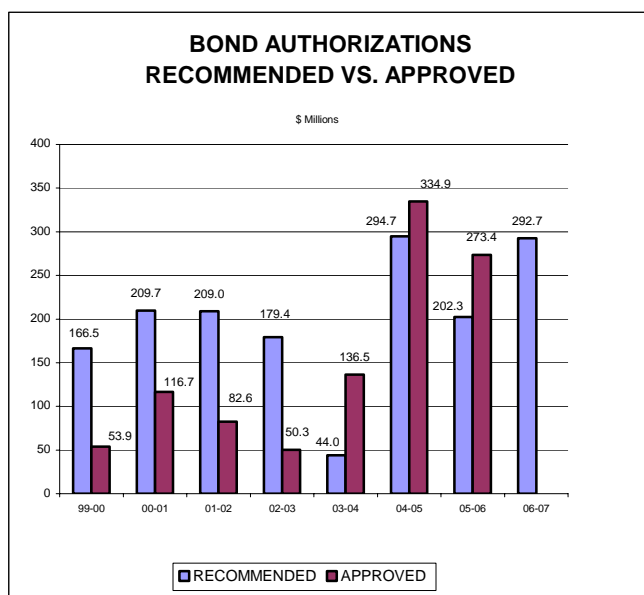
Capital Outlay Projects — Capital outlay projects recommended for this fiscal year total \$244,279,000. Of this total, \$187,410,000 in bonds and \$37,349,000 in state appropriations are requested. Federal and other sources equal the remainder of the total amount.

Projects from dedicated sources of revenue are also recommended for the Department of Transportation and the Tennessee Wildlife Resources Agency.

Facilities Revolving Fund — Capital projects and maintenance for the Facilities Revolving Fund are recommended at a funding level of \$72,200,000. Facilities Revolving Fund capital projects are listed in the Facilities Revolving Fund section, which follows the Capital Projects section of this document.

Operating Costs — Included within this section is an estimate of the first year operating costs resulting from proposed new construction. Differences in operating costs can be the result of efficiencies from better designs and energy systems or program requirements. Renovation projects, which do not have an impact on operating efficiencies, are considered to be cost neutral. Only those projects which will have increases or decreases in operating costs from the current budget are included in the schedule.

New Bond Authorizations — Capital maintenance, capital outlay, and Facilities Revolving Fund requests will require new bond authorizations totaling \$292,700,000. The chart below compares the bond authorizations recommended with those approved by the General Assembly during the past several years.



Proposed Capital Appropriations from Bonds, Current Funds, and Other Revenues Fiscal Year 2006 - 2007

CAPITAL OUTLAYS	COUNTY	TOTAL	STATE	BONDS	FEDERAL	OTHER
Children's Services						
Statewide Master Plan for Juvenile Facilities	Statewide	100,000	100,000	0	0	0
		\$100,000	\$100,000	\$0	\$0	\$0
Correction						
Maintenance	Statewide	24,000,000	0	0	0	24,000,000
TN Prison for Women New Expansion Planning	Davidson	720,000	720,000	0	0	0
WTSP Additional Minimum Security Housing	Lauderdale	10,500,000	1,000,000	9,500,000	0	0
Turney Center New Prototypical Minimum Housing	Hickman	11,600,000	1,600,000	10,000,000	0	0
		\$46,820,000	\$3,320,000	\$19,500,000	\$0	\$24,000,000
Environment and Conservation						
Montgomery Bell - Replace Pro Shop & Restrooms	Dickson	1,835,000	175,000	1,660,000	0	0
Cordell Hull Birthplace - Artifact Storage Facility	Pickett	350,000	30,000	320,000	0	0
New Johnsonville State Park - Welcome Center	Humphreys	445,000	445,000	0	0	0
David Crockett State Park - New Cabins	Lawrence	2,250,000	50,000	2,200,000	0	0
Carter House - New Visitors Center	Williamson	1,250,000	200,000	1,050,000	0	0
		\$6,130,000	\$900,000	\$5,230,000	\$0	\$0
Finance and Administration						
Tennessee Residence Security / Maint Building	Davidson	1,215,000	215,000	1,000,000	0	0
Knoxville Veterans Cemetery - Columbarium	Knox	10,532,000	282,000	0	10,250,000	0
Reelfoot Lake - Hamilton Settlement Acquisition	Obion	2,212,000	2,212,000	0	0	0
Regional Civic Arts Center in Maryville - Grant	Blount	2,000,000	2,000,000	0	0	0
Memphis BioWorks Foundation - Grant	Shelby	3,500,000	3,500,000	0	0	0
Shelby County New Forensic Center - Grant	Shelby	5,000,000	0	5,000,000	0	0
Country Music Hall of Fame and Museum - Grant *	Davidson	1,000,000	1,000,000	0	0	0
East Tenn. Historical Society Museum - Grant	Knox	2,500,000	2,500,000	0	0	0
Hobart Ames Foundation - Stencil House - Grant	Hardeman	100,000	100,000	0	0	0
		\$28,059,000	\$11,809,000	\$6,000,000	\$10,250,000	\$0
Labor and WorkForce Development						
Carroll County Career Development Center	Carroll	2,460,000	0	0	2,460,000	0
		\$2,460,000	\$0	\$0	\$2,460,000	\$0
Mental Health and Developmental Disabilities						
New Lakeshore MHI Planning	Knox	4,100,000	4,100,000	0	0	0
		\$4,100,000	\$4,100,000	\$0	\$0	\$0
Mental Retardation						
Construction of 25 Residential Group Homes	Statewide	19,000,000	1,000,000	18,000,000	0	0
Arlington Developmental Center Master Plan	Shelby	155,000	155,000	0	0	0
Clover Bottom Dev Center Master Plan	Davidson	155,000	155,000	0	0	0
		\$19,310,000	\$1,310,000	\$18,000,000	\$0	\$0
Military						
Lobelville Maintenance Training Work Bay	Decatur	600,000	150,000	0	450,000	0
Army Aviation Support Facility - Louisville (Alcoa)	Blount	6,360,000	0	0	6,360,000	0
TEMA Houston Barracks Renovations	Davidson	3,930,000	30,000	3,900,000	0	0
		\$10,890,000	\$180,000	\$3,900,000	\$6,810,000	\$0

**Proposed Capital Appropriations
from Bonds, Current Funds, and Other Revenues
Fiscal Year 2006 - 2007**

CAPITAL OUTLAYS	COUNTY	TOTAL	STATE	BONDS	FEDERAL	OTHER
Tennessee Board of Regents						
Maintenance	Statewide	31,458,000	1,843,000	29,615,000	0	0
SWCC New/ Replacement Campus	Shelby	13,980,000	0	13,980,000	0	0
Lease Purchase and Replacement Fund	Statewide	2,000,000	0	2,000,000	0	0
SWCC Macon Cove Academic Building	Shelby	20,980,000	1,980,000	19,000,000	0	0
CSTCC Allied Health Facilities Improvements	Hamilton	5,370,000	370,000	5,000,000	0	0
MTSU Science Building - Phase 1	Rutherford	15,000,000	2,000,000	13,000,000	0	0
University of Memphis - New Law School	Shelby	41,250,000	6,250,000	35,000,000	0	0
		\$130,038,000	\$12,443,000	\$117,595,000	\$0	\$0
University of Tennessee						
Maintenance	Statewide	20,425,000	795,000	19,630,000	0	0
UTK - Joint Institute in Advanced Materials	Knox	10,000,000	0	10,000,000	0	0
UTM Fine Arts Building Renovation and Addition	Weakley	13,900,000	1,500,000	12,400,000	0	0
UTK AG - Biotech Greenhouses	Knox	4,930,000	530,000	4,400,000	0	0
UTK Ayers Hall Renovation	Knox	23,000,000	3,000,000	20,000,000	0	0
		\$72,255,000	\$5,825,000	\$66,430,000	\$0	\$0
Statewide Capital Maintenance						
Maintenance	Statewide	34,438,000	21,813,000	12,245,000	380,000	0
		\$34,438,000	\$21,813,000	\$12,245,000	\$380,000	\$0
Grand Total		\$354,600,000	\$61,800,000	\$248,900,000	\$19,900,000	\$24,000,000

* Country Music Hall of Fame and Museum grant is a non-recurring operational grant and is reallocated to the operating budget by the general appropriations bill.

Capital Outlay Project Descriptions

Fiscal Year 2006 - 2007

Total
Project Cost

Children's Services

Objective: Provide safe and secure surroundings for youth development center residents.

Statewide Master Plan for Juvenile Facilities

This plan will assess the immediate needs for maintaining juvenile justice facilities and plan for future needs that reflect the department's strategic plan for juvenile offenders.

\$100,000

Correction

Objective: Provide safe and secure facilities to house inmates.

Maintenance

Funds to repair, maintain, and update facilities.

\$24,000,000

Tennessee Prison for Women - New Expansion Planning

Initiate the planning associated with the development of additional female beds, program space, and security space at the current location. The new addition is anticipated to contain approximately 128 medium security and 150 minimum security beds.

720,000

West Tennessee State Prison - Additional Minimum Security Housing

Construct an additional 150 bed minimum security unit. Additional vocational and programming space will also be added.

10,500,000

Turney Center - New Prototypical Minimum Security Housing

This project will provide for the development of a minimum security housing design that can be replicated at other state facilities. A unit containing approximately 300 beds will be constructed at this site.

11,600,000

Total Correction

\$46,820,000

Environment and Conservation

Objective: Increase visitation to the state's parks and historic areas.

Montgomery Bell State Park - Pro Shop Replacement and Restroom Addition

Replace the existing pro shop and golf cart storage facility. Two new restrooms will be added to the golf course, which has no facilities currently.

\$1,835,000

Cordell Hull Birthplace - Artifact Storage Facility

Construct a new facility to house artifacts and museum items that pertain to this site and Cordell Hull's life.

350,000

New Johnsonville State Park - Welcome Center

This project will provide the matching funds that will be used to construct the new center. Total project cost is estimated at \$1,610,000. The department expects to secure a state transportation enhancement grant for the remaining funds required.

445,000

Capital Outlay Project Descriptions Fiscal Year 2006 - 2007

	<u>Total Project Cost</u>
<p>David Crockett State Park - New Cabins Construction of ten new cabins to enhance park visitation. Cabins have been very popular among park visitors and are expected to increase park revenues.</p>	2,250,000
<p>Carter House - New Visitors Center Construction of an interpretive visitors center with space for exhibits, storage, education, administration, gift shop, and restrooms. An additional lighted parking area will be added.</p>	1,250,000
Total Environment and Conservation	\$6,130,000
Finance and Administration	
Objective: Preserve and enhance public facilities.	
<p>Tennessee Residence - Security and Maintenance Building The Tennessee Residence (the Governor's Residence) is undergoing extensive renovation. This project will construct a facility on the residence grounds that can be used for security and maintenance. This project is part of the residence master plan that was approved in 2004.</p>	\$1,215,000
<p>Knoxville Veterans Cemetery - Columbarium Installation of a 1,000 niche columbarium, grave liners and a grave locator system.</p>	10,532,000
<p>Reelfoot Lake - Hamilton Settlement Acquisition Acquisition, pursuant to a settlement agreement, of approximately 119 acres of land and structures located along approximately 1/2 mile of Reelfoot lake shoreline. The Conservation Fund has agreed to purchase and hold the land in the interim period. Property will be managed by the Tennessee Wildlife Resources Agency.</p>	2,212,000
<p>Regional Civic Arts Center in Maryville - Grant Funding to assist in the development of a Civic Arts Center at Maryville for the Blount County region. The center will celebrate southern Appalachia culture, provide a hub for regional arts and cultural activities, provide educational activities for K-16, and promote tourism and economic growth. The cities of Maryville and Alcoa, Blount County, and Maryville College will execute agreements to fund a \$45 million bond issue; a federal grant of \$8 million and the \$2 million state contribution will provide the remainder of funds for the \$55 million project.</p>	2,000,000
<p>Memphis BioWorks Foundation - Grant Additional funds to assist in the development of an urban research park that is able to compete for federal and private bioscience investment. The research park will enable UT Health Sciences Center and University of Memphis to attract additional high technology research grants and will enhance Southwest Community College workforce development and training activities.</p>	3,500,000
<p>Shelby County New Forensic Center - Grant Funding to assist in the development of a new regional forensic center.</p>	5,000,000

Capital Outlay Project Descriptions

Fiscal Year 2006 - 2007

	<u>Total Project Cost</u> 1,000,000
<p>Country Music Hall of Fame and Museum - Grant The Country Music Hall of Fame and Museum grant is a non-recurring operational grant and is reallocated to the operating budget by the general appropriations bill. The grant will be used for exhibitions, interpretive public programs, classroom learning activities, and conservation and preservation of the collection housed at the museum and its related historical sites.</p>	1,000,000
<p>East Tennessee Historical Society Museum - Grant Funds to assist in the completion of a regional history museum, including design completion, basic infrastructure, technology, graphics, cases, platforms, and other elements required for a high-quality museum.</p>	2,500,000
<p>Hobart Ames Foundation - Stencil House - Grant Funds to assist in restoration of the Stencil House, constructed in Wayne County in the 1820's as a double pen, dog trot log house and moved to Ames Plantation for preservation. The house is an example of 19th century rural middle class architecture and decorative art.</p>	100,000
Total Finance and Administration	<u>\$28,059,000</u>
Labor and Workforce Development	
Objective: Enhance local career opportunities.	
<p>Carroll County Career Development Center Funding to develop a Career Center building for the Carroll County schools. The county will provide the site.</p>	<u>\$2,460,000</u>
Mental Health and Developmental Disabilities	
Objective: Provide safe facilities to care for patients in need.	
<p>New Lakeshore Mental Health Institute Planning Initiate the planning associated with the development of a new facility to be located on the Lakeshore property in Knoxville. Funding for this project will allow the design team to work closely with the team developing the new Western Mental Health Institute.</p>	<u>\$4,100,000</u>
Mental Retardation	
Objective: Provide alternative residential settings for clients and plan for the future.	
<p>Residential Homes Construction Funding to construct 25 residential four-bedroom homes. The facilities will be ADA compliant and have fire protection systems.</p>	\$19,000,000
<p>Arlington Development Center - Master Plan Funding to develop a Master Plan to include an environmental assessment, a facilities assessment, a land use plan, and a property appraisal.</p>	155,000
<p>Clover Bottom Development Center - Master Plan Funding to develop a Master Plan to include an environmental assessment, a facilities assessment, a land use plan, and a property appraisal.</p>	155,000
Total Mental Retardation	<u>\$19,310,000</u>

Capital Outlay Project Descriptions Fiscal Year 2006 - 2007

	<u>Total Project Cost</u>
Military	
Objective: Expand and renovate military facilities.	
Lobelville Maintenance Training Work Bay Construction of a maintenance training bay. This facility will include work bays, supervisor office, inspection and library room, tool room, supply room, vehicle wash rack, lube rack, and other ancillary items.	\$600,000
Army Aviation Support Facility - Louisville (Alcoa) Construction of a facility that will include a classroom-library combination, administrative offices, a records management area, kitchen, and alterations to the existing area to improve the workplace.	6,360,000
TEMA Houston Barracks Renovations Renovation of the State Emergency Operations Center and the State Operations Control Center for the Tennessee Emergency Management Agency. During renovation, TEMA will expand its operations to the second floor at Houston Barracks.	3,930,000
Total Military	\$10,890,000
Tennessee Board of Regents	
Objective: Expand and enhance facilities to students and faculty needs.	
Maintenance Funds to repair, maintain, and update facilities.	\$31,458,000
Southwest Tennessee Community College - New/ Replacement Campus Funds to implement the recommendations of the master plan to replace the southeast campus and establish a new campus which will include space for classrooms and central administration.	13,980,000
Lease Purchase and Replacement Fund Funds to continue of an on-going program to purchase locations that have been leased for extended time periods.	2,000,000
Southwest Tennessee Community College - Macon Cove Academic Building Funds to construct a new academic building with classrooms, laboratories, a microcomputer center, and faculty offices for business technologies, general studies, and computer technology programs. This project will also demolish the Jennings and Parrish Buildings to create an open space quadrangle.	20,980,000
Chattanooga State Technical Community College - Allied Health Facilities Funds to construct a new building for allied health programs, with space for research and development programs currently in the library. Albright Technical Building will be renovated to include instructional offices and a library.	5,370,000

Capital Outlay Project Descriptions

Fiscal Year 2006 - 2007

	Total Project Cost
<p>Middle Tennessee State University - Science Building Phase One This is the first phase of a four phase \$94 million project to provide new space for chemistry and biology and renovated space for physics and general science. The first phase will consist of preplanning the project, site preparation and construction of a new building for chemistry and biology.</p>	15,000,000
<p>University of Memphis - New Law School Planning and construction of renovations to the downtown post office and customs house for re-use as the new University of Memphis Law School.</p>	41,250,000
Total Tennessee Board of Regents	\$130,038,000
<p>University of Tennessee Objective: Expand and enhance facilities to students and faculty needs.</p>	
<p>Maintenance Funds to repair, maintain, and update facilities.</p>	\$20,425,000
<p>UT Knoxville - Joint Institute in Advanced Materials This project will provide space for research in the materials area, including vibration isolation space, clean rooms, synthesis labs with hoods, cold rooms, biology labs, processing and mechanical labs, molecular characterization labs, and offices for scientists.</p>	10,000,000
<p>UT Martin - Fine Arts Building Renovation and Addition This project will provide an addition to the Fine Arts Building. It will contain a 150-seat theatre and space for administration, rehearsal, and studios. This project will also provide space for the visual arts program.</p>	13,900,000
<p>UT Knoxville - Agriculture Biotech Greenhouses This project will provide for greenhouse complexes to be constructed on the agriculture campus. The greenhouses are needed to support laboratory research.</p>	4,930,000
<p>UT Knoxville - Ayers Hall Renovation This project will provide for the renovation of Ayres Hall. Included are upgrades to the instructional, research, and faculty office spaces to accommodate present-day needs of the Department of Mathematics and other units which use the facility for general instructional activities.</p>	23,000,000
Total University of Tennessee	\$72,255,000
<p>Statewide Capital Maintenance</p>	
<p>Maintenance Funds to repair, maintain, and update general government facilities.</p>	\$34,438,000
GRAND TOTAL	\$354,600,000

Projects Funded from Dedicated Revenues Fiscal Year 2006 - 2007

	<u>COUNTY</u>	<u>TOTAL</u>	<u>STATE</u>	<u>BONDS</u>	<u>FEDERAL</u>	<u>OTHER</u>
Tennessee Wildlife Resources Agency						
Buffalo Springs Hatchery Manager's Residence Upgrade	Grainger	87,000	0	0	0	87,000
Kingston Work Base Boat Ramp Addition	Roane	30,000	0	0	22,500	7,500
City of Erwin Cooperative Project Nolichucky River Access	Unicoi	65,000	0	0	0	65,000
Northeast TN Boat Storage Facility at Boone Lake	Washington	140,000	0	0	0	140,000
Haynes Bottom Wildlife Management Area Equipment Shed	Montgomery	140,000	0	0	0	140,000
Holston River Boat Access Site at Highway 11E Bridge	Knox	65,000	0	0	48,750	16,250
Royal Blue Wildlife Management Area Equipment Shed	Campbell	85,000	0	0	40,000	45,000
Hatchie River Boat Access Site	Lauderdale	50,000	0	0	0	50,000
Yellow Creek Access Parking Expansion	Hardin	20,000	0	0	0	20,000
Total		\$682,000	\$0	\$0	\$111,250	\$570,750
 Transportation						
Region 4 Upgrade Jackson Garage Electric Service	Madison	75,000	0	0	0	75,000
Region 1 Johnson Maintenance Building and Equipment Shed	Johnson	400,000	0	0	0	400,000
Region 1 Repair or Replace 4 County Equipment Sheds	Areawide	295,000	0	0	0	295,000
Region 1 New Hancock & Hawkins Maintenance Buildings	Areawide	560,000	0	0	0	560,000
Region 2 New McMinnville Bridge Repair Office	Warren	300,000	0	0	0	300,000
Region 2 New Clay County Maintenance Building	Clay	300,000	0	0	0	300,000
Region 2 New Coffee County Maintenance Building	Coffee	300,000	0	0	0	300,000
Region 2 New Regional Complex Preliminary Site Work	Hamilton	1,000,000	0	0	0	1,000,000
Region 3 Replace 5 County Maintenance Buildings	Areawide	800,000	0	0	0	800,000
Region 3 Repair or Replace Salt Bin Roofs	Areawide	300,000	0	0	0	300,000
Region 4 Replace 4 County Maintenance Buildings	Areawide	560,000	0	0	0	560,000
Region 4 Construct 4 New Equipment Sheds	Areawide	300,000	0	0	0	300,000
Total		\$5,190,000	\$0	\$0	\$0	\$5,190,000
 Grand Total		<u>\$5,872,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$111,250</u>	<u>\$5,760,750</u>

Projected First Year Operating Costs for New Facilities Recommended as Projects for Fiscal Year 2006 - 2007

	<u>COUNTY</u>	<u>TOTAL</u>	<u>UTILITIES</u>	<u>MAINTENANCE</u>	<u>PROGRAM</u>	<u>ADDITIONAL PERSONNEL</u>
Correction						
WTSP Additional Minimum Security Housing	Lauderdale	2,308,306	136,900	11,000	2,160,406	30
Turney Center New Prototype Minimum Housing	Hickman	4,614,000	276,500	21,900	4,315,600	60
		\$6,922,306	\$413,400	\$32,900	\$6,476,006	90
Environment and Conservation						
Cordell Hull Birthplace Artifact Storage Facility	Pickett	2,000	1,500	500	0	0
New Johnsonville State Park Welcome Center	Humphreys	15,500	5,000	3,000	7,500	0
David Crockett State Park New Cabins	Lawrence	14,500	500	5,000	9,000	0
Carter House New Visitors Center	Franklin	17,000	10,000	7,000	0	0
		\$49,000	\$17,000	\$15,500	\$16,500	0
Finance and Administration						
Tennessee Residence Security & Maint Building	Davidson	8,600	6,450	2,150	0	0
		\$8,600	\$6,450	\$2,150	\$0	0
Mental Retardation						
Construction of 25 Residential Group Homes	Statewide	16,610,000	160,000	25,000	16,425,000	0
		\$16,610,000	\$160,000	\$25,000	\$16,425,000	0
Military						
Lobelville Maintenance Training Workbay	Decatur	6,000	6,000	0	0	0
AASF 2 Louisville (Alcoa) Army Aviation Facility	Blount	6,000	6,000	0	0	0
TEMA Houston Barracks Renovation	Davidson	24,000	24,000	0	0	0
		\$36,000	\$36,000	\$0	\$0	0
Tennessee Board of Regents						
SWCC New Replacement Campus	Shelby	341,550	97,900	243,650	0	0
SWCC Macon Cove Academic Building	Shelby	362,092	103,788	258,304	0	0
MTSU Science Building Phase 1	Rutherford	1,275,213	445,669	829,544	0	0
University of Memphis New Law School	Shelby	1,110,990	296,042	814,948	0	0
		\$3,089,845	\$943,399	\$2,146,446	\$0	0
University of Tennessee System						
UTK - Joint Institute in Advanced Materials	Knox	1,132,000	500,000	632,000	0	0
UTM - Fine Arts Building Renovation & Addition	Weakley	276,000	131,000	145,000	0	0
UTK- AG Biotech Greenhouses	Knox	112,800	56,400	56,400	0	0
UTK - Ayers Hall Renovation	Knox	460,000	230,000	230,000	0	0
		\$1,980,800	\$917,400	\$1,063,400	\$0	\$0
Grand Total		\$28,696,551	\$2,493,649	\$3,285,396	\$22,917,506	90

Capital Projects from School Bonds and Other Sources Fiscal Year 2006 - 2007

The capital projects listed in this section are presented for information purposes only. This is not a request for state tax funds. It is the intent of the listed institutions to initiate these projects within the next two years. All projects listed herein are subject to the approval of the State Building Commission and may have to obtain additional approval by the Tennessee State School Bond Authority (TSSBA) and/or the State Funding Board, dependent upon their funding source. All projects have previously been endorsed by their respective system governing board and the Tennessee Higher Education Commission.

	<u>TOTAL</u>	<u>TSSBA</u>	<u>INSTITUTIONAL/ AUXILIARY</u>	<u>OTHER</u>
Austin Peay State University				
Astronomy Observatory	250,000	0	0	250,000
Resident Halls Sprinkler System Installation	2,580,000	2,580,000	0	0
	\$2,830,000	\$2,580,000	\$0	\$250,000
East Tennessee State University				
Softball Field	330,000	0	0	330,000
Johnson City Downtown Clinic	1,750,000	0	0	1,750,000
	\$2,080,000	\$0	\$0	\$2,080,000
Middle Tennessee State University				
Small Animal Care and Use Facility	500,000	0	0	500,000
Deere and Nicks Hall Housing Renovation	8,110,000	8,110,000	0	0
Farm Facilities Improvements	250,000	0	250,000	0
Physical Plant Relocation Planning	150,000	0	150,000	0
	\$9,010,000	\$8,110,000	\$400,000	\$500,000
Tennessee State University				
Hankel Hall Renovation	480,000	0	480,000	0
	\$480,000	\$0	\$480,000	\$0
Tennessee Technological University				
Hooper Eblen Center Basketball Offices	1,000,000	0	0	1,000,000
Strength and Conditioning Center	2,000,000	0	0	2,000,000
	\$3,000,000	\$0	\$0	\$3,000,000
University of Memphis				
Ball Hall Annex Facility Completion	480,000	0	480,000	0
Chucalissa Museum Improvements	350,000	0	350,000	0
Dormitory Sprinklers Phase 2	600,000	600,000	0	0
Electrical Generation Facility Construction	9,440,000	9,440,000	0	0
Millington Facility Tower Upgrades	6,600,000	6,600,000	0	0
Pan-Hellenic Building Improvements	420,000	0	420,000	0
Rawls Hall Dormitory Improvements	2,000,000	2,000,000	0	0
Robison Hall Renovation	2,650,000	0	2,650,000	0
Traffic and Circulation Improvement	3,000,000	0	0	3,000,000
	\$25,540,000	\$18,640,000	\$3,900,000	\$3,000,000
Cleveland State Community College				
Auditorium Building Renovation and Addition	1,010,000	0	0	1,010,000
	\$1,010,000	\$0	\$0	\$1,010,000
Columbia State Community College				
Administration Building Renovation	270,000	0	270,000	0
	\$270,000	\$0	\$270,000	\$0

Capital Projects from School Bonds and Other Sources Fiscal Year 2006 - 2007

	<u>TOTAL</u>	<u>TSSBA</u>	<u>INSTITUTIONAL/ AUXILIARY</u>	<u>OTHER</u>
Nashville State Technical Community College				
Exterior Sign Update	100,000	0	100,000	0
	\$100,000	\$0	\$100,000	\$0
Northeast State Technical Community College				
North Parking Lot Construction	200,000	0	200,000	0
	\$200,000	\$0	\$200,000	\$0
Pellissippi State Technical Community College				
Student Recreation Center Expansion	1,140,000	0	0	1,140,000
	\$1,140,000	\$0	\$0	\$1,140,000
Total Tennessee Board of Regents	\$45,660,000	\$29,330,000	\$5,350,000	\$10,980,000
University of Tennessee at Knoxville				
Hoskins Library HVAC Improvements	400,000	0	200,000	200,000
RV Parking Lot Improvements	625,000	625,000	0	0
Gibbs Hall Improvements	1,300,000	1,300,000	0	0
Clement Hall Renovation Phase 3	6,000,000	6,000,000	0	0
Humes Hall Improvements Phase 1	4,500,000	4,500,000	0	0
Greve Hall Improvements	6,500,000	5,200,000	1,300,000	0
Reese Hall Improvements	7,500,000	6,500,000	1,000,000	0
Neyland Stadium Improvements Phase 2	18,000,000	14,000,000	0	4,000,000
Research Building	20,000,000	20,000,000	0	0
UT Institute of Agriculture Milan Center Headquarters	550,000	0	550,000	0
	\$65,375,000	\$58,125,000	\$3,050,000	\$4,200,000
University of Tennessee at Chattanooga				
University Center Renovations	700,000	0	700,000	0
Doctors Building Repairs	300,000	0	300,000	0
	\$1,000,000	\$0	\$1,000,000	\$0
University of Tennessee at Martin				
Student Housing Phase 3	20,000,000	20,000,000	0	0
Campus Entrance Improvements	240,000	0	0	240,000
Covered Riding Arena	680,000	0	0	680,000
Recreation / Wellness Facility	12,500,000	12,500,000	0	0
	\$33,420,000	\$32,500,000	\$0	\$920,000
University of TN at Memphis Health Science Center				
Madison Avenue Building Improvements	1,000,000	1,000,000	0	0
Dunn Building Clinic Improvements	150,000	0	150,000	0
	\$1,150,000	\$1,000,000	\$150,000	\$0
Total University of Tennessee	\$100,945,000	\$91,625,000	\$4,200,000	\$5,120,000
Grand Total	\$146,605,000	\$120,955,000	\$9,550,000	\$16,100,000

Capital Budget

Commonly Used Abbreviations

AASF	Army Aviation Support Facility	OMS	Organizational Maintenance Shop
ADA	Americans with Disabilities Act	OSHA	Occupational Safety & Health Administration
ADD	Addition	PSTCC	Pellissippi State Technical Community College
AFRC	Armed Forces Reserve Center	REROOF	Replacement Roof
APSU	Austin Peay State University	RNOV	Renovation
ARNG	Army National Guard	RSCC	Roane State Community College
BLDG	Building	SAF	Department of Safety
CC	Community College	SCC	State Community College
CFCs	Chlorofluorocarbons	SSCC	Shelby State Community College
CLSCC	Cleveland State Community College	STCC	State Technical Community College
CO	County	SWTCC	Southwest Tennessee State Community College
COMM	Communication	SYS	System
CONST	Construction	TBR	Tennessee Board of Regents
COSCC	Columbia State Community College	TDOT	Tennessee Department of Transportation
CSCC	Chattanooga State Community College	THEC	Tennessee Higher Education Commission
DCS	Department of Children's Services	THP	Tennessee Highway Patrol
DEMO	Demolition	TNARNG	Tennessee Army National Guard
DEV	Development	TSU	Tennessee State University
DOC	Department of Correction	TTCs	Tennessee Technology Centers
DSCC	Dyersburg State Community College	TTU	Tennessee Technological University
EMS	Energy Management System	TWRA	Tennessee Wildlife Resources Agency
ETSU	East Tennessee State University	UNIV	University
HQS	Headquarters	UOM	University of Memphis
HVAC	Heating, Ventilation & Air Conditioning	UT HSC	University of Tennessee Health Sciences Center
INFO	Information	UT MEMPHIS	University of Tennessee Memphis
LRC	Learning Resource Center	UTC	University of Tennessee Chattanooga
MHI	Mental Health Institute	UTK	University of Tennessee Knoxville
MSCC	Motlow State Community College	UTM	University of Tennessee Martin
MSTI	Memphis State Technical Institute	UTS	University of Tennessee System
MTSU	Middle Tennessee State University	UTSI	University of Tennessee Space Institute
NESTCC	Northeast State Technical Community College	VSCC	Volunteer State Community College
NGB	National Guard Bureau	WSCC	Walters State Community College
NSTCC	Nashville State Technical Community College	YDC	Youth Development Center

Facilities Revolving Fund

Recommended Budget, Fiscal Year 2006 - 2007

The Facilities Revolving Fund (FRF) was established in 1988 to provide efficient management of the state office and warehousing facilities. State agencies are charged a fair market rate for the space they occupy. These revenues, along with any necessary current services revenue and reserve funds constitute the operating funds for FRF.

The fund pays for facilities management costs of state-owned and leased office and warehouse space. These costs include debt service on buildings financed with bonds, routine and major maintenance, relocation expenses and furniture for state agencies, and payments for leased office space not

owned by the state but occupied by state agencies.

While FRF is administered by the Commissioner of Finance and Administration, daily operations of the fund are jointly managed by the Department of General Services and the Department of Finance and Administration. General Services operates, maintains, and manages FRF facilities. Finance and Administration constructs and renovates facilities through its Division of Capital Projects and Real Property Management, with approval of the State Building Commission. The division also assigns space to agencies, handles lease acquisitions, and provides relocation services and furniture to agencies.

The Department of General Services maintains the daily upkeep of FRF facilities through Operational Maintenance. Items such as contracts for janitorial and security services are funded through this allotment.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>
501.01 Operational Maintenance			
Payroll	0	0	0
Operational	44,736,600	44,524,700	46,986,900
Total	\$44,736,600	\$44,524,700	\$46,986,900
State	583,300	666,700	628,900
Federal	0	0	0
Other	44,153,300	43,858,000	46,358,000

The Department of General Services makes standard repairs and handles regular maintenance of FRF facilities within Project Maintenance. Items such as painting walls, repairing doors, and stopping leaks are paid from this allotment.

501.02 General Services Project Maintenance

Payroll	0	0	0
Operational	1,468,300	1,700,000	1,700,000
Total	\$1,468,300	\$1,700,000	\$1,700,000
State	0	0	0
Federal	0	0	0
Other	1,468,300	1,700,000	1,700,000

The Department of Finance and Administration assigns and leases space to state agencies, negotiates and pays for leases in non-state owned buildings, and pays for moving and furniture expenses from the Facilities Management allotment.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>
501.03 Facilities Management			
Payroll	0	0	0
Operational	43,544,000	36,345,000	40,000,000
Total	\$43,544,000	\$36,345,000	\$40,000,000
State	0	0	0
Federal	0	0	0
Other	43,544,000	36,345,000	40,000,000

The Department of Finance and Administration's Capital Projects and Real Property Management Division coordinates maintenance and new construction activities for the state-owned buildings in FRF. Included in the recommended FRF Capital Projects budget are funds for statewide maintenance, as well as capital outlay projects.

501.04 Capital Projects

Payroll	0	0	0
Operational	4,777,700	10,155,000	28,400,000
Total	\$4,777,700	\$10,155,000	\$28,400,000
State	0	0	0
Federal	0	0	14,300,000
Other	4,777,700	10,155,000	14,100,000

501.05 Debt Service

Payroll	0	0	0
Operational	20,802,000	21,000,000	22,000,000
Total	\$20,802,000	\$21,000,000	\$22,000,000
State	0	0	0
Federal	0	0	0
Other	20,802,000	21,000,000	22,000,000

501.00 Total Facilities Revolving Fund

Payroll	0	0	0
Operational	115,328,600	113,724,700	139,086,900
Total	\$115,328,600	\$113,724,700	\$139,086,900
State	583,300	666,700	628,900
Federal	0	0	14,300,000
Other	114,745,300	113,058,000	124,158,000

Proposed Facilities Revolving Fund Capital Appropriations Fiscal Year 2006 - 2007

	<u>COUNTY</u>	<u>TOTAL</u>	<u>FRF CURRENT</u>	<u>BONDS</u>	<u>FEDERAL</u>
Capital Maintenance	Statewide	12,872,000	6,772,000	6,100,000	0
State Capitol New Electrical Service	Davidson	2,100,000	100,000	2,000,000	0
JK Polk Building Interior Renovation TDOT Floors	Davidson	3,500,000	1,500,000	2,000,000	0
Citizens Plaza Interior Renovation Two Floors	Davidson	3,500,000	0	3,500,000	0
Upper Cumberland Health Office Additional Funds	Putnam	4,800,000	800,000	4,000,000	0
New Knoxville State Office Building Initial Planning	Knox	100,000	100,000	0	0
New Labor, Workforce Dev Build-to-Suit Office Building *	Davidson	27,500,000	0	13,200,000	14,300,000
TPS Foster Avenue Complex Renovation Phase 1	Davidson	1,000,000	1,000,000	0	0
TPS Foster Avenue Cole Auditorium Repairs	Davidson	1,000,000	1,000,000	0	0
Legislative Plaza Entrance and Bollards	Davidson	500,000	500,000	0	0
WRS TN Tower OIR Tenant Renovation	Davidson	2,000,000	1,000,000	1,000,000	0
WRS TN Tower Exterior Renovation	Davidson	7,550,000	350,000	7,200,000	0
TBI New Knoxville Laboratory Additional Funds	Knox	4,000,000	200,000	3,800,000	0
Safety Whitehaven Drivers License Station	Shelby	1,278,000	278,000	1,000,000	0
New Consolidated Training Facility Initial Planning	Davidson	500,000	500,000	0	0
Grand Total		<u>\$72,200,000</u>	<u>\$14,100,000</u>	<u>\$43,800,000</u>	<u>\$14,300,000</u>

* Labor and Workforce Development - Includes \$14,300,000 federal Reed Act funds.

State Taxpayers Budget

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State Taxpayers Budget

The "State Taxpayers Budget" section is included to distinguish between state appropriations from general state taxes and appropriations from dedicated taxes and fees, which are narrowly levied and earmarked for specific purposes.

The "State Taxpayers Budget" excludes the dedicated funds; it reports only appropriations from general state tax sources, along with estimates of the general taxes. The "State Taxpayers Budget" excludes appropriations from dedicated tax and fee sources, all federal revenues, and all other departmental revenues.

This section begins with a departmental summary of state appropriations from general tax sources. The chart entitled "Tennessee Taxpayer Budget, Departmental Summary of State Appropriations," includes this departmental summary information and a grand total for the State Taxpayers Budget appropriations. The chart then shows a single line-item for appropriations from dedicated state tax sources and a grand total state appropriation for the Budget Document, which reconciles to the total state appropriations in the remainder of the Budget Document.

Following the departmental summary of state appropriations is a summary of appropriations from dedicated taxes and fees. This schedule summarizes the various departmental appropriations from dedicated state sources that are excluded from the State Taxpayers Budget. Examples of appropriations from dedicated state sources are the appropriations to the Tennessee Wildlife Resources Agency (TWRA) from hunting and fishing license fees and from real

estate transfer taxes supporting the Wetlands Acquisition Fund, administered by TWRA, and appropriations to regulatory agencies from fees imposed on health professions, other professions, banks, and environment-impacting industries.

The third schedule in this section is a more detailed breakdown of the state appropriations from general tax sources. "State Taxpayers Budget, State Appropriations by Program," itemizes these appropriations by program. As with the departmental summary, this schedule includes a single line item for appropriations from dedicated sources to balance to the total state appropriations elsewhere in the Budget Document.

The tax revenue estimates recommended in the State Taxpayers Budget follow the appropriations by program. The chart entitled "State Taxpayers Budget, Comparison Statement of State Revenues," includes taxes collected by the Department of Revenue (the major taxes) as well as those collected and deposited to the General Fund by other line agencies in conjunction with carrying out their programs. This chart excludes taxes and fees collected and deposited in the General Fund which are earmarked or dedicated for specific use. Distributions of taxes by fund for last year, the current year, and next year are on the following three charts.

Except for the "State Taxpayers Budget", all of the other summary charts and program statements in this Budget Document that deal with appropriations include appropriations from all state sources, both general taxes and dedicated taxes and fees.

State Taxpayers Budget
Departmental Summary of State Appropriations *
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

		Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
General Fund and Education Fund				
301	Legislature	\$ 29,645,600	\$ 36,859,800	\$ 34,555,400
301.50	Fiscal Review Committee	929,400	1,012,400	1,014,800
302	Court System	81,997,200	86,379,500	91,478,000
303	Attorney General and Reporter	15,777,300	17,151,900	17,019,800
304	District Attorneys General Conference	49,059,700	54,526,400	56,609,900
305	Secretary of State	21,725,200	25,575,900	26,013,800
306	District Public Defenders Conference	28,761,400	31,292,800	33,298,400
307	Comptroller of the Treasury	45,697,900	49,910,500	51,767,800
308	Office of the Post-Conviction Defender	1,176,600	1,218,600	1,268,800
309	Treasury Department	148,800	154,300	596,700
315	Executive Department	3,227,300	3,683,100	3,683,100
315.05	Office of Homeland Security	844,500	884,100	2,007,900
316	Commissions	16,421,100	18,414,500	18,835,100
317	Finance and Administration (F&A)	8,579,800	119,468,700	80,890,900
318	F&A - Bureau of TennCare	2,538,746,900	2,649,301,400	2,672,705,900
319	Personnel	4,134,400	4,721,200	4,766,000
321	General Services	6,900,600	2,169,400	2,169,400
323	Veterans Affairs	2,810,700	3,611,700	3,396,700
324	Board of Probation and Parole	55,089,300	61,139,000	61,168,200
325	Agriculture	32,131,200	45,411,900	43,577,400
326	Tourist Development	7,110,000	11,823,600	11,948,600
327	Environment and Conservation	77,829,300	84,824,900	85,745,500
329	Correction	509,229,000	565,589,400	579,187,800
330	Economic and Community Development	35,259,100	63,933,400	51,533,400
331	Education	3,009,937,100	3,148,784,400	3,334,417,800
332	Higher Education	1,147,118,200	1,173,636,300	1,177,253,500
335	Commerce and Insurance	5,900,200	6,470,700	6,532,300
337	Labor and Workforce Development	15,923,900	20,197,200	20,090,400
339	Mental Health and Developmental Disabilities	123,412,500	136,914,800	137,190,400
341	Military	9,755,500	11,102,000	11,008,800
343	Health	77,685,500	121,609,000	111,934,000
344	F&A - Division of Mental Retardation Services	131,495,900	97,205,300	81,772,800
345	Human Services	183,167,600	191,291,000	167,354,700
347	Revenue	43,303,500	47,906,000	47,319,700
348	Tennessee Bureau of Investigation	28,303,000	30,723,600	31,922,100
349	Safety	107,152,500	118,262,600	122,325,600
351	Miscellaneous Appropriations	20,205,900	60,269,400	214,281,800
353	Emergency and Contingency Fund	-	819,300	819,300
355	State Building Commission	250,000	250,000	250,000
359	Children's Services	263,914,300	292,422,100	303,668,700
Subtotal General Fund and Education Fund		\$ 8,740,757,900	\$ 9,396,922,100	\$ 9,703,381,200
	Transportation	\$ 775,469,200 **	\$ 664,900,000	\$ 681,400,000
	Debt Service Requirements	251,788,500	285,124,400	301,626,000
	Capital Outlay Program	93,021,000 **	68,807,000	61,800,000
	Facilities Revolving Fund	583,300	666,700	628,900
	Cities and Counties - State Shared Taxes	683,925,300	721,000,000	742,100,000
Grand Total State Taxpayers Budget		\$ 10,545,545,200	\$ 11,137,420,200	\$ 11,490,936,100
	Dedicated Tax Sources - Appropriation	\$ 371,822,600	\$ 521,154,700	\$ 565,915,500
Grand Total State Appropriation - Budget Document		\$ 10,917,367,800	\$ 11,658,574,900	\$ 12,056,851,600

* FY 2004-2005 is actual expenditures from appropriations, except as noted. State Taxpayers Budget excludes appropriations from dedicated tax sources, federal revenues, and all other departmental revenues.

** FY 2004-2005 - Transportation and Capital Outlay include appropriations from tax revenues and bonds.

**Departmental Summary of Appropriations
from Dedicated Taxes and Fees: ***
Amounts Excluded from State Taxpayers Budget
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

		<u>Actual</u> <u>2004-2005 *</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Recommended</u> <u>2006-2007</u>
302.00	Court System	\$ 6,978,100	\$ 7,667,000	\$ 7,667,000
303.00	Attorney General and Reporter	1,610,100	1,781,600	1,937,900
307.00	Comptroller of the Treasury	15,825,100	17,810,000	17,810,000
313.00	Claims and Compensation	8,496,300	10,076,100	9,909,900
316.07	Health Services and Development Agency	880,800	1,042,200	1,042,200
316.11	Tennessee Regulatory Authority	6,886,500	7,595,200	7,590,200
316.25	Arts Commission	2,000,100	3,500,000	3,500,000
317.00	Finance and Administration	1,832,300	2,021,800	2,155,800
324.00	Board of Probation and Parole	4,490,000	4,905,500	4,866,300
325.00	Agriculture	11,866,900	13,066,900	14,261,400
327.00	Environment and Conservation	73,110,900	83,432,100	85,869,300
328.00	Wildlife Resources Agency	40,542,200	46,392,400	47,823,100
329.00	Correction	75,000	78,200	78,200
330.00	Economic and Community Development	-	-	-
331.00	Education	1,652,200	10,849,800	8,428,800
332.00	Higher Education	97,722,200	197,400,000	235,500,000
335.00	Commerce and Insurance	40,014,100	43,473,600	43,889,300
336.00	Financial Institutions	3,737,200	7,461,700	7,725,500
337.00	Labor and Workforce Development	13,860,300	16,271,300	18,763,700
343.00	Health	25,429,800	30,336,600	31,158,000
349.00	Safety	4,068,900	14,393,000	14,339,200
351.00	Miscellaneous Appropriations	9,797,300	-	-
359.00	Children's Services	946,300	1,599,700	1,599,700
Total Appropriations from Dedicated Tax Sources		\$ 371,822,600	\$ 521,154,700	\$ 565,915,500

* FY 2004-2005 is actual expenditures from appropriations.

State Taxpayers Budget
State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
Legislature			
301.01 Legislative Administration Services	4,172,300	4,660,400	4,655,400
301.07 House of Representatives	12,474,500	14,824,900	14,572,000
301.08 State Senate	6,739,400	8,111,600	8,065,100
301.13 General Assembly Committees	522,400	570,900	570,900
301.16 General Assembly Support Services	5,700,900	8,622,400	6,622,400
301.17 Tennessee Code Commission	36,100	69,600	69,600
301.00 Subtotal Legislature	29,645,600	36,859,800	34,555,400
301.50 Fiscal Review Committee	929,400	1,012,400	1,014,800
Court System			
302.01 Appellate and Trial Courts	45,946,200	46,637,400	51,740,000
302.05 Supreme Court Buildings	2,077,300	2,352,400	2,352,400
302.08 Child Support Referees	403,200	418,000	418,000
302.09 Guardian Ad Litem	2,147,300	2,047,500	2,047,500
302.10 Indigent Defendants' Counsel	17,412,200	18,343,300	18,343,300
302.11 Civil Legal Representation Fund	-	-	-
302.12 Verbatim Transcripts	3,822,500	3,966,700	3,966,700
302.15 Tennessee State Law Libraries	527,400	553,400	553,400
302.16 Council of Juvenile and Family Court Judges	89,800	93,500	93,500
302.18 Judicial Conference	77,800	31,300	31,300
302.20 Judicial Programs and Commissions	356,800	505,000	480,000
302.22 State Court Clerks' Conference	-	-	-
302.27 Administrative Office of the Courts	8,802,600	10,936,600	10,957,500
302.30 Appellate Court Clerks	334,100	494,400	494,400
302.00 Subtotal Court System	81,997,200	86,379,500	91,478,000
Attorney General and Reporter			
303.01 Attorney General and Reporter	15,596,400	16,813,000	16,680,900
303.05 Publication of Tennessee Reports	121,600	150,100	150,100
303.08 Special Litigation	59,300	188,800	188,800
303.00 Subtotal Attorney General and Reporter	15,777,300	17,151,900	17,019,800
District Attorneys General Conference			
304.01 District Attorneys General	47,467,800	52,998,400	55,030,700
304.05 District Attorneys General Conference	164,700	443,700	437,100
304.10 Executive Director	1,427,200	1,084,300	1,142,100
304.00 Subtotal District Attorneys General Conference	49,059,700	54,526,400	56,609,900
Secretary of State			
305.01 Secretary of State	6,535,900	7,970,500	7,970,500
305.02 State Election Commission	1,624,200	1,685,400	1,685,400
305.03 Public Documents	150,000	517,900	392,900
305.04 State Library and Archives	6,294,300	7,505,500	7,105,500
305.05 Regional Library System	6,736,100	7,144,100	7,144,100
305.06 Library Construction	-	-	1,000,000
305.07 Registry of Election Finance	254,900	355,100	349,100
305.08 Economic Council on Women	129,800	167,200	136,100

State Taxpayers Budget
State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
305.09 Charitable Solicitations and Charitable Gaming	-	230,200	230,200
305.00 Subtotal Secretary of State	21,725,200	25,575,900	26,013,800
District Public Defenders Conference			
306.01 District Public Defenders	23,688,000	25,949,400	27,653,500
306.03 Executive Director	751,000	921,100	1,222,600
306.10 Shelby County Public Defender	2,840,400	2,906,100	2,906,100
306.12 Davidson County Public Defender	1,482,000	1,516,200	1,516,200
306.00 Subtotal District Public Defenders Conference	28,761,400	31,292,800	33,298,400
Comptroller of the Treasury			
307.01 Division of Administration	592,700	749,600	749,600
307.02 Office of Management Services	5,132,800	6,146,700	7,746,700
307.03 Capitol Print Shop	200,000	-	-
307.04 Division of State Audit	9,087,500	9,905,900	9,968,700
307.05 Division of County Audit	6,153,700	6,426,400	6,620,900
307.06 Division of Municipal Audit	1,288,100	1,454,800	1,454,800
307.07 Division of Bond Finance	188,900	399,700	399,700
307.08 Office of Local Government	207,100	327,600	327,600
307.09 Division of Property Assessments	7,792,700	8,810,800	8,810,800
307.10 Tax Relief	9,999,500	10,050,000	10,050,000
307.11 State Board of Equalization	2,760,300	2,855,500	2,855,500
307.12 Division of Local Finance	339,200	357,800	357,800
307.14 Offices of Research and Education Accountability	1,179,100	1,466,500	1,466,500
307.15 Office of State Assessed Properties	776,300	959,200	959,200
307.50 Telecommunications Ad Valorem Tax Equity Payments	-	-	-
307.00 Subtotal Comptroller of the Treasury	45,697,900	49,910,500	51,767,800
308.00 Office of the Post-Conviction Defender	1,176,600	1,218,600	1,268,800
Treasury Department			
309.01 Treasury Department	96,700	99,500	99,500
309.02 Certified Public Administrators	52,100	54,800	497,200
309.00 Subtotal Treasury Department	148,800	154,300	596,700
Executive Department			
315.01 Governor's Office	3,227,300	3,683,100	3,683,100
315.02 Intergovernmental Conferences	-	-	-
315.00 Subtotal Executive Department	3,227,300	3,683,100	3,683,100
315.05 Executive Department - Office of Homeland Security	844,500	884,100	2,007,900
Commissions			
316.01 Commission on Children and Youth	1,612,400	1,734,800	1,734,800
316.02 Commission on Aging and Disability	8,145,800	8,499,900	9,549,900
316.03 Alcoholic Beverage Commission	-	381,900	-

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State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
316.04 Human Rights Commission	1,400,600	1,533,500	1,533,500
316.09 Corrections Institute	599,000	698,500	698,500
316.12 Advisory Commission on Intergovernmental Relations	120,900	266,000	266,000
316.25 Arts Commission	2,099,000	2,215,800	2,135,800
316.27 State Museum	2,443,400	3,084,100	2,916,600
316.31 Tax Structure Study Commission	-	-	-
316.00 Subtotal Commissions	16,421,100	18,414,500	18,835,100
Finance and Administration			
317.01 Division of Administration	820,000	1,342,600	1,342,600
317.02 Division of Budget	2,747,300	3,279,600	3,375,800
317.03 Office for Information Resources	-	3,775,000	2,275,000
317.06 Criminal Justice Programs	1,056,500	5,987,800	4,567,800
317.07 Resource Development and Support	1,130,800	1,570,100	1,570,100
317.10 Real Property Administration	2,592,000	2,656,700	2,656,700
317.11 National and Community Service	202,300	226,800	226,800
317.15 State Health Planning Division	30,900	100,630,100	64,876,100
317.00 Subtotal Finance and Administration	8,579,800	119,468,700	80,890,900
Finance and Administration, Bureau of TennCare			
318.65 TennCare Administration	112,730,900	127,658,800	115,539,300
318.66 TennCare Services	1,707,640,600	1,803,949,000	1,753,708,700
318.67 Waiver and Crossover Services	270,730,300	310,642,800	380,740,700
318.68 Long Term Care Services	447,645,100	407,050,800	422,717,200
318.00 Subtotal Finance and Administration, Bureau of TennCare	2,538,746,900	2,649,301,400	2,672,705,900
Personnel			
319.01 Executive Administration	1,719,000	1,859,400	1,904,200
319.02 Human Resource Development	730,900	889,700	889,700
319.03 Technical Services	1,684,500	1,972,100	1,972,100
319.00 Subtotal Personnel	4,134,400	4,721,200	4,766,000
General Services			
321.01 Administration	462,700	452,700	452,700
321.04 Property Utilization	-	-	-
321.06 Motor Vehicle Management	4,939,200	-	-
321.07 Property Management	1,226,700	1,444,700	1,444,700
321.09 Printing	250,000	250,000	250,000
321.10 Purchasing	22,000	22,000	22,000
321.00 Subtotal General Services	6,900,600	2,169,400	2,169,400
323.00 Veterans Affairs	2,810,700	3,611,700	3,396,700
Board of Probation and Parole			
324.02 Probation and Parole Services	46,045,700	50,433,900	50,463,100
324.04 Community Correction	9,043,600	10,705,100	10,705,100
324.00 Subtotal Board of Probation and Parole	55,089,300	61,139,000	61,168,200

State Taxpayers Budget
State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
Agriculture			
325.01 Administration and Grants	8,786,600	9,203,900	9,108,400
325.05 Regulatory Services	5,620,700	9,659,700	9,526,900
325.06 Market Development	1,985,300	4,916,000	4,074,800
325.10 Forestry Operations	15,580,100	21,473,800	20,708,800
325.11 Forestry Maintenance	158,500	158,500	158,500
325.00 Subtotal Agriculture	32,131,200	45,411,900	43,577,400
Tourist Development			
326.01 Administration and Marketing	7,110,000	11,823,600	11,948,600
326.03 Welcome Centers	-	-	-
326.00 Subtotal Tourist Development	7,110,000	11,823,600	11,948,600
Environment and Conservation			
327.01 Administrative Services	4,921,000	5,384,900	5,384,900
327.03 Recreation Educational Services	588,000	697,200	697,200
327.04 Historical Commission	1,089,800	1,547,700	1,746,100
327.08 Archaeology	594,300	673,200	673,200
327.11 Geology	1,117,400	1,068,000	1,068,000
327.12 Tennessee State Parks	31,188,300	33,065,000	33,987,200
327.14 Natural Heritage	680,700	731,700	831,700
327.15 State Parks Maintenance	3,391,800	4,108,500	4,108,500
327.18 Maintenance of Historic Sites	82,300	185,000	285,000
327.24 West Tennessee River Basin Authority Maintenance	277,600	500,000	500,000
327.26 West Tennessee River Basin Authority	675,400	764,800	764,800
327.30 Environment Administration	1,155,400	1,336,100	1,336,100
327.31 Air Pollution Control	1,056,600	2,152,900	2,152,900
327.32 Radiological Health	387,100	602,600	602,600
327.33 Clean Water and Drinking Water State Revolving Fund	5,388,700	5,107,600	5,107,600
327.34 Water Pollution Control	5,603,400	7,626,000	7,626,000
327.35 Solid Waste Management	2,395,100	2,079,100	1,679,100
327.38 Hazardous Waste Remedial Action Fund	1,000,000	1,000,000	1,000,000
327.39 Water Supply	872,400	821,900	821,900
327.40 Groundwater Protection	4,311,400	4,116,700	4,116,700
327.41 Underground Storage Tanks	10,000,000	-	-
327.44 Fleming Training Center	419,000	424,000	424,000
327.45 Office of Environmental Assistance	633,600	832,000	832,000
327.50 Tennessee Heritage Conservation Trust Fund	-	9,900,000	10,000,000
327.51 Conservation Compensation Fund	-	100,000	-
327.00 Subtotal Environment and Conservation	77,829,300	84,824,900	85,745,500
Correction			
329.01 Administration	13,472,500	13,832,300	13,848,600
329.04 State Prosecutions	107,991,000	119,102,600	124,102,600
329.06 Correction Academy	4,508,800	4,652,200	4,779,600
329.08 Wayne County Boot Camp	8,464,200	9,329,600	9,495,200
329.11 Brushy Mountain Correctional Complex	33,828,000	34,766,000	36,836,700
329.13 Tennessee Prison for Women	15,920,500	17,240,600	18,872,700

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State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
329.14 Turney Center Industrial Prison and Farm	20,538,200	22,881,000	23,756,000
329.16 Mark Luttrell Correctional Facility	12,008,600	12,055,300	12,084,800
329.17 Charles B. Bass Correctional Complex	23,326,500	24,503,800	25,458,400
329.18 Southeastern Tenn. State Regional Corr. Facility	18,958,700	19,688,600	19,586,500
329.21 Hardeman County Incarceration Agreement	32,027,800	32,725,800	33,461,600
329.22 Hardeman County Agreement - Whiteville	25,248,200	25,910,400	26,594,900
329.32 Major Maintenance	3,641,100	3,753,700	3,753,700
329.41 West Tennessee State Penitentiary	44,810,700	48,083,500	47,820,000
329.42 Riverbend Maximum Security Institution	19,473,200	21,021,700	22,130,500
329.43 Northeast Correctional Complex	32,326,400	33,407,000	33,187,600
329.44 South Central Correctional Center	23,909,400	25,048,500	26,082,300
329.45 Northwest Correctional Complex	40,074,700	42,410,200	41,619,400
329.46 Lois M. DeBerry Special Needs Facility	28,700,500	30,955,300	31,495,400
329.50 Sex Offender Treatment Program	-	50,000	50,000
329.99 Sentencing Act of 1985	-	24,171,300	24,171,300
329.00 Subtotal Correction	509,229,000	565,589,400	579,187,800
Economic and Community Development			
330.01 Administrative Services	4,519,800	5,267,500	4,867,500
330.02 Business Development	2,833,600	10,417,200	3,417,200
330.04 Regional Grants Management	815,100	925,100	954,900
330.05 Business Services	1,210,400	937,300	1,122,900
330.06 FastTrack Infrastructure Development	21,365,000	40,595,000	35,595,000
330.07 Community Development	3,179,300	4,380,300	4,164,900
330.08 Energy Division	42,100	34,800	34,800
330.09 FastTrack Job Training Assistance Program	347,900	296,200	296,200
330.13 Tennessee Job Skills Program	-	-	-
330.15 Economic Development District Grants	945,900	1,080,000	1,080,000
330.00 Subtotal Economic and Community Development	35,259,100	63,933,400	51,533,400
Education (K-12)			
331.01 Administration	5,670,900	7,988,200	7,988,200
331.02 Grants-In-Aid	3,597,600	3,715,100	5,165,100
331.04 Technology, Infrastructure, and Support Systems	3,173,800	2,558,400	2,558,400
331.05 Training and Professional Development	5,167,300	11,959,500	6,959,500
331.06 Curriculum and Instruction	3,492,200	4,133,900	5,133,900
331.07 State Board of Education	739,500	762,100	790,100
331.09 Improving School Programs	1,137,700	1,268,600	1,268,600
331.10 Career Ladder	81,121,600	80,619,200	80,619,200
331.11 Accountability and Assessment	13,825,600	13,880,400	13,880,400
331.17 School-Based TennCare Services	118,500	-	-
331.19 After-School Programs Special Account	-	-	-
331.22 Governor's Books from Birth Fund	690,400	2,011,400	2,691,400
331.25 BEP and Other LEA Support	2,824,046,600	2,947,453,200	3,114,453,200
331.32 Early Childhood Education	14,254,400	14,442,900	34,442,900
331.35 School Nutrition Programs	4,817,800	4,806,000	4,806,000
331.36 Special Education Services	587,200	598,000	598,000

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Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
331.43 Driver Education	-	-	-
331.45 Vocational Education Programs	3,477,100	3,830,800	3,830,800
331.90 Alvin C. York Institute	4,302,200	4,723,400	4,764,700
331.91 Tennessee School for the Blind	9,136,900	9,302,900	9,407,800
331.92 Tennessee School for the Deaf	11,948,000	12,842,900	13,017,100
331.93 West Tennessee School for the Deaf	2,010,500	2,102,400	2,150,900
331.95 Tennessee Early Intervention Services	16,484,800	19,546,000	19,652,500
331.97 Major Maintenance	136,500	239,100	239,100
331.00 Subtotal Education (K-12)	3,009,937,100	3,148,784,400	3,334,417,800
Higher Education - State Administered Programs			
332.01 Tennessee Higher Education Commission	1,739,500	2,067,000	2,067,000
332.02 Contract Education	2,330,100	2,330,100	2,330,100
332.03 Tennessee Student Assistance Awards	41,407,100	41,208,500	41,208,500
332.04 Federal Family Education Loan Program (FFELP)	-	-	-
332.05 Tennessee Student Assistance Corporation	741,200	1,357,300	1,357,300
332.06 Academic Scholars Program	329,000	401,800	401,800
332.07 Loan/Scholarship Programs	1,191,000	1,191,000	1,191,000
332.08 Centers of Excellence	17,635,600	18,002,400	18,002,400
332.09 THEC Grants	2,510,600	2,523,300	4,394,200
332.11 Campus Centers of Emphasis	1,281,900	1,312,000	1,312,000
332.13 Geier Desegregation Settlement	8,687,000	11,265,000	9,394,100
332.14 Foreign Language Institute	315,600	328,300	328,300
332.19 Lottery for Education Account	-	-	-
332.00 Subtotal Higher Education - State Administered Programs	78,168,600	81,986,700	81,986,700
University of Tennessee System			
332.10 UT University-Wide Administration	3,846,000	3,764,900	3,764,900
332.12 UT Research Initiatives	-	2,500,000	6,500,000
332.15 UT Institute for Public Service	4,417,600	4,505,000	4,505,000
332.16 UT Municipal Technical Advisory Service	1,671,600	1,746,800	1,746,800
332.17 UT County Technical Assistance Service	1,271,400	1,320,700	1,320,700
332.23 UT Space Institute	7,325,800	7,540,300	7,540,300
332.25 UT Agricultural Experiment Station	21,898,800	22,429,800	22,429,800
332.26 UT Agricultural Extension Service	26,206,900	26,818,500	26,818,500
332.28 UT Veterinary Medicine	14,064,900	14,516,000	14,516,000
332.30 UT Memphis	61,456,200	63,052,100	63,052,100
332.32 UT Family Medicine	7,094,100	7,651,600	7,651,600
332.34 UT College of Medicine	42,118,800	43,006,300	43,006,200
332.40 UT Chattanooga	40,484,800	41,176,700	41,176,300
332.42 UT Knoxville	168,956,100	171,931,200	171,928,300
332.44 UT Martin	28,754,700	29,431,900	29,431,300
332.10 Subtotal University of Tennessee System	429,567,700	441,391,800	445,387,800
State University and Community College System			
332.53 Southwest Tennessee Community College	36,354,600	36,689,600	36,688,300
332.54 Nashville State Technical Community College	13,662,800	13,903,900	13,903,200
332.55 Pellissippi State Technical Community College	18,931,600	19,245,000	19,244,400

State Taxpayers Budget
State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
332.56 Northeast State Technical Community College	10,973,900	11,162,800	11,162,600
332.60 Tennessee Board of Regents	3,917,900	4,070,400	4,070,400
332.62 TSU McMinnville Center	461,000	477,700	477,700
332.65 ETSU College of Medicine	24,057,500	24,755,000	24,755,000
332.66 ETSU College of Pharmacy	-	-	-
332.67 ETSU Family Practice	4,641,400	4,884,600	4,884,600
332.70 Austin Peay State University	31,183,100	31,656,300	31,654,700
332.72 East Tennessee State University	54,809,500	55,658,700	55,655,300
332.74 University of Memphis	107,164,500	109,135,800	108,878,700
332.75 Middle Tennessee State University	85,836,800	87,523,700	87,519,700
332.77 Tennessee State University	39,263,400	39,988,000	39,985,000
332.78 Tennessee Technological University	43,433,600	44,055,500	44,052,900
332.80 Chattanooga State Technical Community	22,047,100	22,401,700	22,401,200
332.81 Cleveland State Community College	9,598,600	9,704,000	9,703,400
332.82 Columbia State Community College	12,151,200	12,297,200	12,296,900
332.84 Dyersburg State Community College	6,406,700	6,509,100	6,508,900
332.86 Jackson State Community College	11,325,600	11,522,600	11,522,200
332.88 Motlow State Community College	9,373,200	9,469,200	9,468,900
332.90 Roane State Community College	16,614,200	16,804,200	16,803,600
332.94 Volunteer State Community College	16,333,600	16,580,100	16,579,800
332.96 Walters State Community College	16,650,900	16,864,200	16,863,200
332.98 Tennessee Technology Centers	44,189,200	44,898,500	44,798,400
332.60 Subtotal State University and Community College System	639,381,900	650,257,800	649,879,000
Total Higher Education	1,147,118,200	1,173,636,300	1,177,253,500
Commerce and Insurance			
335.02 Insurance	-	-	-
335.03 Fire Prevention	-	93,600	93,600
335.06 Consumer Affairs	680,600	772,300	772,300
335.07 Fire and Codes Enforcement Academy	3,037,200	3,378,900	3,440,500
335.28 Fire Fighting Personnel Standards and Education	2,182,400	2,225,900	2,225,900
335.00 Subtotal Commerce and Insurance	5,900,200	6,470,700	6,532,300
Labor and Workforce Development			
337.01 Administration	2,688,500	2,914,100	2,914,100
337.02 Tenn. Occupational Safety & Health	-	546,900	440,100
337.03 Workers' Compensation	8,991,700	11,776,300	11,776,300
337.04 Mines	304,500	359,400	359,400
337.06 Labor Standards	988,500	1,103,400	1,103,400
337.08 Second Injury Fund	-	-	-
337.09 Adult Basic Education	2,950,700	3,497,100	3,497,100
337.10 Employment Security	-	-	-
337.00 Subtotal Labor and Workforce Development	15,923,900	20,197,200	20,090,400
Mental Health and Developmental Disabilities			
339.01 Administrative Services Division	8,892,000	10,840,800	10,822,300
339.08 Community Mental Health Services	43,966,300	54,505,000	54,799,100

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Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
339.10 Lakeshore Mental Health Institute	14,471,300	14,116,800	14,116,800
339.11 Middle Tennessee Mental Health Institute	17,657,100	18,391,700	18,391,700
339.12 Western Mental Health Institute	12,648,300	15,334,600	15,334,600
339.16 Moccasin Bend Mental Health Institute	12,647,500	10,740,100	10,740,100
339.17 Memphis Mental Health Institute	12,781,800	12,535,800	12,535,800
339.40 Major Maintenance	348,200	450,000	450,000
339.00 Subtotal Mental Health and Developmental Disabilities	123,412,500	136,914,800	137,190,400
Military			
341.01 Administration	2,610,500	2,165,200	2,524,500
341.02 Army National Guard	1,140,700	1,167,200	1,167,200
341.03 Air National Guard	1,495,900	1,595,400	1,963,900
341.04 Tennessee Emergency Management Agency	2,065,000	3,672,800	2,651,800
341.07 Armories Maintenance	594,300	736,600	736,600
341.09 TEMA Disaster Relief Grants	799,900	-	-
341.10 Armories Utilities	1,049,200	1,764,800	1,964,800
341.00 Subtotal Military	9,755,500	11,102,000	11,008,800
Health			
343.01 Executive Administration	4,960,200	5,201,300	5,231,700
343.03 Administrative Services	2,346,200	2,652,000	2,640,000
343.04 Office of Information Technology	3,072,300	3,534,200	3,534,200
343.05 Bureau of Health Licensure and Regulation	4,530,200	3,772,400	3,472,400
343.07 Emergency Medical Services	680,100	588,700	588,700
343.08 Laboratory Services	8,276,900	7,953,300	7,953,300
343.20 Policy Planning and Assessment	3,116,600	4,570,700	4,559,000
343.39 General Environmental Health	2,631,200	2,715,400	2,715,400
343.44 Alcohol and Drug Abuse Services	8,738,300	8,246,400	8,246,400
343.45 Health Services Administration	3,387,300	19,402,400	8,917,000
343.47 Maternal and Child Health	2,144,900	2,336,800	2,336,800
343.49 Communicable and Environmental Disease	3,414,500	8,800,200	5,800,200
343.52 Community and Medical Services	6,732,100	7,356,100	7,356,100
343.60 Local Health Services	23,654,700	44,479,100	48,582,800
343.00 Subtotal Health	77,685,500	121,609,000	111,934,000
Finance and Administration, Division of Mental Retardation Services			
344.01 Mental Retardation Administration	5,702,900	9,254,700	5,187,100
344.02 Community Mental Retardation Services	111,579,900	67,773,500	56,246,100
344.10 Arlington Developmental Center	1,447,500	565,600	565,600
344.11 Clover Bottom Developmental Center	8,479,600	7,243,000	7,243,000
344.12 Greene Valley Developmental Center	1,263,300	601,100	601,100
344.20 West Tennessee Regional Office	1,121,600	4,521,900	4,601,800
344.21 Middle Tennessee Regional Office	-	3,095,500	3,254,200
344.22 East Tennessee Regional Office	1,537,800	3,675,200	3,599,100
344.50 Major Maintenance	249,600	300,000	300,000
344.81 Developmental Disabilities Council	113,700	174,800	174,800
344.00 Subtotal Finance and Administration, Division of Mental Retardation Services	131,495,900	97,205,300	81,772,800

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Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
Human Services			
345.01 Administration	16,602,000	17,753,800	17,855,000
345.13 Child Support	14,546,000	13,985,300	14,006,900
345.16 Field Operations	5,733,700	6,131,500	6,457,900
345.17 County Rentals	5,030,000	5,269,200	5,521,400
345.23 Temporary Cash Assistance	43,882,700	37,253,900	33,044,900
345.30 Family Assistance Services	69,602,000	62,906,500	67,961,800
345.31 Appeals and Hearings	755,100	761,500	1,254,400
345.49 Community Services	17,531,200	37,267,100	11,290,200
345.70 Vocational Rehabilitation	9,484,900	9,962,200	9,962,200
345.00 Subtotal Human Services	183,167,600	191,291,000	167,354,700
Revenue			
347.01 Administration Division	5,883,300	6,971,200	6,865,400
347.02 Tax Enforcement Division	4,726,700	5,381,800	5,668,600
347.11 Information Technology Resources Division	6,563,700	7,911,700	7,675,000
347.13 Taxpayer Services Division	5,247,100	5,265,400	4,552,500
347.14 Audit Division	15,897,600	17,021,600	17,298,100
347.16 Processing Division	4,985,100	5,354,300	5,260,100
347.00 Subtotal Revenue	43,303,500	47,906,000	47,319,700
348.00 Tennessee Bureau of Investigation	28,303,000	30,723,600	31,922,100
Safety			
349.01 Administration	5,930,900	5,946,000	5,960,400
349.02 Driver License Issuance	2,845,100	3,406,100	3,824,400
349.03 Highway Patrol	70,647,900	76,866,400	80,034,300
349.07 Motor Vehicle Operations	7,251,500	8,473,000	8,473,000
349.09 Tennessee Law Enforcement Training	2,423,300	2,638,300	2,667,500
349.10 P.O.S.T. Commission	6,272,100	6,361,100	6,465,400
349.11 Titling and Registration	11,073,300	11,628,800	12,084,400
349.12 Major Maintenance	59,000	199,600	199,600
349.13 Technical Services	649,400	2,743,300	2,616,600
349.00 Subtotal Safety	107,152,500	118,262,600	122,325,600
351.00 Miscellaneous Appropriations	20,205,900	60,269,400	214,281,800
353.00 Emergency and Contingency Fund	-	819,300	819,300
355.02 Major Maintenance and Equipment	250,000	250,000	250,000
Children's Services			
359.10 Administration	36,190,900	28,622,300	26,935,700
359.20 Family Support Services	12,940,200	23,185,500	24,531,600
359.30 Custody Services	88,362,400	83,697,900	85,837,600
359.35 Needs Assessment	6,165,000	8,000,000	8,000,000
359.40 Adoption Services	22,471,600	21,971,400	26,901,100
359.50 Child and Family Management	49,320,200	76,351,100	80,204,400
359.60 John S. Wilder Youth Development Center	8,815,200	9,393,800	9,527,400
359.61 Taft Youth Development Center	10,810,200	11,239,000	11,351,400

State Taxpayers Budget
State Appropriations by Program
Fiscal Years 2004-2005, 2005-2006, and 2006-2007

Program	Actual Expenditures 2004-2005 *	Estimated 2005-2006	Recommended 2006-2007
359.62 Woodland Hills Youth Development Center	9,842,000	9,967,800	9,800,800
359.63 Mountain View Youth Development Center	9,788,100	10,130,900	10,225,900
359.64 New Visions Youth Development Center	1,515,000	3,051,600	3,207,100
359.65 Community Treatment Facilities	7,337,100	6,390,700	6,725,600
359.70 Tennessee Preparatory School	-	-	-
359.80 Major Maintenance	356,400	420,100	420,100
359.00 Subtotal Children's Services	263,914,300	292,422,100	303,668,700
Subtotal General Fund and Education Fund	8,740,757,900	9,396,922,100	9,703,381,200
Transportation	775,469,200	664,900,000	681,400,000
Debt Service Requirements	251,788,500	285,124,400	301,626,000
Capital Outlay Program	93,021,000	68,807,000	61,800,000
Facilities Revolving Fund	583,300	666,700	628,900
Cities and Counties - State Shared Taxes	683,925,300	721,000,000	742,100,000
Grand Total State Taxpayers Budget	10,545,545,200	11,137,420,200	11,490,936,100
Dedicated Tax Sources - Appropriation	371,822,600	521,154,700	565,915,500
Grand Total State Appropriation - Budget Document	10,917,367,800	11,658,574,900	12,056,851,600

* FY 2004-2005 is actual expenditures from appropriations, except as noted. State Taxpayers Budget excludes appropriations from dedicated tax sources, federal revenues, and all other departmental revenues.

** FY 2004-2005 - Transportation and Capital Outlay include appropriations from tax revenues and bonds.

State Taxpayers Budget
Comparison Statement of State Revenues
Actual and Estimated July 1, 2004 - June 30, 2007

SOURCE OF REVENUE

Department of Revenue	Actual 2004-2005	Estimated 2005-2006	Estimated 2006-2007	Percent Required
Sales and Use Tax	\$6,070,945,800	\$6,410,000,000	\$6,718,700,000	4.82%
Gasoline Tax	608,050,800	608,100,000	608,700,000	0.10%
Motor Fuel Tax	173,682,100	178,900,000	184,300,000	3.02%
Gasoline Inspection Tax	45,834,400	46,400,000	47,600,000	2.59%
Motor Vehicle Registration Tax	231,253,800	241,000,000	259,000,000	7.47%
Income Tax	155,919,100	165,300,000	162,200,000	-1.88%
Privilege Tax	257,233,100	275,500,000	278,000,000	0.91%
Gross Receipts Tax - TVA	216,214,800	221,400,000	228,000,000	2.98%
Gross Receipts Tax - Other	19,669,400	20,700,000	21,800,000	5.31%
Beer Tax	17,254,900	17,500,000	17,700,000	1.14%
Alcoholic Beverage Tax	37,115,700	38,000,000	38,400,000	1.05%
Franchise Tax	528,213,600	628,100,000	640,700,000	2.01%
Excise Tax	843,784,400	791,900,000	807,700,000	2.00%
Inheritance and Estate Tax	82,890,400	84,000,000	84,000,000	0.00%
Tobacco Tax	120,512,200	121,000,000	121,000,000	0.00%
Motor Vehicle Title Fees	11,396,200	11,400,000	11,800,000	3.51%
Mixed Drink Tax	43,142,900	45,700,000	48,500,000	6.13%
Business Tax	114,662,900	119,400,000	124,300,000	4.10%
Severance Tax	1,405,300	1,400,000	1,400,000	0.00%
Coin-operated Amusement Tax	349,700	300,000	300,000	0.00%
Unauthorized Substance Tax	65,800	100,000	100,000	0.00%
Total Department of Revenue	\$9,579,597,300	\$10,026,100,000	\$10,404,200,000	3.77%
Other State Revenue				
Department of Commerce and Insurance	\$378,349,700	\$396,100,000	\$410,800,000	3.71%
Secretary of State	21,436,300	21,500,000	21,500,000	0.00%
Department of Safety	38,353,300	39,300,000	39,300,000	0.00%
State Treasurer	23,865,600	45,000,000	45,000,000	0.00%
Dept. of Environment and Conservation	64,969,700	65,100,000	67,500,000	3.69%
Miscellaneous Revenue	37,293,700	31,000,000	26,500,000	-14.52%
Nursing Home Tax	99,676,700	100,200,000	100,200,000	0.00%
Total Other State Revenue	\$663,945,000	\$698,200,000	\$710,800,000	1.80%
Total State Revenue	\$10,243,542,300	\$10,724,300,000	\$11,115,000,000	3.64%

State Taxpayers Budget
Distribution of Actual Revenue by Fund
Fiscal Year 2004-2005

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,070,945,800	\$2,315,124,400	\$3,493,572,700	\$0	\$43,178,900	\$219,069,800
Gasoline Tax	608,050,800	10,100,900	0	292,068,000	74,000,000	231,881,900
Motor Fuel Tax	173,682,100	3,293,100	0	124,852,700	0	45,536,300
Gasoline Inspection Tax	45,834,400	689,400	0	33,128,000	0	12,017,000
Motor Vehicle Registration Tax	231,253,800	34,929,700	178,200	196,145,900	0	0
Income Tax	155,919,100	119,883,400	0	0	0	36,035,700
Privilege Tax	257,233,100	257,098,000	135,100	0	0	0
Gross Receipts Tax - TVA	216,214,800	129,424,200	0	0	0	86,790,600
Gross Receipts Tax - Other	19,669,400	16,763,700	0	2,905,700	0	0
Beer Tax	17,254,900	11,862,000	0	2,166,700	0	3,226,200
Alcoholic Beverage Tax	37,115,700	31,217,400	0	0	0	5,898,300
Franchise Tax	528,213,600	510,213,600	0	0	18,000,000	0
Excise Tax	843,784,400	712,508,300	0	0	108,321,100	22,955,000
Inheritance and Estate Tax	82,890,400	82,890,400	0	0	0	0
Tobacco Tax	120,512,200	646,500	119,865,700	0	0	0
Motor Vehicle Title Fees	11,396,200	8,696,200	0	0	2,700,000	0
Mixed Drink Tax	43,142,900	1,937,100	21,571,000	0	0	19,634,800
Business Tax	114,662,900	114,662,900	0	0	0	0
Severance Tax	1,405,300	571,000	0	0	0	834,300
Coin-operated Amusement Tax	349,700	349,700	0	0	0	0
Unauthorized Substance Tax	65,800	20,400	0	0	0	45,400
Total Department of Revenue	\$9,579,597,300	\$4,362,882,300	\$3,635,322,700	\$651,267,000	\$246,200,000	\$683,925,300
Other State Revenue						
Department of Commerce and Insurance	\$378,349,700	\$378,349,700	\$0	\$0	\$0	\$0
Secretary of State	21,436,300	21,436,300	0	0	0	0
Department of Safety	38,353,300	38,353,300	0	0	0	0
State Treasurer	23,865,600	23,865,600	0	0	0	0
Dept. of Environment and Conservation	64,969,700	64,969,700	0	0	0	0
Miscellaneous Revenue	37,293,700	37,293,700	0	0	0	0
Nursing Home Tax	99,676,700	99,676,700	0	0	0	0
Total Other State Revenue	\$663,945,000	\$663,945,000	\$0	\$0	\$0	\$0
Total State Revenue	\$10,243,542,300	\$5,026,827,300	\$3,635,322,700	\$651,267,000	\$246,200,000	\$683,925,300

State Taxpayers Budget
Distribution of Revised Estimated Revenue by Fund
Fiscal Year 2005-2006

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,410,000,000	\$2,436,600,000	\$3,688,300,000	\$0	\$45,900,000	\$239,200,000
Gasoline Tax	608,100,000	11,200,000	0	282,300,000	82,500,000	232,100,000
Motor Fuel Tax	178,900,000	3,400,000	0	128,500,000	0	47,000,000
Gasoline Inspection Tax	46,400,000	900,000	0	33,500,000	0	12,000,000
Motor Vehicle Registration Tax	241,000,000	36,300,000	300,000	204,400,000	0	0
Income Tax	165,300,000	119,200,000	0	0	0	46,100,000
Privilege Tax	275,500,000	275,500,000	0	0	0	0
Gross Receipts Tax - TVA	221,400,000	131,600,000	0	0	0	89,800,000
Gross Receipts Tax - Other	20,700,000	17,600,000	0	3,100,000	0	0
Beer Tax	17,500,000	11,900,000	0	2,200,000	0	3,400,000
Alcoholic Beverage Tax	38,000,000	31,700,000	0	0	0	6,300,000
Franchise Tax	628,100,000	610,100,000	0	0	18,000,000	0
Excise Tax	791,900,000	641,000,000	0	0	127,900,000	23,000,000
Inheritance and Estate Tax	84,000,000	84,000,000	0	0	0	0
Tobacco Tax	121,000,000	700,000	120,300,000	0	0	0
Motor Vehicle Title Fees	11,400,000	8,700,000	0	0	2,700,000	0
Mixed Drink Tax	45,700,000	2,500,000	22,100,000	0	0	21,100,000
Business Tax	119,400,000	119,400,000	0	0	0	0
Severance Tax	1,400,000	400,000	0	0	0	1,000,000
Coin-operated Amusement Tax	300,000	300,000	0	0	0	0
Unauthorized Substance Tax	100,000	100,000	0	0	0	0
Total Department of Revenue	\$10,026,100,000	\$4,543,100,000	\$3,831,000,000	\$654,000,000	\$277,000,000	\$721,000,000
Other State Revenue						
Department of Commerce and Insurance	\$396,100,000	\$396,100,000	\$0	\$0	\$0	\$0
Secretary of State	21,500,000	21,500,000	0	0	0	0
Department of Safety	39,300,000	39,300,000	0	0	0	0
State Treasurer	45,000,000	45,000,000	0	0	0	0
Dept. of Environment and Conservation	65,100,000	65,100,000	0	0	0	0
Miscellaneous Revenue	31,000,000	31,000,000	0	0	0	0
Nursing Home Tax	100,200,000	100,200,000	0	0	0	0
Total Other State Revenue	\$698,200,000	\$698,200,000	\$0	\$0	\$0	\$0
Total State Revenue	\$10,724,300,000	\$5,241,300,000	\$3,831,000,000	\$654,000,000	\$277,000,000	\$721,000,000

State Taxpayers Budget
Distribution of Estimated Revenue by Fund
Fiscal Year 2006-2007

SOURCE OF REVENUE

Department of Revenue	Total Revenue	General Fund	Education Fund	Highway Fund	Debt Service Fund	Cities & Counties
Sales and Use Tax	\$6,718,700,000	\$2,554,200,000	\$3,865,300,000	\$0	\$48,100,000	\$251,100,000
Gasoline Tax	608,700,000	11,300,000	0	280,700,000	84,500,000	232,200,000
Motor Fuel Tax	184,300,000	3,500,000	0	132,400,000	0	48,400,000
Gasoline Inspection Tax	47,600,000	1,200,000	0	34,400,000	0	12,000,000
Motor Vehicle Registration Tax	259,000,000	49,800,000	300,000	208,900,000	0	0
Income Tax	162,200,000	113,300,000	0	0	0	48,900,000
Privilege Tax	278,000,000	278,000,000	0	0	0	0
Gross Receipts Tax - TVA	228,000,000	134,800,000	0	0	0	93,200,000
Gross Receipts Tax - Other	21,800,000	18,500,000	0	3,300,000	0	0
Beer Tax	17,700,000	12,000,000	0	2,200,000	0	3,500,000
Alcoholic Beverage Tax	38,400,000	32,000,000	0	0	0	6,400,000
Franchise Tax	640,700,000	622,700,000	0	0	18,000,000	0
Excise Tax	807,700,000	641,600,000	0	0	143,100,000	23,000,000
Inheritance and Estate Tax	84,000,000	84,000,000	0	0	0	0
Tobacco Tax	121,000,000	700,000	120,300,000	0	0	0
Motor Vehicle Title Fees	11,800,000	9,100,000	0	0	2,700,000	0
Mixed Drink Tax	48,500,000	2,700,000	23,400,000	0	0	22,400,000
Business Tax	124,300,000	124,300,000	0	0	0	0
Severance Tax	1,400,000	400,000	0	0	0	1,000,000
Coin-operated Amusement Tax	300,000	300,000	0	0	0	0
Unauthorized Substance Tax	100,000	100,000	0	0	0	0
Total Department of Revenue	\$10,404,200,000	\$4,694,500,000	\$4,009,300,000	\$661,900,000	\$296,400,000	\$742,100,000
Other State Revenue						
Department of Commerce and Insurance	\$410,800,000	\$410,800,000	\$0	\$0	\$0	\$0
Secretary of State	21,500,000	21,500,000	0	0	0	0
Department of Safety	39,300,000	39,300,000	0	0	0	0
State Treasurer	45,000,000	45,000,000	0	0	0	0
Dept. of Environment and Conservation	67,500,000	67,500,000	0	0	0	0
Miscellaneous Revenue	26,500,000	26,500,000	0	0	0	0
Nursing Home Tax	100,200,000	100,200,000	0	0	0	0
Total Other State Revenue	\$710,800,000	\$710,800,000	\$0	\$0	\$0	\$0
Total State Revenue	\$11,115,000,000	\$5,405,300,000	\$4,009,300,000	\$661,900,000	\$296,400,000	\$742,100,000

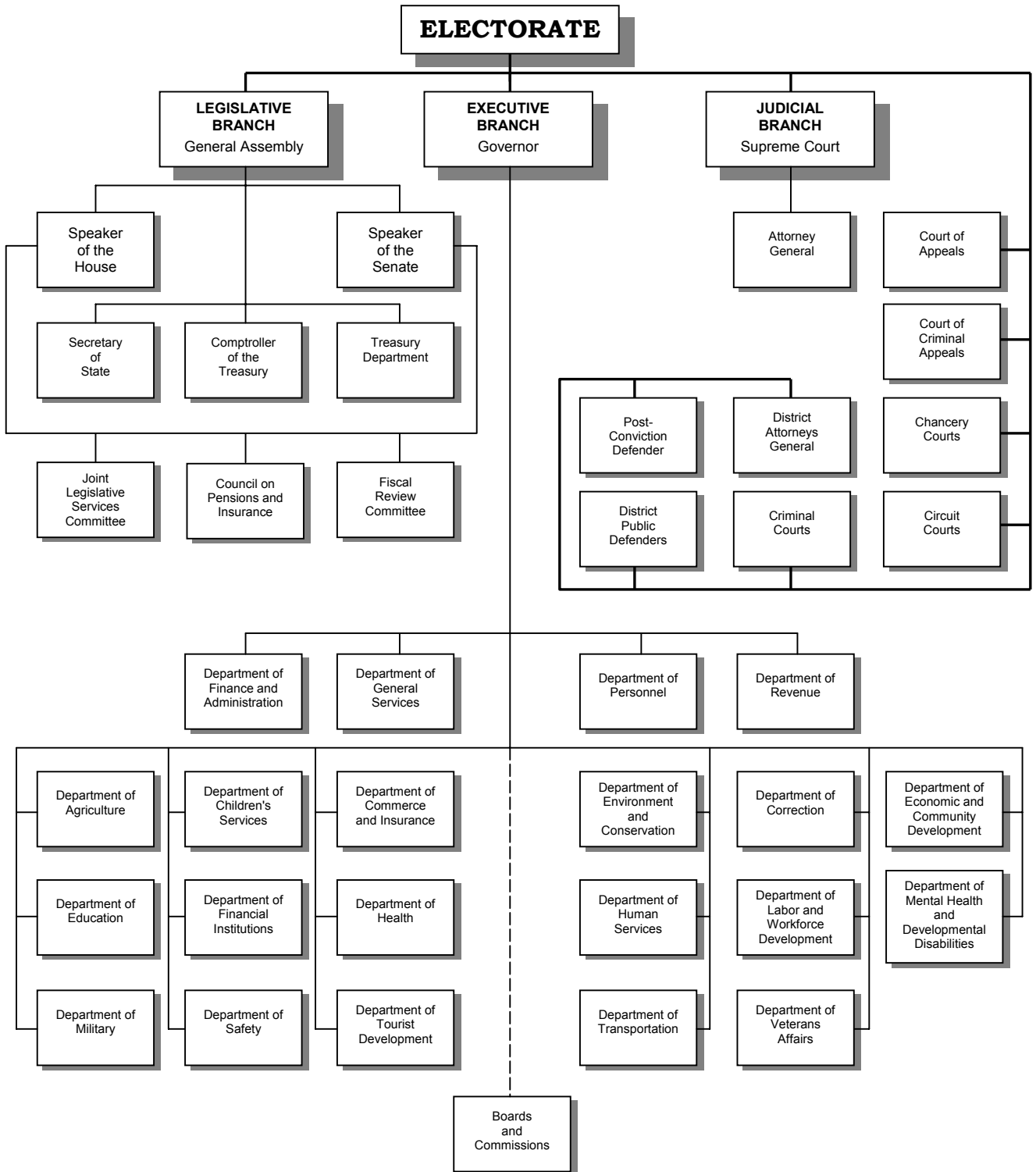
Program Statements by Functional Area

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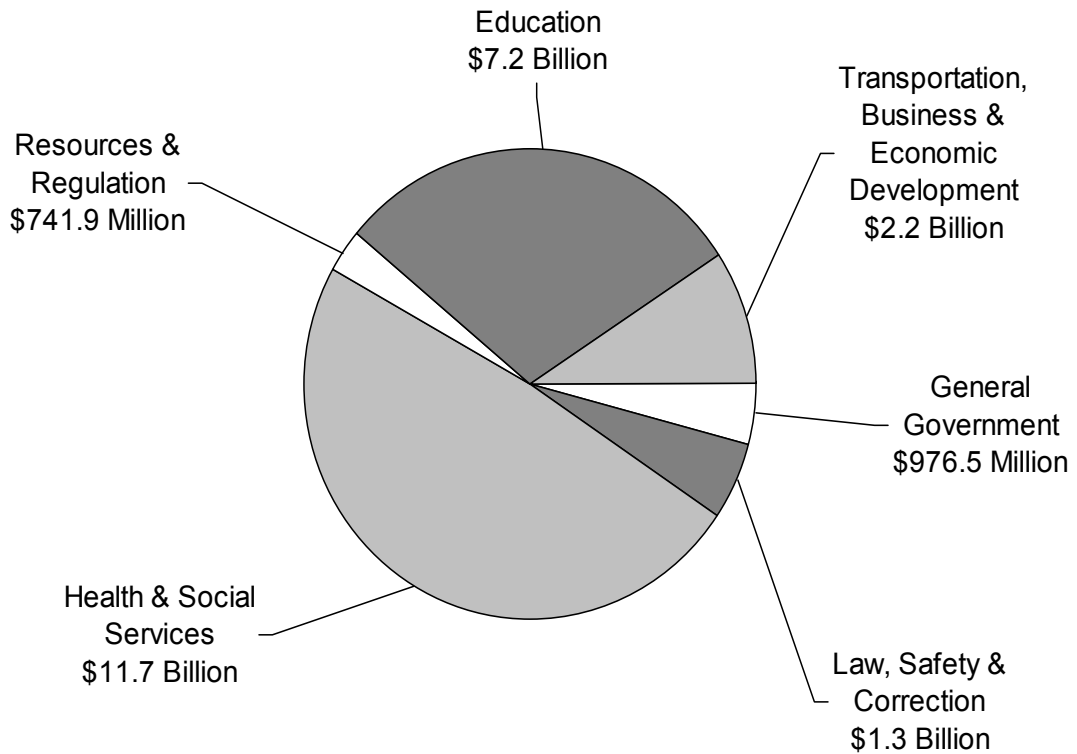
TENNESSEE STATE GOVERNMENT ORGANIZATIONAL CHART

FISCAL YEAR 2006 - 2007



Funds by Program Area

FY 2006 - 2007 Recommended



\$24,051,280,700 Total

The departments and agencies of state government are grouped into six broad “functional areas.” This chart summarizes the FY 2006 - 2007 recommended funding allocated by area. The following sections of the budget document provide detailed information about the activities of each group.

General Government
Recommended Budget for Fiscal Year 2006-2007
By Funding Source

Department	State	Federal	Other	Total
301.00 Legislature	34,555,400	0	137,500	34,692,900
301.50 Fiscal Review Committee	1,014,800	0	0	1,014,800
305.00 Secretary of State	26,013,800	6,306,700	9,515,700	41,836,200
307.00 Comptroller	69,577,800	0	10,386,800	79,964,600
309.00 Treasury Department	596,700	0	19,221,300	19,818,000
313.00 Claims and Compensation	9,909,900	3,415,100	75,286,100	88,611,100
315.00 Executive Department	3,683,100	0	0	3,683,100
315.05 Executive Department - Office of Homeland Security	2,007,900	0	4,036,600	6,044,500
316.04 Tennessee Human Rights Commission	1,533,500	549,300	0	2,082,800
316.11 Tennessee Regulatory Authority	7,590,200	350,000	3,400	7,943,600
316.12 Advisory Commission on Intergovernmental Relations	266,000	0	2,071,100	2,337,100
316.31 Tax Structure Study Commission	0	0	0	0
317.00 Finance and Administration	83,046,700	32,509,800	179,550,300	295,106,800
319.00 Personnel	4,766,000	0	5,285,800	10,051,800
321.00 General Services	2,169,400	0	93,247,600	95,417,000
323.00 Veterans Affairs	3,396,700	360,000	110,300	3,867,000
347.00 Revenue	47,319,700	22,000	21,313,700	68,655,400
351.00 Miscellaneous Appropriations	214,281,800	0	0	214,281,800
353.00 Emergency and Contingency Fund	819,300	0	0	819,300
355.00 State Building Commission	250,000	0	0	250,000
Total	\$512,798,700	\$43,512,900	\$420,166,200	\$976,477,800

Education
Recommended Budget for Fiscal Year 2006-2007
By Funding Source

Department	State	Federal	Other	Total
331.00 Education (K-12)	3,342,846,600	855,738,500	36,859,200	4,235,444,300
332.00 Higher Education	1,412,753,500	200,534,100	1,315,490,500 *	2,928,778,100
Total	\$4,755,600,100	\$1,056,272,600	\$1,352,349,700	\$7,164,222,400

* Includes Higher Education's tuition and fees and other revenue

Health and Social Services
Recommended Budget for Fiscal Year 2006-2007
By Funding Source

Department	State	Federal	Other	Total
316.01 Commission on Children and Youth	1,734,800	5,537,600	2,538,700	9,811,100
316.02 Commission on Aging and Disability	9,549,900	24,762,200	2,116,300	36,428,400
316.07 Health Services and Development Agency	1,042,200	0	16,400	1,058,600
316.10 Council of Juvenile and Family Court Judges	0	0	0	0
318.00 Finance and Administration, Bureau of TennCare	2,672,705,900	4,525,389,300	301,345,200	7,499,440,400
339.00 Mental Health and Developmental Disabilities	137,190,400	21,597,100	90,700,600	249,488,100
343.00 Health	143,092,000	272,732,800	118,755,200	534,580,000
344.00 Division of Mental Retardation Services	81,772,800	2,602,700	740,142,100	824,517,600
345.00 Human Services	167,354,700	1,605,592,700	136,866,800	1,909,814,200
359.00 Children's Services	305,268,400	105,014,200	207,084,900	617,367,500
Total	\$3,519,711,100	\$6,563,228,600	\$1,599,566,200	\$11,682,505,900

Law, Safety and Correction
Recommended Budget for Fiscal Year 2006-2007
By Funding Source

Department	State	Federal	Other	Total
302.00 Court System	99,145,000	200,000	3,748,400	103,093,400
303.00 Attorney General and Reporter	18,957,700	0	11,255,200	30,212,900
304.00 District Attorneys General Conference	56,609,900	0	18,624,300	75,234,200
306.00 District Public Defenders Conference	33,298,400	0	1,503,300	34,801,700
308.00 Office of the Post-Conviction Defender	1,268,800	0	0	1,268,800
316.03 Alcoholic Beverage Commission	0	0	4,705,400	4,705,400
316.08 TRICOR	0	0	32,712,200	32,712,200
316.09 Corrections Institute	698,500	0	15,000	713,500
324.00 Board of Probation and Parole	66,034,500	0	805,000	66,839,500
329.00 Correction	579,266,000	15,541,800	15,585,600	610,393,400
341.00 Military	11,008,800	98,635,700	2,359,400	112,003,900
348.00 Tennessee Bureau of Investigation	31,922,100	7,878,100	12,113,900	51,914,100
349.00 Safety	136,664,800	7,623,800	38,887,600	183,176,200
Total	\$1,034,874,500	\$129,879,400	\$142,315,300	\$1,307,069,200

Resources and Regulation
Recommended Budget for Fiscal Year 2006-2007
By Funding Source

Department	State	Federal	Other	Total
316.25 Arts Commission	5,635,800	613,500	514,900	6,764,200
316.27 State Museum	2,916,600	0	25,000	2,941,600
327.00 Environment & Conservation	171,614,800	71,841,600	93,107,000	336,563,400
328.00 Tennessee Wildlife Resources Agency	47,823,100	18,480,100	8,117,800	74,421,000
335.00 Commerce and Insurance	50,421,600	258,700	39,934,100	90,614,400
336.00 Financial Institutions	7,725,500	0	6,912,700	14,638,200
337.00 Labor and Workforce Development	38,854,100	152,536,100	24,533,000	215,923,200
Total	\$324,991,500	\$243,730,000	\$173,144,500	\$741,866,000

**Transportation, Business and Economic Development
Recommended Budget for Fiscal Year 2006-2007
By Funding Source**

Department	State	Federal	Other	Total
316.20 Tennessee Housing Development Agency	0	250,619,300	16,106,400	266,725,700
325.00 Agriculture	57,838,800	11,313,500	8,439,400	77,591,700
326.00 Tourist Development	11,948,600	0	5,741,200	17,689,800
330.00 Economic and Community Development	51,533,400	33,107,100	11,633,700	96,274,200
400.00 Transportation	764,900,000	904,029,000	51,929,000	1,720,858,000
Total	\$886,220,800	\$1,199,068,900	\$93,849,700	\$2,179,139,400

General Government

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General Government

Recommended Budget, Fiscal Year 2006 – 2007

This functional area is comprised of those elements of state government that make and execute the laws and are responsible for the overall daily operation and coordination of the many activities of government.

This functional area represents a diverse group of departments and agencies. Included are the General Assembly and the three constitutional officers elected by that body:

- Secretary of State
- Comptroller of the Treasury
- State Treasurer.

The Executive Department, including the Governor's Office, oversees the daily operation of state government and is responsible for ensuring that state laws are enforced, taxes are collected, a budget is proposed, and public monies are spent wisely.

The Office of Homeland Security, a staff division of the Executive Department, is responsible for developing and implementing a comprehensive strategy to secure the State of Tennessee from terrorist threats and attacks. The office interacts with the federal Department of Homeland Security and coordinates state homeland security actions through the Homeland Security Council, in order to assure a safe and healthy environment for all Tennesseans.

Also included in this functional group are the departments that assist the Governor in a staff function:

- Finance and Administration
- Personnel
- General Services
- Revenue.

These departments facilitate the successful operation of state government by providing support for all departments.

In addition, the Department of General Services and the Department of Finance and Administration are responsible for overseeing and administering the State Office Building and Support Facilities Revolving Fund (FRF), which provides funding for a self-perpetuating maintenance and renovation program for state-owned buildings. Budget information concerning FRF can be found in the Capital Outlay and Facilities program section. Capital improvements and major maintenance projects are supported by this fund, as well as repair, upgrade, relocation, leased space, warehouse space, and facility management plans.

The Real Property Administration division of the Department of Finance and Administration is responsible for capital improvements and maintenance projects and addressing the need for energy management in state-owned facilities. The Property Services Management Division of the Department of General Services is responsible for effectively managing, operating, and maintaining state office buildings. This department utilizes state employees and contracted services to effectively maintain these assets and deliver all appropriate services to the tenants.

This functional group also includes four agencies whose responsibilities affect many facets of government:

- Tennessee Regulatory Authority
- Human Rights Commission
- Advisory Commission on Intergovernmental Relations
- Veterans Affairs.

The Tax Structure Study Commission was created on July 4, 2002, by Acts of 2002, Public Chapter 856, and performed a study of the tax structure in Tennessee. The commission reported its findings in December of 2004 and terminated on December 31, 2004.

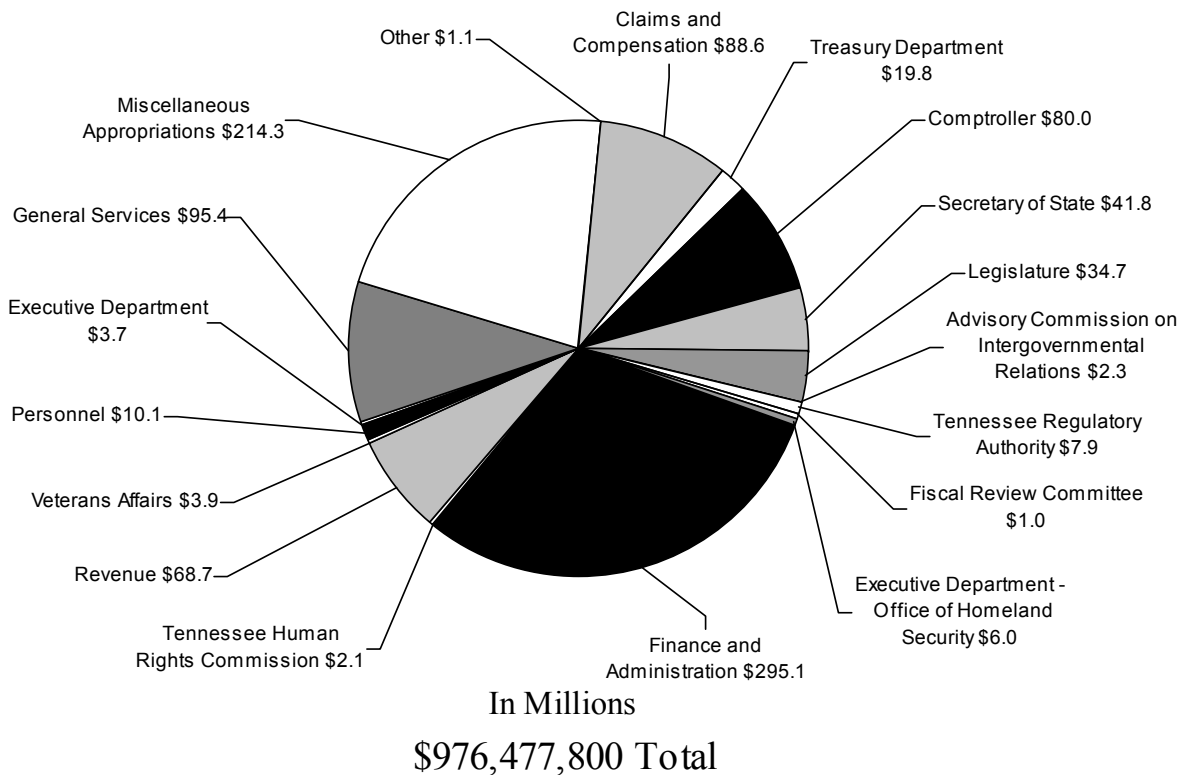
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government; (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year,

compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among the departments within the group. Funding mixes within each department vary, as some are exclusively state funded, while others represent state, federal, and other sources of funding.

General Government FY 2006 - 2007 Recommended



General Government Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel			
Full Time	4,432	4,540	4,583
Part Time	173	171	171
Seasonal	21	21	21
TOTAL	<u>4,626</u>	<u>4,732</u>	<u>4,775</u>
Expenditures			
Payroll	\$233,150,400	\$265,894,900	\$267,566,800
Operational	403,533,700	678,933,000	708,911,000
TOTAL	<u>\$636,684,100</u>	<u>\$944,827,900</u>	<u>\$976,477,800</u>
Funding			
State	\$232,762,600	\$396,598,400	\$512,798,700
Federal	33,004,600	43,298,200	43,512,900
Other	370,916,900	504,931,300	420,166,200

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Secretary of State					
• Blue Book					
To provide recurring funds for the Tennessee Blue Book, the manual of information on Tennessee and its government.					
305.03 Public Documents	\$125,000	\$0	\$0	\$125,000	0
Sub-total	\$125,000	\$0	\$0	\$125,000	0
• Local Library Construction					
To provide additional funds for local public library construction and renovation. This appropriation is non-recurring.					
305.06 Library Construction	\$1,000,000	\$0	\$0	\$1,000,000	0
Sub-total	\$1,000,000	\$0	\$0	\$1,000,000	0
Total Secretary of State	\$1,125,000	\$0	\$0	\$1,125,000	0
Comptroller					
• Property Tax Appraisal and Assessment System					
To provide funds for the re-development and integration of statewide property tax assessments and appraisal information systems supporting state and local government functions. The system will provide a uniform means of maintaining property characteristics and valuation data and will provide on-line access to information and electronic submission of data. This funding is non-recurring.					
307.02 Office of Management Services	\$1,600,000	\$0	\$0	\$1,600,000	0
Sub-total	\$1,600,000	\$0	\$0	\$1,600,000	0
• County Audit					
To provide funds for three County Audit Division positions, including one audit manager for internal controls system and technical support and two information systems auditors for review of county information and financial systems.					
307.05 Division of County Audit	\$194,500	\$0	\$0	\$194,500	3
Sub-total	\$194,500	\$0	\$0	\$194,500	3
• Performance Review					
To provide funding for an additional audit position to assist the Comptroller of the Treasury with responsibilities under the Tennessee Governmental Accountability Act of 2002. For state agencies phased into performance-based budgeting, the Comptroller's responsibilities under the act include annual review of performance measures and related information and audit of actual performance to determine the extent to which state agencies are delivering services and achieving objectives reported in the performance-based budget.					
307.04 Division of State Audit	\$62,800	\$0	\$0	\$62,800	1
Sub-total	\$62,800	\$0	\$0	\$62,800	1
Total Comptroller	\$1,857,300	\$0	\$0	\$1,857,300	4

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Treasury Department					
• County Certified Public Administrators					
To provide full funding for the Certified Public Administrators continuing education incentive payment program for counties, established by T.C.A. 5-1-310. This program provides training incentive payments up to \$1,500 to certain county officers completing advanced training and continuing education, including assessors of property, county clerks, county trustees, registers of deeds, and various court clerks. This appropriation is from the reallocation of existing litigation taxes.					
309.02 Certified Public Administrators	\$442,400	\$0	\$0	\$442,400	0
Sub-total	\$442,400	\$0	\$0	\$442,400	0
• Tennessee Consolidated Retirement System					
To provide three positions for Tennessee Consolidated Retirement System (TCRS) accounting and portfolio management. These positions are necessary to manage small-cap equity assets and for credit analysis and actuarial support.					
309.01 Treasury Department	\$0	\$0	\$154,300	\$154,300	3
Sub-total	\$0	\$0	\$154,300	\$154,300	3
• Fiscal Services					
To provide funds for two accounting positions in the fiscal services and unclaimed property divisions.					
309.01 Treasury Department	\$0	\$0	\$70,000	\$70,000	2
Sub-total	\$0	\$0	\$70,000	\$70,000	2
• Flexible Benefits					
To promote increased participation in the state's flexible benefits program. The additional position is needed to ensure timely claims processing and customer service. Increased FICA savings generated from improved participation will cover these additional costs.					
309.01 Treasury Department	\$0	\$0	\$139,200	\$139,200	1
Sub-total	\$0	\$0	\$139,200	\$139,200	1
• Information Systems					
To provide funding for two additional positions to assist with the operation and analysis of the department's various information systems.					
309.01 Treasury Department	\$0	\$0	\$138,700	\$138,700	2
Sub-total	\$0	\$0	\$138,700	\$138,700	2
Total Treasury Department	\$442,400	\$0	\$502,200	\$944,600	8

General Government Improvements for Fiscal Year 2006-2007

	State	Federal	Other	Total	Positions
Executive Department - Office of Homeland Security					
• Intelligence Fusion Center					
To provide funding to staff and equip an intelligence and information fusion center. This center will manage the flow of information and intelligence across public and private sectors to support the rapid identification of emerging threats and circumstances requiring intervention. The center will enhance the state's ability to compile, analyze, and disseminate terrorism information through professional analysts. This will improve the state's support of first responders and other support agencies.					
315.05 Office of Homeland Security	\$1,123,800	\$0	\$0	\$1,123,800	8
Sub-total	\$1,123,800	\$0	\$0	\$1,123,800	8
Total Executive Department - Office of Homeland Security	\$1,123,800	\$0	\$0	\$1,123,800	8

Finance and Administration

• Health Care Safety Net					
To provide funding for the continuation of the Health Care Safety Net. The Safety Net was established in 2005-2006 to ease the transition of persons losing TennCare coverage due to reform efforts. In addition to the recurring base funds, this improvement provides \$10,250,000 in non-recurring funds for transitional costs, donated bulk pharmacy, and regional specialty networks. An additional recurring \$800,000 is provided for a health care program in Shelby County, and \$1,080,000 recurring is provided for administration and support services. In the Department of Health budget, an improvement of \$11.3 million in recurring funds is provided to annualize the cost of 234 Safety Net positions that were established and partially funded in 2005-2006.					
317.15 State Health Planning Division	\$12,130,000	\$0	\$0	\$12,130,000	4
Sub-total	\$12,130,000	\$0	\$0	\$12,130,000	4
• Drug Courts					
To provide recurring funds for the Davidson County residential drug court program (\$500,000); for residential drug courts in Shelby, Knox, and Hamilton counties (\$500,000 each); and \$1,500,000 for other drug courts. The appropriation is from the reallocation of existing litigation taxes.					
317.06 Criminal Justice Programs	\$3,500,000	\$0	\$0	\$3,500,000	0
Sub-total	\$3,500,000	\$0	\$0	\$3,500,000	0
• Capital Budget Analysis					
To provide funding for an additional position for capital planning and capital budgeting. Growth in the number and complexity of capital projects of state agencies, including higher education, requires more analysis and oversight. In addition, this position will enhance multi-year capital budgeting efforts. Currently, the Division of Budget has one position dedicated to capital budgeting.					
317.02 Division of Budget	\$96,200	\$0	\$0	\$96,200	1
Sub-total	\$96,200	\$0	\$0	\$96,200	1

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
<ul style="list-style-type: none"> • Electronic Fingerprint Program To provide funding from dedicated privilege tax revenues for grants to local law enforcement agencies to purchase electronic fingerprinting equipment. 					
317.06 Criminal Justice Programs	\$134,000	\$0	\$0	\$134,000	0
Sub-total	\$134,000	\$0	\$0	\$134,000	0
Total Finance and Administration	\$15,860,200	\$0	\$0	\$15,860,200	5

Personnel

<ul style="list-style-type: none"> • Computer and Information System Replacement To provide recurring funds to replace desktop computers and peripheral equipment on a four-year replacement schedule (\$44,800 state appropriation) and to replace an electronic document storage and retrieval system, which stores employment applications, employee separation folders, and position classification questionnaires. 					
319.01 Executive Administration	\$44,800	\$0	\$10,600	\$55,400	0
Sub-total	\$44,800	\$0	\$10,600	\$55,400	0
Total Personnel	\$44,800	\$0	\$10,600	\$55,400	0

Veterans Affairs

<ul style="list-style-type: none"> • Cemetery Supplies To provide additional funding for operational equipment and supplies for veterans cemeteries in Memphis, Nashville, and Knoxville. 					
323.00 Veterans Affairs	\$115,000	\$0	\$0	\$115,000	0
Sub-total	\$115,000	\$0	\$0	\$115,000	0
Total Veterans Affairs	\$115,000	\$0	\$0	\$115,000	0

Revenue

<ul style="list-style-type: none"> • Tax Fraud Enforcement To provide funds for an additional special agent position for tax fraud enforcement. 					
347.01 Administration Division	\$98,700	\$0	\$0	\$98,700	1
Sub-total	\$98,700	\$0	\$0	\$98,700	1
Total Revenue	\$98,700	\$0	\$0	\$98,700	1

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Miscellaneous Appropriations					
• Salary Increase - State and Higher Education Employees - July 1, 2006					
To fund a 1% salary increase for state employees and a 2% increase for higher education employees effective July 1, 2006. In the higher education systems, this funds the raise in the non-academic formula units; academic formula units will provide funds for a 2% raise through tuition increases or budget adjustments. Funds are recommended elsewhere, in the Education Department budget, for a 2% salary increase for teachers and other K-12 employees.					
351.00 Miscellaneous Appropriations	\$19,400,000	\$0	\$0	\$19,400,000	0
Sub-total	\$19,400,000	\$0	\$0	\$19,400,000	0
• Salary Compression - State Employees					
To provide funds to address state employee salary compression issues. Within the state's compensation structure, the difference in compensation between newly hired employees and many longer-tenured employees is considered to be too little. This appropriation funds approximately one-third of the complete salary compression plan and will begin the process of alleviating salary compression in a systematic manner, improving employee productivity, lowering turnover, and reducing the costs associated with hiring and training new employees.					
351.00 Miscellaneous Appropriations	\$20,000,000	\$0	\$0	\$20,000,000	0
Sub-total	\$20,000,000	\$0	\$0	\$20,000,000	0
• Classification-Compensation - State Employees					
To provide funding for classification-compensation salary adjustments for state employees.					
351.00 Miscellaneous Appropriations	\$7,000,000	\$0	\$0	\$7,000,000	0
Sub-total	\$7,000,000	\$0	\$0	\$7,000,000	0
• Tennessee Consolidated Retirement System - July 1, 2006					
To provide funds for a Tennessee Consolidated Retirement System (TCRS) rate increase effective July 1, 2006. This includes funds for state agencies, higher education, and K-12 local education agencies.					
351.00 Miscellaneous Appropriations	\$63,600,000	\$0	\$0	\$63,600,000	0
Sub-total	\$63,600,000	\$0	\$0	\$63,600,000	0
• Group Health Insurance - January 1, 2006					
To provide funds to annualize the state share of the January 1, 2006, group health insurance premium increase for state and higher education employees, which was funded for six months in the current-year budget. K-12 education funding to annualize the premium increase is included in the Education Department budget.					
351.00 Miscellaneous Appropriations	\$5,408,900	\$0	\$0	\$5,408,900	0
Sub-total	\$5,408,900	\$0	\$0	\$5,408,900	0

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Group Health Insurance - January 1, 2007					
To provide funding for the state share of the January 1, 2007, group health insurance premium increase for state and higher education employees. This is funded for six months in the recommended budget. K-12 education funding for this rate increase is included in the Education Department budget.					
351.00 Miscellaneous Appropriations	\$15,300,000	\$0	\$0	\$15,300,000	0
Sub-total	\$15,300,000	\$0	\$0	\$15,300,000	0
• Retirees and Retired Teachers Health Insurance					
To provide additional funding for health insurance of retired state employees (\$800,000) and retired teachers (\$3,200,000).					
351.00 Miscellaneous Appropriations	\$4,000,000	\$0	\$0	\$4,000,000	0
Sub-total	\$4,000,000	\$0	\$0	\$4,000,000	0
• Enterprise Resource Planning					
To provide funding for the Enterprise Resource Planning (ERP) systems development project. A recurring state appropriation of \$13 million will provide funding for debt service on \$81.3 million in ten year bonds. A non-recurring state appropriation in the amount of \$15.1 million will be used to purchase software and other one-time expenditures needed for the project. Upon completion, the ERP system will provide an integrated system addressing the state's core processes for human resources, payroll, procurement, and financial management.					
351.00 Miscellaneous Appropriations	\$28,100,000	\$0	\$0	\$28,100,000	0
Sub-total	\$28,100,000	\$0	\$0	\$28,100,000	0
• Communications Interoperability					
To provide initial funding for communications interoperability, which will enhance homeland security and disaster response. Interoperable communication systems will improve exchange and use of information among first responders. This appropriation is non-recurring.					
351.00 Miscellaneous Appropriations	\$4,000,000	\$0	\$0	\$4,000,000	0
Sub-total	\$4,000,000	\$0	\$0	\$4,000,000	0
• Ethics Legislation					
To provide funds to implement the proposed Governmental Ethics Reform Act of 2006, as identified in the fiscal note on the legislative study committee bill. Funding provides for eight full-time positions for the proposed ethics commission, three positions for the Registry of Election Finance, and six positions for the Attorney General and Reporter. The appropriation includes \$1,042,900 from general fund revenues and \$408,000 from dedicated fees.					
351.00 Miscellaneous Appropriations	\$1,450,900	\$0	\$0	\$1,450,900	17
Sub-total	\$1,450,900	\$0	\$0	\$1,450,900	17

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
<ul style="list-style-type: none"> • Internet Stalking Legislation - Incarceration Cost To provide funds for incarceration costs resulting from Internet stalking legislation. 					
351.00 Miscellaneous Appropriations	\$500,000	\$0	\$0	\$500,000	0
Sub-total	\$500,000	\$0	\$0	\$500,000	0
<ul style="list-style-type: none"> • Administration Legislation To provide funds for the cost of Administration legislation. 					
351.00 Miscellaneous Appropriations	\$2,000,000	\$0	\$0	\$2,000,000	0
Sub-total	\$2,000,000	\$0	\$0	\$2,000,000	0
<ul style="list-style-type: none"> • Performance-Based Budgeting To provide funds to continue implementation of performance-based budgeting. These funds will be distributed to affected agencies in the next round of the program. 					
351.00 Miscellaneous Appropriations	\$500,000	\$0	\$0	\$500,000	0
Sub-total	\$500,000	\$0	\$0	\$500,000	0
<ul style="list-style-type: none"> • Motor Vehicle Operations To provide funds for increased motor vehicle operating expenses resulting from rising fuel costs. 					
351.00 Miscellaneous Appropriations	\$3,440,000	\$0	\$0	\$3,440,000	0
Sub-total	\$3,440,000	\$0	\$0	\$3,440,000	0
<ul style="list-style-type: none"> • Utilities - Natural Gas and Propane To provide funding for rising utility costs resulting from higher natural gas and propane prices. 					
351.00 Miscellaneous Appropriations	\$2,000,000	\$0	\$0	\$2,000,000	0
Sub-total	\$2,000,000	\$0	\$0	\$2,000,000	0
<ul style="list-style-type: none"> • Mileage Rate Increase To provide funds for a mileage rate increase from 38 cents to 42 cents, effective January 1, 2006. The rate was raised to 46 cents on September 19, 2005, and lowered to 42 cents on January 1, 2006. 					
351.00 Miscellaneous Appropriations	\$1,620,000	\$0	\$0	\$1,620,000	0
Sub-total	\$1,620,000	\$0	\$0	\$1,620,000	0

General Government Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Postage Rate Increase					
To provide funds for a postal rate increase, including a 1 cent increase for state postal and messenger mail services, effective October 2005, and an increase in U.S. Postal Service rates, effective January 2006 (from 37 cents to 39 cents for first-class stamps).					
351.00 Miscellaneous Appropriations	\$950,000	\$0	\$0	\$950,000	0
Sub-total	\$950,000	\$0	\$0	\$950,000	0
• Risk Management Premiums					
To provide funds for a Board of Claims premium increase, effective July 1, 2006.					
351.00 Miscellaneous Appropriations	\$800,000	\$0	\$0	\$800,000	0
Sub-total	\$800,000	\$0	\$0	\$800,000	0
• Rent Adjustments					
To provide funds for rent increases for state agencies resulting from federal Circular A-87 rate adjustments and market rate adjustments.					
351.00 Miscellaneous Appropriations	\$631,000	\$0	\$0	\$631,000	0
Sub-total	\$631,000	\$0	\$0	\$631,000	0
Total Miscellaneous Appropriations	\$180,700,800	\$0	\$0	\$180,700,800	17
Total General Government	\$201,368,000	\$0	\$512,800	\$201,880,800	43

Legislature

As the legislative branch of Tennessee State Government, the General Assembly consists of the Senate and the House of Representatives. The primary powers vested in it by the Constitution of the State include the enactment of laws for all citizens and the financing of state government operations by levying taxes and appropriating state revenues.

Administrative and Support Services

The various support offices of the Legislature are charged with the operational administration of the two houses. Their responsibilities include:

- Printing and distributing bills and calendars during legislative sessions
- Conducting research on legislation
- Summarizing and dispersing information relating to legislation
- Assisting in formulation of legislation
- Providing summaries and abstracts of legislation to be considered
- Rendering legal opinions concerning legislation
- Continually reviewing Public Chapters.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
301.01 Legislative Administration Services					
Full-Time	18	20	20	0	20
Part-Time	3	3	3	0	3
Seasonal	0	0	0	0	0
Total	21	23	23	0	23
Payroll	1,074,400	1,369,800	1,369,800	0	1,369,800
Operational	3,117,600	3,307,600	3,302,600	0	3,302,600
Total	\$4,192,000	\$4,677,400	\$4,672,400	\$0	\$4,672,400
State	4,172,300	4,660,400	4,655,400	0	4,655,400
Federal	0	0	0	0	0
Other	19,700	17,000	17,000	0	17,000
301.16 General Assembly Support Services					
Full-Time	62	62	62	0	62
Part-Time	29	29	29	0	29
Seasonal	0	0	0	0	0
Total	91	91	91	0	91
Payroll	4,703,100	5,610,800	5,610,800	0	5,610,800
Operational	1,089,300	3,081,600	1,081,600	0	1,081,600
Total	\$5,792,400	\$8,692,400	\$6,692,400	\$0	\$6,692,400
State	5,700,900	8,622,400	6,622,400	0	6,622,400
Federal	0	0	0	0	0
Other	91,500	70,000	70,000	0	70,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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301.17 Tennessee Code Commission

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	36,100	69,600	69,600	0	69,600
Total	\$36,100	\$69,600	\$69,600	\$0	\$69,600
State	36,100	69,600	69,600	0	69,600
Federal	0	0	0	0	0
Other	0	0	0	0	0

Legislative Services

Legislative Services provides financial and administrative support for the General Assembly. Funds are disbursed for the payment of Senate and House members' expenses, for the operating costs of the two Speakers, and for expenses incurred by the standing committees of the two houses. Select committees are created to focus on special needs that the General Assembly feels merit closer study.

301.07 House of Representatives

Full-Time	206	206	206	0	206
Part-Time	40	40	40	0	40
Seasonal	0	0	0	0	0
Total	246	246	246	0	246
Payroll	9,922,900	11,051,500	10,964,100	0	10,964,100
Operational	2,591,200	3,801,900	3,636,400	0	3,636,400
Total	\$12,514,100	\$14,853,400	\$14,600,500	\$0	\$14,600,500
State	12,474,500	14,824,900	14,572,000	0	14,572,000
Federal	0	0	0	0	0
Other	39,600	28,500	28,500	0	28,500

301.08 State Senate

Full-Time	100	100	100	0	100
Part-Time	54	54	54	0	54
Seasonal	0	0	0	0	0
Total	154	154	154	0	154
Payroll	5,395,600	6,315,600	6,284,600	0	6,284,600
Operational	1,367,500	1,818,000	1,802,500	0	1,802,500
Total	\$6,763,100	\$8,133,600	\$8,087,100	\$0	\$8,087,100
State	6,739,400	8,111,600	8,065,100	0	8,065,100
Federal	0	0	0	0	0
Other	23,700	22,000	22,000	0	22,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
301.13 General Assembly Committees					
Full-Time	7	7	7	0	7
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	7	7	7	0	7
Payroll	475,300	480,300	480,300	0	480,300
Operational	47,100	90,600	90,600	0	90,600
Total	\$522,400	\$570,900	\$570,900	\$0	\$570,900
State	522,400	570,900	570,900	0	570,900
Federal	0	0	0	0	0
Other	0	0	0	0	0
301.00 Department Total					
Full-Time	393	395	395	0	395
Part-Time	126	126	126	0	126
Seasonal	0	0	0	0	0
Total	519	521	521	0	521
Payroll	21,571,300	24,828,000	24,709,600	0	24,709,600
Operational	8,248,800	12,169,300	9,983,300	0	9,983,300
Total	\$29,820,100	\$36,997,300	\$34,692,900	\$0	\$34,692,900
State	29,645,600	36,859,800	34,555,400	0	34,555,400
Federal	0	0	0	0	0
Other	174,500	137,500	137,500	0	137,500

Fiscal Review Committee

Within the General Assembly, the Fiscal Review Committee is a special, continuing committee. It is comprised of the Speaker of the Senate, the Speaker of the House of Representatives, the chairs of the Senate and the House Finance, Ways and Means committees and 15 other members of the General Assembly who are appointed from each house by the respective speaker.

The purpose of this committee is to become knowledgeable about the fiscal affairs of the state and to impart this knowledge to the members of the General Assembly. The committee conducts a continuing review of the finances of state government and of state agencies and programs. The committee also has the responsibility under law of preparing and distributing fiscal notes on all legislation. The committee has a staff and an executive director to assist with these functions.

	<u>Actual</u> 2004-2005	<u>Estimated</u> 2005-2006	<u>Base</u> 2006-2007	<u>Improvement</u> 2006-2007	<u>Recommended</u> 2006-2007
301.50 Fiscal Review Committee					
Full-Time	12	12	12	0	12
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	12	12	12	0	12
Payroll	904,700	980,100	980,100	0	980,100
Operational	24,700	32,300	34,700	0	34,700
Total	\$929,400	\$1,012,400	\$1,014,800	\$0	\$1,014,800
State	929,400	1,012,400	1,014,800	0	1,014,800
Federal	0	0	0	0	0
Other	0	0	0	0	0

Secretary of State

The Secretary of State is a constitutional officer elected by the General Assembly to record and maintain the official acts of the Governor. The specific duties of the Secretary of State include:

- Recording the acts of the General Assembly
- Registering trademarks
- Receiving and recording corporate charter applications
- Administering the provisions of the Uniform Commercial Code
- Administering the provisions of the Uniform Administrative Procedures Act
- Managing the State Library and Archives and promoting library services in Tennessee
- Coordinating elections in Tennessee
- Implementing and administering the laws relative to charitable gaming and the solicitation of charitable contributions.

The State Election Commission, Registry of Election Finance, and the Economic Council on Women are administratively attached to the Secretary of State. The two program areas that comprise the Secretary of State's Office are Administrative and Support Services and State Library Services.

Administrative and Support Services

Administrative and support services provide services essential to carrying out the responsibilities of the Secretary of State. These responsibilities and programs include:

- Processing and handling record keeping for corporate filings, the Uniform Commercial Code, notaries public, and trademarks
- Hearing contested cases and reviewing administrative records for numerous state agencies and regulatory boards
- Providing information on how donations to charitable organizations are utilized and reviewing these organizations and the for-profit organizations they employ
- Providing fiscal and managerial support to the department
- Providing operational support to the State Election Commission to ensure uniformity in the administration of election laws
- Maintaining public documents on elections and campaigns to be available to the public and media
- Publishing Tennessee Public and Private Acts, the Tennessee Administrative Register, the Compilation of Tennessee Rules and Regulations, the *Blue Book*, and manuals regarding public elections and corporate filings.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
305.01 Secretary of State					
Full-Time	201	201	201	0	201
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	201	201	201	0	201
Payroll	10,189,400	12,105,900	12,105,900	0	12,105,900
Operational	3,134,100	3,121,400	3,121,400	0	3,121,400
Total	\$13,323,500	\$15,227,300	\$15,227,300	\$0	\$15,227,300
State	6,535,900	7,970,500	7,970,500	0	7,970,500
Federal	4,300	300,000	300,000	0	300,000
Other	6,783,300	6,956,800	6,956,800	0	6,956,800

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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305.02 State Election Commission

Full-Time	0	0	0	0	0
Part-Time	5	5	5	0	5
Seasonal	0	0	0	0	0
Total	5	5	5	0	5
Payroll	83,800	100,400	100,400	0	100,400
Operational	1,540,400	1,585,000	1,585,000	0	1,585,000
Total	\$1,624,200	\$1,685,400	\$1,685,400	\$0	\$1,685,400
State	1,624,200	1,685,400	1,685,400	0	1,685,400
Federal	0	0	0	0	0
Other	0	0	0	0	0

305.03 Public Documents

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	150,800	517,900	267,900	125,000	392,900
Total	\$150,800	\$517,900	\$267,900	\$125,000	\$392,900
State	150,000	517,900	267,900	125,000	392,900
Federal	0	0	0	0	0
Other	800	0	0	0	0

The Registry of Election Finance provides enforcement of the reporting requirements of the Campaign Financial Disclosure Law, Lobbyist Registration and Disclosure Law, and Conflict of Interest Disclosure Law. The registry also provides disclosure information to which the public is entitled by law.

305.07 Registry of Election Finance

Full-Time	5	5	5	0	5
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5	5	5	0	5
Payroll	253,700	279,700	279,700	0	279,700
Operational	92,800	118,400	112,400	0	112,400
Total	\$346,500	\$398,100	\$392,100	\$0	\$392,100
State	254,900	355,100	349,100	0	349,100
Federal	0	0	0	0	0
Other	91,600	43,000	43,000	0	43,000

The Charitable Solicitations and Charitable Gaming division is responsible for the registration and regulation of charitable organizations. The division also registers and regulates professional solicitors, professional fund raising counsel, vending machine operators, and charitable gaming events.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
305.09 Charitable Solicitations and Charitable Gaming					
Full-Time	19	21	21	0	21
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	19	21	21	0	21
Payroll	678,700	1,352,500	1,352,500	0	1,352,500
Operational	145,300	582,900	576,700	0	576,700
Total	\$824,000	\$1,935,400	\$1,929,200	\$0	\$1,929,200
State	0	230,200	230,200	0	230,200
Federal	0	0	0	0	0
Other	824,000	1,705,200	1,699,000	0	1,699,000

Congress passed the Help America Vote Act of 2002 requiring mandatory changes and improvements in the electoral process. With the assistance of federal funds, the Secretary of State is responsible for implementing and administering these mandatory changes including improved voting systems, provisional voting, and the establishment of a statewide voter registration database.

305.10 Help America Vote Act

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	29,500	2,000,000	2,000,000	0	2,000,000
Total	\$29,500	\$2,000,000	\$2,000,000	\$0	\$2,000,000
State	0	0	0	0	0
Federal	28,900	2,000,000	2,000,000	0	2,000,000
Other	600	0	0	0	0

State Library Services

Responsibilities of State Library Services include:

- Managing the State Library and Archives, including the Regional Library System
- Acquiring, restoring, and preserving historical material for public use
- Providing special library services to aged, isolated, economically and culturally disadvantaged, and disabled citizens, including the Library for the Blind and Physically Handicapped
- Providing access to collections for both government and public use
- Assisting local public libraries through the state regional library system
- Administering federal funds provided for library construction and renovation.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
305.04 State Library and Archives					
Full-Time	102	103	103	0	103
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	102	103	103	0	103
Payroll	5,216,600	5,438,900	5,438,900	0	5,438,900
Operational	4,363,800	5,599,700	5,199,700	0	5,199,700
Total	\$9,580,400	\$11,038,600	\$10,638,600	\$0	\$10,638,600
State	6,294,300	7,505,500	7,105,500	0	7,105,500
Federal	2,759,600	2,969,200	2,969,200	0	2,969,200
Other	526,500	563,900	563,900	0	563,900

305.05 Regional Library System

Full-Time	93	92	92	0	92
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	93	92	92	0	92
Payroll	4,203,000	4,451,800	4,451,800	0	4,451,800
Operational	3,132,000	3,514,800	3,514,800	0	3,514,800
Total	\$7,335,000	\$7,966,600	\$7,966,600	\$0	\$7,966,600
State	6,736,100	7,144,100	7,144,100	0	7,144,100
Federal	419,500	627,500	627,500	0	627,500
Other	179,400	195,000	195,000	0	195,000

305.06 Library Construction

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	110,000	510,000	400,000	1,000,000	1,400,000
Total	\$110,000	\$510,000	\$400,000	\$1,000,000	\$1,400,000
State	0	0	0	1,000,000	1,000,000
Federal	0	400,000	400,000	0	400,000
Other	110,000	110,000	0	0	0

Economic Council on Women

The 21 member Economic Council on Women was established to address the economic concerns and needs of women in Tennessee. The council conducts research, holds hearings, and develops policy recommendations relating to the effects of employment policies and practices, educational needs and opportunities, child care, property rights, health care, domestic relations, and federal and state laws on women.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
305.08 Economic Council on Women					
Full-Time	3	3	3	0	3
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	3	3	3	0	3
Payroll	105,000	187,900	169,900	0	169,900
Operational	37,300	47,300	34,200	0	34,200
Total	\$142,300	\$235,200	\$204,100	\$0	\$204,100
State	129,800	167,200	136,100	0	136,100
Federal	0	10,000	10,000	0	10,000
Other	12,500	58,000	58,000	0	58,000
305.00 Department Total					
Full-Time	423	425	425	0	425
Part-Time	5	5	5	0	5
Seasonal	0	0	0	0	0
Total	428	430	430	0	430
Payroll	20,730,200	23,917,100	23,899,100	0	23,899,100
Operational	12,736,000	17,597,400	16,812,100	1,125,000	17,937,100
Total	\$33,466,200	\$41,514,500	\$40,711,200	\$1,125,000	\$41,836,200
State	21,725,200	25,575,900	24,888,800	1,125,000	26,013,800
Federal	3,212,300	6,306,700	6,306,700	0	6,306,700
Other	8,528,700	9,631,900	9,515,700	0	9,515,700

Comptroller of the Treasury

The Comptroller of the Treasury is a constitutional officer elected by the General Assembly. Statutory duties include the audit of state and local governments, management of the state debt, support of the General Assembly and its committees, participation in the general financial and administrative management of state government, administration of property assessment for tax purposes, and support of local governments. The Comptroller administers the following functional areas:

- Administrative and support services
- Audit services
- Bond finance services
- Services to local governments
- Offices of Research and Education Accountability
- Office of State Assessed Properties.

Administrative and Support Services

Administrative and Support Services directs and coordinates administrative activities within the Comptroller's office. They also provide printing, duplicating, and processing of out-going mail for the legislature and constitutional offices.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
307.01 Division of Administration					
Full-Time	7	8	8	0	8
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	7	8	8	0	8
Payroll	590,300	728,200	728,200	0	728,200
Operational	112,100	123,300	123,300	0	123,300
Total	\$702,400	\$851,500	\$851,500	\$0	\$851,500
State	592,700	749,600	749,600	0	749,600
Federal	0	0	0	0	0
Other	109,700	101,900	101,900	0	101,900
307.02 Office of Management Services					
Full-Time	51	52	52	0	52
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	51	52	52	0	52
Payroll	3,136,200	3,249,900	3,249,900	0	3,249,900
Operational	2,358,200	3,149,300	3,149,300	1,600,000	4,749,300
Total	\$5,494,400	\$6,399,200	\$6,399,200	\$1,600,000	\$7,999,200
State	5,132,800	6,146,700	6,146,700	1,600,000	7,746,700
Federal	0	0	0	0	0
Other	361,600	252,500	252,500	0	252,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
307.03 Capitol Print Shop					
Full-Time	13	12	12	0	12
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	13	12	12	0	12
Payroll	546,300	748,400	748,400	0	748,400
Operational	473,300	740,400	740,400	0	740,400
Total	\$1,019,600	\$1,488,800	\$1,488,800	\$0	\$1,488,800
State	200,000	0	0	0	0
Federal	0	0	0	0	0
Other	819,600	1,488,800	1,488,800	0	1,488,800

Audit Services

The divisions of Audit Services are responsible for conducting post-audits of the state's Comprehensive Annual Financial Report and other entities and grantees as required by federal and state law and in compliance with government auditing standards. The divisions also audit all counties, or in lieu of a state audit, accept an audit prepared by either a certified public accountant or a licensed public accountant. Likewise, they provide for the audit of all municipalities, schools, and utility districts in the state. The divisions set rates for nursing facilities that participate in the state TennCare program and conduct financial related reviews of Managed Care Organizations (MCOs) and Behavioral Health Organizations (BHOs).

307.04 Division of State Audit

Full-Time	203	206	206	1	207
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	203	206	206	1	207
Payroll	11,893,600	12,772,200	12,772,200	57,300	12,829,500
Operational	1,400,000	1,560,100	1,560,100	5,500	1,565,600
Total	\$13,293,600	\$14,332,300	\$14,332,300	\$62,800	\$14,395,100
State	9,087,500	9,905,900	9,905,900	62,800	9,968,700
Federal	0	0	0	0	0
Other	4,206,100	4,426,400	4,426,400	0	4,426,400

307.05 Division of County Audit

Full-Time	92	92	92	3	95
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	92	92	92	3	95
Payroll	6,163,700	6,377,400	6,377,400	167,500	6,544,900
Operational	806,200	849,000	849,000	27,000	876,000
Total	\$6,969,900	\$7,226,400	\$7,226,400	\$194,500	\$7,420,900
State	6,153,700	6,426,400	6,426,400	194,500	6,620,900
Federal	0	0	0	0	0
Other	816,200	800,000	800,000	0	800,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
307.06 Division of Municipal Audit					
Full-Time	19	19	19	0	19
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	19	19	19	0	19
Payroll	1,326,000	1,430,500	1,430,500	0	1,430,500
Operational	147,000	239,300	239,300	0	239,300
Total	\$1,473,000	\$1,669,800	\$1,669,800	\$0	\$1,669,800
State	1,288,100	1,454,800	1,454,800	0	1,454,800
Federal	0	0	0	0	0
Other	184,900	215,000	215,000	0	215,000

Bond Finance Services

Bond Finance Services is responsible for providing services related to the state's general obligation debt issued by the State Funding Board; the revenue debt for the Tennessee Local Development Authority (TLDA); the revenue debt by the Tennessee Housing Development Agency (THDA); and the Tennessee State School Bond Authority (TSSBA). The Division of Bond Finance is responsible for administering the financing programs of these issuers.

307.07 Division of Bond Finance

Full-Time	9	9	9	0	9
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	9	9	9	0	9
Payroll	522,900	637,700	637,700	0	637,700
Operational	98,100	172,000	172,000	0	172,000
Total	\$621,000	\$809,700	\$809,700	\$0	\$809,700
State	188,900	399,700	399,700	0	399,700
Federal	0	0	0	0	0
Other	432,100	410,000	410,000	0	410,000

Services to Local Governments

Services to local governments work toward improving the operation of the state's city and county governments by providing assistance and information that affect the state and local governments. In addition, they are required to assist local governments with debt management and ensure that local governments adopt balanced budgets. They also act as an agent and liaison between state, county, and city ad valorem tax assessments and collecting officials. They serve property assessors and tax collecting officials through property reappraisal assistance; computerized tax billing; computer-assisted appraisal systems; maintenance of property ownership maps; and reimbursement to certain elderly, disabled, or disabled veteran homeowners for a part or all of property taxes paid.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
307.08 Office of Local Government					
Full-Time	4	4	4	0	4
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	4	4	4	0	4
Payroll	157,900	265,900	265,900	0	265,900
Operational	51,700	61,700	61,700	0	61,700
Total	\$209,600	\$327,600	\$327,600	\$0	\$327,600
State	207,100	327,600	327,600	0	327,600
Federal	0	0	0	0	0
Other	2,500	0	0	0	0
307.09 Division of Property Assessments					
Full-Time	168	167	167	0	167
Part-Time	0	0	0	0	0
Seasonal	21	21	21	0	21
Total	189	188	188	0	188
Payroll	7,502,600	8,159,600	8,159,600	0	8,159,600
Operational	2,222,100	2,436,200	2,436,200	0	2,436,200
Total	\$9,724,700	\$10,595,800	\$10,595,800	\$0	\$10,595,800
State	7,792,700	8,810,800	8,810,800	0	8,810,800
Federal	0	0	0	0	0
Other	1,932,000	1,785,000	1,785,000	0	1,785,000
307.10 Tax Relief					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	9,999,500	10,050,000	10,050,000	0	10,050,000
Total	\$9,999,500	\$10,050,000	\$10,050,000	\$0	\$10,050,000
State	9,999,500	10,050,000	10,050,000	0	10,050,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
307.11 State Board of Equalization					
Full-Time	7	7	7	0	7
Part-Time	8	8	8	0	8
Seasonal	0	0	0	0	0
Total	15	15	15	0	15
Payroll	443,800	453,100	453,100	0	453,100
Operational	2,382,100	2,484,900	2,484,900	0	2,484,900
Total	\$2,825,900	\$2,938,000	\$2,938,000	\$0	\$2,938,000
State	2,760,300	2,855,500	2,855,500	0	2,855,500
Federal	0	0	0	0	0
Other	65,600	82,500	82,500	0	82,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
307.12 Division of Local Finance					
Full-Time	5	5	5	0	5
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5	5	5	0	5
Payroll	299,600	312,000	312,000	0	312,000
Operational	39,600	45,800	45,800	0	45,800
Total	\$339,200	\$357,800	\$357,800	\$0	\$357,800
State	339,200	357,800	357,800	0	357,800
Federal	0	0	0	0	0
Other	0	0	0	0	0

Offices of Research and Education Accountability

The Offices of Research and Education Accountability provide research and staff support for the General Assembly and provide oversight for the state's K-12 education system in accordance with the Education Improvement Act.

307.14 Offices of Research and Education Accountability

Full-Time	20	22	22	0	22
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	20	22	22	0	22
Payroll	1,040,300	1,241,400	1,241,400	0	1,241,400
Operational	502,800	902,700	777,700	0	777,700
Total	\$1,543,100	\$2,144,100	\$2,019,100	\$0	\$2,019,100
State	1,179,100	1,466,500	1,466,500	0	1,466,500
Federal	0	0	0	0	0
Other	364,000	677,600	552,600	0	552,600

Office of State Assessed Properties

The Office of State Assessed Properties annually assesses all tangible and intangible properties for tax purposes at the state, county, and municipal levels. The division also assesses personal properties used and/or leased by the companies under its jurisdiction and conducts audits of public utility and transportation companies.

307.15 Office of State Assessed Properties

Full-Time	14	14	14	0	14
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	14	14	14	0	14
Payroll	729,500	892,500	892,500	0	892,500
Operational	147,000	166,700	166,700	0	166,700
Total	\$876,500	\$1,059,200	\$1,059,200	\$0	\$1,059,200

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	776,300	959,200	959,200	0	959,200
Federal	0	0	0	0	0
Other	100,200	100,000	100,000	0	100,000

Telecommunications Ad Valorem Tax Equity Payments

The Telecommunications Ad Valorem Tax Equity fund was established to reimburse local telecommunications companies for property tax liabilities that exceed assessment levels applicable to average commercial and industrial taxpayers.

307.50 Telecommunications Ad Valorem Tax Equity Payments

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	16,019,700	17,982,100	17,982,100	0	17,982,100
Total	\$16,019,700	\$17,982,100	\$17,982,100	\$0	\$17,982,100
State	15,825,100	17,810,000	17,810,000	0	17,810,000
Federal	0	0	0	0	0
Other	194,600	172,100	172,100	0	172,100

307.00 Department Total

Full-Time	612	617	617	4	621
Part-Time	8	8	8	0	8
Seasonal	21	21	21	0	21
Total	641	646	646	4	650
Payroll	34,352,700	37,268,800	37,268,800	224,800	37,493,600
Operational	36,759,400	40,963,500	40,838,500	1,632,500	42,471,000
Total	\$71,112,100	\$78,232,300	\$78,107,300	\$1,857,300	\$79,964,600
State	61,523,000	67,720,500	67,720,500	1,857,300	69,577,800
Federal	0	0	0	0	0
Other	9,589,100	10,511,800	10,386,800	0	10,386,800

Treasury Department

The State Treasurer is a constitutional officer elected by the General Assembly. The State Treasurer is charged with various responsibilities and duties relating to the financial operations of state government. The duties of the State Treasurer include:

- Administering the Tennessee Consolidated Retirement System which provides retirement coverage to state employees, higher education employees, teachers, and employees of political subdivisions that have elected to participate in the plan
- Managing the State Pooled Investment Fund which includes the state's cash, various reserves, trust funds of the state, and the Local Government Investment Pool
- Overseeing the State Employees' Deferred Compensation Program and the State Employees' Flexible Benefits Plan
- Directing the staff of the Claims Administration and Risk Management divisions
- Administering the Baccalaureate Education System Trust (BEST) to assist students or their families in financing a portion of the costs of attending colleges and universities
- Overseeing the three-member claims commission, which is administratively attached to the Treasury. Payments are awarded from the Claims Award Fund administered by the State Treasurer in cases of employee negligence and for state employee workers' compensation claims, contract actions, and tax recovery.
- Administering the Small and Minority Business Assistance Program, which provides capital assistance to small and minority-owned businesses.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
309.01 Treasury Department					
Full-Time	205	205	205	8	213
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	205	205	205	8	213
Payroll	11,419,400	12,588,000	12,588,000	349,200	12,937,200
Operational	4,511,400	8,567,000	6,150,500	153,000	6,303,500
Total	\$15,930,800	\$21,155,000	\$18,738,500	\$502,200	\$19,240,700
State	96,700	99,500	99,500	0	99,500
Federal	0	0	0	0	0
Other	15,834,100	21,055,500	18,639,000	502,200	19,141,200

The State Treasurer also administers an annual educational incentive payment program for certain county officials who complete the advanced level of a three-level certificate training program. This program is offered by the University of Tennessee Institute for Public Service's Center for Government Training. Certified public administrators must maintain continuing education in order to qualify for these annual educational incentive payments.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
309.02 Certified Public Administrators					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	52,100	54,800	54,800	442,400	497,200
Total	\$52,100	\$54,800	\$54,800	\$442,400	\$497,200
State	52,100	54,800	54,800	442,400	497,200
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Small and Minority-Owned Business Assistance Program provides loan guarantees, education, training, consulting, and technical assistance to help small, minority-and/or women-owned businesses grow in Tennessee.

309.05 Small and Minority-Owned Business Assistance Program

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	118,100	80,100	80,100	0	80,100
Total	\$118,100	\$80,100	\$80,100	\$0	\$80,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	118,100	80,100	80,100	0	80,100

309.00 Department Total

Full-Time	205	205	205	8	213
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	205	205	205	8	213
Payroll	11,419,400	12,588,000	12,588,000	349,200	12,937,200
Operational	4,681,600	8,701,900	6,285,400	595,400	6,880,800
Total	\$16,101,000	\$21,289,900	\$18,873,400	\$944,600	\$19,818,000
State	148,800	154,300	154,300	442,400	596,700
Federal	0	0	0	0	0
Other	15,952,200	21,135,600	18,719,100	502,200	19,221,300

Claims and Compensation

Claims and Compensation handles all claims filed with the state. Claims administered include the Criminal Injuries Compensation Fund, Risk Management Fund, and Unclaimed Property. Their responsibilities include the following:

- Making payments to defray the costs of medical services, loss of earnings, burial costs, and other pecuniary losses to either the victim of a crime or to the dependents of deceased victims
- Maintaining adequate insurance against damage or loss for all state-owned property
- Servicing claims for risk of loss to which the state is exposed including general liability, automobile liability, professional malpractice, and worker's compensation
- Taking custody of abandoned property and attempting to locate the rightful owners or their heirs.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
313.03 Criminal Injuries Compensation					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	11,852,500	13,276,500	13,325,000	0	13,325,000
Total	\$11,852,500	\$13,276,500	\$13,325,000	\$0	\$13,325,000
State	8,496,300	10,076,100	9,909,900	0	9,909,900
Federal	3,167,000	3,200,400	3,415,100	0	3,415,100
Other	189,200	0	0	0	0
313.10 Risk Management Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	39,540,400	54,461,200	51,886,100	0	51,886,100
Total	\$39,540,400	\$54,461,200	\$51,886,100	\$0	\$51,886,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	39,540,400	54,461,200	51,886,100	0	51,886,100
313.20 Unclaimed Property					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	18,537,100	19,400,000	23,400,000	0	23,400,000
Total	\$18,537,100	\$19,400,000	\$23,400,000	\$0	\$23,400,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	18,537,100	19,400,000	23,400,000	0	23,400,000

313.00 Department Total

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	69,930,000	87,137,700	88,611,100	0	88,611,100
Total	\$69,930,000	\$87,137,700	\$88,611,100	\$0	\$88,611,100
State	8,496,300	10,076,100	9,909,900	0	9,909,900
Federal	3,167,000	3,200,400	3,415,100	0	3,415,100
Other	58,266,700	73,861,200	75,286,100	0	75,286,100

Executive Department

The Executive Department oversees the daily operation of state government and is responsible for ensuring that state laws are enforced, taxes are collected, and public funds are spent wisely. The department is comprised of the Governor's Office and the Office of Homeland Security. The Office of Homeland Security is reflected separately and directly follows the Executive Department in the Budget Document.

The Governor's Office has responsibility for the overall operation of state government. The Governor appoints commissioners and directors of executive branch agencies. His staff works with state agencies and the Legislature to design and implement specific program priorities. In addition, the staff provides policy research and recommendations for the effective operation of government. The Governor's staff also processes mail and phone correspondence with Tennessee citizens.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
315.01 Governor's Office					
Full-Time	37	37	37	0	37
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	37	37	37	0	37
Payroll	2,430,300	2,749,200	2,749,200	0	2,749,200
Operational	798,500	933,900	933,900	0	933,900
Total	\$3,228,800	\$3,683,100	\$3,683,100	\$0	\$3,683,100
State	3,227,300	3,683,100	3,683,100	0	3,683,100
Federal	0	0	0	0	0
Other	1,500	0	0	0	0

Executive Department

Office of Homeland Security

The Office of Homeland Security, a staff division of the Executive Department, develops and coordinates implementation of a comprehensive strategy to secure the state of Tennessee from terrorist threats and attacks. The office interacts with the U.S. Department of Homeland Security and coordinates state homeland security actions through the state Homeland Security Council.

The Homeland Security Council was created by Executive Order after the September 11, 2001, terrorist attack on America. The council consists of the Director of the Office of Homeland Security, who is appointed by the Governor; the Deputy to the Governor; the Attorney General; the commissioners of the departments of Health, Safety, Transportation, Agriculture, Commerce and Insurance, Finance and Administration, General Services, Environment and Conservation, and Military; the directors of the Tennessee Emergency Management Agency and the Tennessee Bureau of Investigation; the state chief information systems officer; the colonel of the Tennessee Highway Patrol; the chief of law enforcement of the Tennessee Wildlife Resources Agency; and six representatives of local governments.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
315.05 Office of Homeland Security					
Full-Time	21	21	21	8	29
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	21	21	21	8	29
Payroll	1,187,200	1,569,500	1,569,500	667,100	2,236,600
Operational	632,500	3,351,200	3,351,200	456,700	3,807,900
Total	\$1,819,700	\$4,920,700	\$4,920,700	\$1,123,800	\$6,044,500
State	844,500	884,100	884,100	1,123,800	2,007,900
Federal	0	0	0	0	0
Other	975,200	4,036,600	4,036,600	0	4,036,600

Human Rights Commission

The Tennessee Human Rights Commission (THRC) is charged with the responsibility of ensuring fair and equal treatment for all Tennesseans in employment, housing, and public accommodations without regard to race, color, religion, sex, age, handicap, or national origin. THRC is also charged with the responsibility to monitor other state agencies' compliance with the expenditure of federal funds in regards to civil rights.

THRC cooperates with local government, and civic and religious groups in disseminating information, promoting activities, and providing leadership to increase public awareness of civil rights and equal opportunity.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
316.04 Human Rights Commission					
Full-Time	28	28	28	0	28
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	29	29	29	0	29
Payroll	1,439,600	1,579,700	1,579,700	0	1,579,700
Operational	581,600	503,100	503,100	0	503,100
Total	\$2,021,200	\$2,082,800	\$2,082,800	\$0	\$2,082,800
State	1,400,600	1,533,500	1,533,500	0	1,533,500
Federal	616,300	549,300	549,300	0	549,300
Other	4,300	0	0	0	0

Tennessee Regulatory Authority

The Tennessee Regulatory Authority (TRA) is a quasi-judicial body. Leadership for the agency is comprised of four directors, three of whom are appointed for six-year terms by the Governor, House Speaker, and Senate Speaker. The fourth director is appointed by the Governor, House Speaker, and Senate Speaker collectively. TRA's mission is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment. TRA's functions include:

- Regulating the quality of service provided and compliance with regulations by public utilities such as gas, electric, water, and telephone
- Granting of operating authority to public utilities and adjudicating conflicts and controversies arising from utility operations
- Protecting the public from the accidental release of natural gas by monitoring compliance of distribution systems with minimum federal and state safety standards
- Administering the state's "Do Not Call" and "Do Not Fax" programs which give the residents of Tennessee the option not to receive solicitation calls or faxes from telemarketers
- Administering the Telecommunications Device Access Program which provides telecommunications equipment to the state's deaf, blind, and hearing impaired population.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.11 Tennessee Regulatory Authority					
Full-Time	81	81	81	0	81
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	81	81	81	0	81
Payroll	5,296,500	5,772,000	5,772,000	0	5,772,000
Operational	1,871,300	2,176,600	2,171,600	0	2,171,600
Total	\$7,167,800	\$7,948,600	\$7,943,600	\$0	\$7,943,600
State	6,886,500	7,595,200	7,590,200	0	7,590,200
Federal	256,900	350,000	350,000	0	350,000
Other	24,400	3,400	3,400	0	3,400

Advisory Commission on Intergovernmental Relations

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) was created to monitor federal, state, and local government relations and to make recommendations for improvement to the Legislature. The commission is comprised of representatives from the executive and legislative branches of state government, county and municipal governments, and the public. The commission serves as a bipartisan forum for the discussion of intergovernmental issues and may initiate studies resulting in legislative proposals and constitutional amendments. The commission responds to requests for technical assistance from the General Assembly, state agencies, and local governments.

Current studies and activities directed by the General Assembly for TACIR include:

- Property Assessment System in Tennessee
- Implementation of Tennessee Code Annotated 6-58-113 relative to Tennessee’s growth policy, annexation, and incorporation law
- Compilation and maintenance of an inventory of public infrastructure needs
- Analysis for the boards of commissioners of utility districts.

Major on-going areas of TACIR studies and activities include:

- Fiscal capacity measures for the Basic Education Plan (BEP)
- Education finance
- Issues related to the Tennessee tax structure
- Other state, local, and federal fiscal issues
- Government modernization
- Intergovernmental issues.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.12 Advisory Commission on Intergovernmental Relations					
Full-Time	16	16	16	0	16
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	18	18	18	0	18
Payroll	1,200,300	1,326,100	1,326,100	0	1,326,100
Operational	979,800	1,011,000	1,011,000	0	1,011,000
Total	\$2,180,100	\$2,337,100	\$2,337,100	\$0	\$2,337,100
State	120,900	266,000	266,000	0	266,000
Federal	0	0	0	0	0
Other	2,059,200	2,071,100	2,071,100	0	2,071,100

Tax Structure Study Commission

The Tax Structure Study Commission, which expired December 31, 2004, was created on July 4, 2002, by Acts of 2002, Public Chapter 856. The commission reported its findings and recommendations in December 2004.

According to the law, the commission was to perform a comprehensive study of the tax structure in Tennessee. The study was to include state taxes, local taxes, special district taxes, and state-shared taxes. The commission was to consider the elasticity of the current tax structure, the effect of electronic-commerce upon the current tax structure, the method of allocating state tax revenue, the effect of allocating tax revenue based on situs of collection, current distribution formulas for tax revenue, special allocations of tax revenue based on population or tourism-related special treatment, and the deductibility of state and local taxes from federal taxes.

The commission also was to study issues pertaining to exportability and federal deductibility of Tennessee's state and local taxes. The commission was to evaluate the impact of various taxes upon the state's business climate and economic competitiveness. Issues involved in franchise, excise, and other business taxes also were to be considered.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.31 Tax Structure Study Commission					
Full-Time	2	0	0	0	0
Part-Time	2	0	0	0	0
Seasonal	0	0	0	0	0
Total	4	0	0	0	0
Payroll	96,700	0	0	0	0
Operational	152,400	0	0	0	0
Total	\$249,100	\$0	\$0	\$0	\$0
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	249,100	0	0	0	0

Department of Finance and Administration

The Department of Finance and Administration assists the Governor in developing and implementing the administration's fiscal and managerial policies. The Commissioner of Finance and Administration serves as the Governor's chief cabinet officer and directs the department's specific responsibilities. These responsibilities involve the coordination of a number of state government activities that are provided through administrative services, fiscal and management services, capital and facilities management services, and TennCare oversight.

Administrative Services

The administrative services of this department include the management of the state's information system needs, the contracting of professional services, insurance benefits management, program evaluation, and intra-departmental support. Specific responsibilities include:

- Managing the centralized information system
- Planning, developing, and implementing new information systems
- Managing and supporting voice and data communications
- Providing agencies with technical assistance for their systems
- Providing staff support to the Information Systems Council
- Managing the insurance benefits available to state, local education, and local government employees
- Administering federal grants associated with illegal drug control, the Victims of Crime Assistance Program, the Family Violence Program, and the improvement of criminal justice information systems
- Administering the AmeriCorps and Learn & Serve grant programs
- Coordinating the department's strategic planning and performance based budgeting initiatives
- Supporting department programs by providing auditing, consulting, fiscal analysis and processing, legal services, human resources management, and information systems management
- Managing the state's contracting process
- Creating and maintaining a statewide health plan
- Providing Health Care Safety Net services and administration
- Providing Hurricane Katrina relief
- Planning, procuring, and maintaining the Enterprise Resource Planning (ERP) solution for State of Tennessee
- Identifying appropriate business process changes for improving administrative processes within state government.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
317.01 Division of Administration					
Full-Time	133	133	133	0	133
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	134	134	134	0	134
Payroll	6,460,300	8,593,900	8,593,900	0	8,593,900
Operational	3,242,600	3,808,100	3,808,100	0	3,808,100
Total	\$9,702,900	\$12,402,000	\$12,402,000	\$0	\$12,402,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	820,000	1,342,600	1,342,600	0	1,342,600
Federal	0	0	0	0	0
Other	8,882,900	11,059,400	11,059,400	0	11,059,400

317.03 Office of Information Resources

Full-Time	484	484	484	0	484
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	484	484	484	0	484
Payroll	32,377,100	35,059,100	35,059,100	0	35,059,100
Operational	103,751,400	112,877,300	103,450,600	0	103,450,600
Total	\$136,128,500	\$147,936,400	\$138,509,700	\$0	\$138,509,700
State	0	3,775,000	2,275,000	0	2,275,000
Federal	0	0	0	0	0
Other	136,128,500	144,161,400	136,234,700	0	136,234,700

317.04 Insurance Administration

Full-Time	39	40	40	0	40
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	39	40	40	0	40
Payroll	2,050,800	2,202,600	2,202,600	0	2,202,600
Operational	2,121,900	2,346,700	2,346,700	0	2,346,700
Total	\$4,172,700	\$4,549,300	\$4,549,300	\$0	\$4,549,300
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	4,172,700	4,549,300	4,549,300	0	4,549,300

317.06 Criminal Justice Programs

Full-Time	20	21	21	0	21
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	20	21	21	0	21
Payroll	1,137,400	1,264,000	1,264,000	0	1,264,000
Operational	24,349,600	109,223,900	29,291,900	3,634,000	32,925,900
Total	\$25,487,000	\$110,487,900	\$30,555,900	\$3,634,000	\$34,189,900
State	2,888,800	8,009,600	3,089,600	3,634,000	6,723,600
Federal	22,581,600	27,459,500	27,459,500	0	27,459,500
Other	16,600	75,018,800	6,800	0	6,800

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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317.07 Resource Development and Support

Full-Time	21	21	21	0	21
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	21	21	21	0	21
Payroll	1,034,400	1,435,300	1,435,300	0	1,435,300
Operational	267,000	310,000	310,000	0	310,000
Total	\$1,301,400	\$1,745,300	\$1,745,300	\$0	\$1,745,300
State	1,130,800	1,570,100	1,570,100	0	1,570,100
Federal	0	0	0	0	0
Other	170,600	175,200	175,200	0	175,200

317.11 National and Community Service

Full-Time	8	8	8	0	8
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	8	8	8	0	8
Payroll	413,600	440,700	445,200	0	445,200
Operational	2,721,700	5,023,900	5,019,400	0	5,019,400
Total	\$3,135,300	\$5,464,600	\$5,464,600	\$0	\$5,464,600
State	202,300	226,800	226,800	0	226,800
Federal	2,752,300	5,050,300	5,050,300	0	5,050,300
Other	180,700	187,500	187,500	0	187,500

317.15 State Health Planning Division

Full-Time	4	4	4	4	8
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	4	4	4	4	8
Payroll	28,400	249,300	249,300	425,300	674,600
Operational	5,200	100,380,800	52,496,800	11,704,700	64,201,500
Total	\$33,600	\$100,630,100	\$52,746,100	\$12,130,000	\$64,876,100
State	30,900	100,630,100	52,746,100	12,130,000	64,876,100
Federal	0	0	0	0	0
Other	2,700	0	0	0	0

317.17 Enterprise Resource Planning

Full-Time	0	83	83	0	83
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	83	83	0	83
Payroll	154,600	5,428,300	5,428,300	0	5,428,300
Operational	29,000	1,796,000	1,796,000	0	1,796,000
Total	\$183,600	\$7,224,300	\$7,224,300	\$0	\$7,224,300
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	183,600	7,224,300	7,224,300	0	7,224,300

Fiscal and Management Services

This functional area develops and implements policies pertaining to the fiscal and managerial aspects of state government. These responsibilities include:

- Preparing, implementing, and monitoring the state budget
- Evaluating the budgetary needs and requests of all state agencies
- Incorporating the budgetary priorities into the Governor's budget
- Tracking the budget through the legislative committee process
- Revising the budget to include legislative changes
- Implementing and monitoring each agency's finalized annual budget
- Monitoring the fiscal impact of state-related federal legislation
- Coordinating the state's strategic planning and performance based budgeting initiatives
- Conducting research for the commissioner
- Accounting for state revenues and expenditures
- Generating the state's payroll
- Providing financial management reports to departments
- Providing reports to departmental management on revenues and expenditures
- Analyzing the operations of various program areas
- Publishing the state's Consolidated Annual Financial Report
- Establishing the state's fiscal policies and procedures
- Analyzing the state's cash management process related to grant funds.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
317.02 Division of Budget					
Full-Time	33	33	33	1	34
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	33	33	33	1	34
Payroll	2,272,500	2,657,000	2,657,000	89,200	2,746,200
Operational	474,800	622,600	622,600	7,000	629,600
Total	\$2,747,300	\$3,279,600	\$3,279,600	\$96,200	\$3,375,800
State	2,747,300	3,279,600	3,279,600	96,200	3,375,800
Federal	0	0	0	0	0
Other	0	0	0	0	0
317.05 Division of Accounts					
Full-Time	81	81	81	0	81
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	81	81	81	0	81
Payroll	4,592,800	4,894,400	4,894,400	0	4,894,400
Operational	6,233,300	6,006,800	6,006,800	0	6,006,800
Total	\$10,826,100	\$10,901,200	\$10,901,200	\$0	\$10,901,200
State	0	0	0	0	0
Federal	17,900	0	0	0	0
Other	10,808,200	10,901,200	10,901,200	0	10,901,200

Capital Projects and Facilities Management Services

The facilities management services coordinated by the Department of Finance and Administration include the planning, construction, and utilization of state-owned real property. Included among this property are facilities which are part of the Facilities Revolving Fund. Specific responsibilities include:

- Planning and reviewing the construction, acquisition, and alteration of state property
- Developing the state's long-range plan regarding real property needs
- Managing the acquisition, disposal, and utilization of state-owned real property
- Coordinating the design, construction, and redevelopment of state facilities
- Providing staff support to the State Building Commission
- Coordinating and budgeting the Facilities Revolving Fund
- Managing the energy management program for state facilities.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
317.10 Real Property Administration					
Full-Time	68	68	68	0	68
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	68	68	68	0	68
Payroll	3,656,000	4,103,200	4,103,200	0	4,103,200
Operational	2,332,900	2,499,400	2,499,400	0	2,499,400
Total	\$5,988,900	\$6,602,600	\$6,602,600	\$0	\$6,602,600
State	2,592,000	2,656,700	2,656,700	0	2,656,700
Federal	0	0	0	0	0
Other	3,396,900	3,945,900	3,945,900	0	3,945,900

TennCare Oversight and Investigation

The Office of Inspector General was created to help prevent, identify, investigate, and prosecute individuals who commit or attempt to commit fraud and/or abuse the TennCare Program.

317.12 Office of Inspector General

Full-Time	71	71	71	0	71
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	71	71	71	0	71
Payroll	2,428,200	3,804,900	3,804,900	0	3,804,900
Operational	1,398,200	1,444,600	1,444,600	0	1,444,600
Total	\$3,826,400	\$5,249,500	\$5,249,500	\$0	\$5,249,500
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	3,826,400	5,249,500	5,249,500	0	5,249,500

The TennCare Advisory Commission is appointed by the Governor to advise the Director of TennCare.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
317.13 TennCare Advisory Commission					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	0	16,500	16,500	0	16,500
Total	\$0	\$16,500	\$16,500	\$0	\$16,500
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	0	16,500	16,500	0	16,500
317.00 Department Total					
Full-Time	962	1,047	1,047	5	1,052
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	963	1,048	1,048	5	1,053
Payroll	56,606,100	70,132,700	70,137,200	514,500	70,651,700
Operational	146,927,600	346,356,600	209,109,400	15,345,700	224,455,100
Total	\$203,533,700	\$416,489,300	\$279,246,600	\$15,860,200	\$295,106,800
State	10,412,100	121,490,500	67,186,500	15,860,200	83,046,700
Federal	25,351,800	32,509,800	32,509,800	0	32,509,800
Other	167,769,800	262,489,000	179,550,300	0	179,550,300

Department of Personnel

The Department of Personnel designs and implements policies and practices to effectively manage the personnel needs of state government. The department advises the Governor on human resource issues, implements the Governor's Affirmative Action Plan, and administers the provisions of the Civil Service Act. The Department of Personnel maintains all state employee records, as well as all records pertaining to applicants for state employment. It also approves, coordinates, and conducts training and career development courses for all state departments and agencies. The three major program areas of the Department of Personnel are:

- Administrative Services
- Human Resource Services
- Technical Services.

Administrative Services

In addition to providing general administrative support services for the Department of Personnel, Administrative Services also coordinates services to all state departments and agencies.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
319.01 Executive Administration					
Full-Time	16	16	16	0	16
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	16	16	16	0	16
Payroll	1,015,700	1,113,500	1,113,500	0	1,113,500
Operational	1,467,700	1,718,700	1,756,500	55,400	1,811,900
Total	\$2,483,400	\$2,832,200	\$2,870,000	\$55,400	\$2,925,400
State	1,719,000	1,859,400	1,859,400	44,800	1,904,200
Federal	0	0	0	0	0
Other	764,400	972,800	1,010,600	10,600	1,021,200

Human Resource Services

Human Resource Services manages many of the services provided to state employees. Specific responsibilities include:

- Approving, coordinating, and conducting training courses, workshops, and conferences for employees in every state agency
- Advising state employees about their benefits and rights of employment
- Maintaining compliance with state and federal Equal Employment Opportunity and Affirmative Action laws and prohibiting unlawful employee discrimination
- Monitoring and ensuring the state's compliance with the Americans with Disabilities Act (ADA) requirements
- Hearing civil service appeals through the Civil Service Commission and advising on civil service rules, policy, and law
- Reviewing and revising employee performance evaluation forms
- Coordinating the Performance Evaluation and Career Ladder programs
- Supporting the efforts of the Title VI Compliance Commission.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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319.02 Human Resource Development

Full-Time	20	20	20	0	20
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	29	29	29	0	29
Payroll	1,101,500	1,245,300	1,245,300	0	1,245,300
Operational	979,400	1,435,900	1,435,900	0	1,435,900
Total	\$2,080,900	\$2,681,200	\$2,681,200	\$0	\$2,681,200
State	730,900	889,700	889,700	0	889,700
Federal	0	0	0	0	0
Other	1,350,000	1,791,500	1,791,500	0	1,791,500

Technical Services

Technical Services reviews and administers state employee compensation and position classifications. Other responsibilities include:

- Revising and administering the civil service examination
- Monitoring the civil service appointment process
- Auditing the state payroll
- Providing information to applicants about employment and promotional opportunities
- Processing general employee transactions including appointments, transfers, promotions, separations, attendance, and leave adjustments
- Reviewing and maintaining data on employment, salaries, and benefits in private sector organizations and southeastern state governments to assist in making recommendations on salary administration policy for the State of Tennessee.

319.03 Technical Services

Full-Time	72	79	79	0	79
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	72	79	79	0	79
Payroll	3,556,000	4,124,700	4,124,700	0	4,124,700
Operational	256,500	358,300	320,500	0	320,500
Total	\$3,812,500	\$4,483,000	\$4,445,200	\$0	\$4,445,200
State	1,684,500	1,972,100	1,972,100	0	1,972,100
Federal	0	0	0	0	0
Other	2,128,000	2,510,900	2,473,100	0	2,473,100

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
319.00 Department Total					
Full-Time	108	115	115	0	115
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	117	124	124	0	124
Payroll	5,673,200	6,483,500	6,483,500	0	6,483,500
Operational	2,703,600	3,512,900	3,512,900	55,400	3,568,300
Total	\$8,376,800	\$9,996,400	\$9,996,400	\$55,400	\$10,051,800
State	4,134,400	4,721,200	4,721,200	44,800	4,766,000
Federal	0	0	0	0	0
Other	4,242,400	5,275,200	5,275,200	10,600	5,285,800

Department of General Services

The Department of General Services acts as a support organization for other state departments and agencies. The department provides support through administrative services, property management and utilization services, and interdepartmental support services.

Administrative Services

Administrative services include a variety of internal support services. Among these services are fiscal analysis and processing, legal services, auditing, and human resource management. The group also establishes and directs the official policies related to its other services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
321.01 Administration					
Full-Time	65	68	68	0	68
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	65	68	68	0	68
Payroll	3,269,700	4,057,400	4,007,600	0	4,007,600
Operational	1,246,900	1,862,400	1,862,400	0	1,862,400
Total	\$4,516,600	\$5,919,800	\$5,870,000	\$0	\$5,870,000
State	462,700	452,700	452,700	0	452,700
Federal	0	0	0	0	0
Other	4,053,900	5,467,100	5,417,300	0	5,417,300

Property Management and Utilization Services

The department's property management and utilization services include the disposal of surplus state property, the distribution of surplus federal property, the management and maintenance of the state's motor vehicles, and the management and maintenance of state-owned facilities and grounds. These services include the following responsibilities:

- Selling surplus and confiscated property through public auctions, sealed bids, or distribution to eligible recipients
- Developing, implementing, and supervising a uniform program for the acquisition, operation, maintenance, and replacement of state vehicles and equipment
- Coordinating the Van Pool Program
- Administering the state's shuttle service
- Operating and maintaining state-owned buildings.

321.04 Property Utilization

Full-Time	22	22	22	0	22
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	22	22	22	0	22
Payroll	810,900	902,000	904,900	0	904,900
Operational	1,655,400	897,500	897,500	0	897,500
Total	\$2,466,300	\$1,799,500	\$1,802,400	\$0	\$1,802,400

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	2,466,300	1,799,500	1,802,400	0	1,802,400

321.06 Motor Vehicle Management

Full-Time	39	39	39	0	39
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	39	39	39	0	39
Payroll	1,361,800	1,581,900	1,561,100	0	1,561,100
Operational	29,357,400	32,369,900	32,369,900	0	32,369,900
Total	\$30,719,200	\$33,951,800	\$33,931,000	\$0	\$33,931,000
State	4,939,200	0	0	0	0
Federal	0	0	0	0	0
Other	25,780,000	33,951,800	33,931,000	0	33,931,000

321.07 Property Management

Full-Time	212	211	211	0	211
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	213	212	212	0	212
Payroll	8,122,500	9,027,200	9,022,500	0	9,022,500
Operational	4,947,100	6,200,100	5,031,200	0	5,031,200
Total	\$13,069,600	\$15,227,300	\$14,053,700	\$0	\$14,053,700
State	1,226,700	1,444,700	1,444,700	0	1,444,700
Federal	0	0	0	0	0
Other	11,842,900	13,782,600	12,609,000	0	12,609,000

Interdepartmental Support Services

Interdepartmental Support Services provides postal, printing, purchasing records management, storage and distribution of supplies, and food preparation to state departments and agencies. The following responsibilities are associated with these services:

- Processing and distributing messenger and U.S. mail for state agencies located in Nashville
- Operating a U.S. Post Office branch in one of Nashville's state buildings
- Printing, duplicating, copying, typesetting, and binding services
- Photographic and graphic arts services
- Procuring supplies, equipment, and specialized services
- Establishing procurement specifications
- Administering the bid process
- Operating the centralized storage of pertinent records and files
- Implementing approval guidelines for state publications and forms
- Purchasing and distributing office and building maintenance supplies
- Managing the central preparation and distribution of food for select state agencies.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
321.02 Postal Services					
Full-Time	65	64	64	0	64
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	65	64	64	0	64
Payroll	2,026,400	2,088,100	2,081,200	0	2,081,200
Operational	14,399,400	14,700,100	14,700,100	0	14,700,100
Total	\$16,425,800	\$16,788,200	\$16,781,300	\$0	\$16,781,300
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	16,425,800	16,788,200	16,781,300	0	16,781,300
321.09 Printing					
Full-Time	52	52	52	0	52
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	52	52	52	0	52
Payroll	1,832,500	2,120,100	2,111,600	0	2,111,600
Operational	2,057,200	2,563,700	2,563,700	0	2,563,700
Total	\$3,889,700	\$4,683,800	\$4,675,300	\$0	\$4,675,300
State	250,000	250,000	250,000	0	250,000
Federal	0	0	0	0	0
Other	3,639,700	4,433,800	4,425,300	0	4,425,300
321.10 Purchasing					
Full-Time	54	52	52	0	52
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	54	52	52	0	52
Payroll	1,865,400	2,197,400	2,198,400	0	2,198,400
Operational	2,003,700	1,954,100	1,954,100	0	1,954,100
Total	\$3,869,100	\$4,151,500	\$4,152,500	\$0	\$4,152,500
State	22,000	22,000	22,000	0	22,000
Federal	0	0	0	0	0
Other	3,847,100	4,129,500	4,130,500	0	4,130,500
321.17 Records Management					
Full-Time	19	19	19	0	19
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	19	19	19	0	19
Payroll	774,400	812,200	821,300	0	821,300
Operational	471,900	528,200	521,300	0	521,300
Total	\$1,246,300	\$1,340,400	\$1,342,600	\$0	\$1,342,600
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	1,246,300	1,340,400	1,342,600	0	1,342,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
321.18 Central Stores					
Full-Time	26	26	26	0	26
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	26	26	26	0	26
Payroll	883,600	914,100	984,000	0	984,000
Operational	7,593,400	6,902,400	6,902,400	0	6,902,400
Total	\$8,477,000	\$7,816,500	\$7,886,400	\$0	\$7,886,400
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	8,477,000	7,816,500	7,886,400	0	7,886,400
321.19 Food Services Program					
Full-Time	3	4	4	0	4
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	3	4	4	0	4
Payroll	184,500	244,300	249,500	0	249,500
Operational	4,222,100	4,662,800	4,672,300	0	4,672,300
Total	\$4,406,600	\$4,907,100	\$4,921,800	\$0	\$4,921,800
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	4,406,600	4,907,100	4,921,800	0	4,921,800
321.00 Department Total					
Full-Time	557	557	557	0	557
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	558	558	558	0	558
Payroll	21,131,700	23,944,700	23,942,100	0	23,942,100
Operational	67,954,500	72,641,200	71,474,900	0	71,474,900
Total	\$89,086,200	\$96,585,900	\$95,417,000	\$0	\$95,417,000
State	6,900,600	2,169,400	2,169,400	0	2,169,400
Federal	0	0	0	0	0
Other	82,185,600	94,416,500	93,247,600	0	93,247,600

Department of Veterans Affairs

The Department of Veterans Affairs serves the state's more than one-half million veterans, their survivors, and dependents through a statewide power of attorney-based claims processing system. The department's training and certification program for county service officers and department employees ensures that the veterans of the state receive maximum earned entitlements. The department operates a state veterans' cemetery in each grand division, with Tennessee having among the highest interment workloads in the nation.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
323.00 Veterans Affairs					
Full-Time	64	73	73	0	73
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	64	73	73	0	73
Payroll	2,577,600	2,967,300	2,967,300	0	2,967,300
Operational	755,600	1,087,100	784,700	115,000	899,700
Total	\$3,333,200	\$4,054,400	\$3,752,000	\$115,000	\$3,867,000
State	2,810,700	3,611,700	3,281,700	115,000	3,396,700
Federal	395,800	360,000	360,000	0	360,000
Other	126,700	82,700	110,300	0	110,300

Department of Revenue

The Department of Revenue collects and administers Tennessee's fees and taxes, ensures compliance among all taxpayers, and apportions tax revenues to the appropriate state or local fund. These responsibilities are accomplished by the department's administrative services, support services, and revenue collection services.

Administrative Services

The Administrative Services division performs a variety of activities. Among these are legal and research services, human resources management, internal auditing, fiscal analysis and processing, apportioning revenues to the appropriate state or local fund, information systems management, and special investigations.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
347.01 Administration Division					
Full-Time	111	111	111	1	112
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	111	111	111	1	112
Payroll	6,210,300	6,982,700	7,017,800	50,800	7,068,600
Operational	1,937,800	2,372,700	2,197,300	47,900	2,245,200
Total	\$8,148,100	\$9,355,400	\$9,215,100	\$98,700	\$9,313,800
State	5,883,300	6,971,200	6,766,700	98,700	6,865,400
Federal	0	0	0	0	0
Other	2,264,800	2,384,200	2,448,400	0	2,448,400
347.11 Information Technology Resources Division					
Full-Time	60	61	61	0	61
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	60	61	61	0	61
Payroll	3,263,500	3,557,400	3,556,400	0	3,556,400
Operational	6,828,900	8,035,800	7,385,700	0	7,385,700
Total	\$10,092,400	\$11,593,200	\$10,942,100	\$0	\$10,942,100
State	6,563,700	7,911,700	7,675,000	0	7,675,000
Federal	0	0	0	0	0
Other	3,528,700	3,681,500	3,267,100	0	3,267,100

Support Services

The Support Services division provides assistance to the operations of revenue collection services. These services include the following responsibilities:

- Preparing and distributing taxpayer forms, instructional materials, and publications
- Providing registration, file change, and basic tax account assistance to taxpayers
- Depositing tax payments to the State Treasury and updating taxpayer accounts.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
347.13 Taxpayer Services Division					
Full-Time	117	114	114	0	114
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	117	114	114	0	114
Payroll	4,728,700	4,867,700	4,824,600	0	4,824,600
Operational	2,804,200	2,816,100	2,210,500	0	2,210,500
Total	\$7,532,900	\$7,683,800	\$7,035,100	\$0	\$7,035,100
State	5,247,100	5,265,400	4,552,500	0	4,552,500
Federal	0	0	0	0	0
Other	2,285,800	2,418,400	2,482,600	0	2,482,600

347.16 Processing Division

Full-Time	139	141	141	0	141
Part-Time	18	18	18	0	18
Seasonal	0	0	0	0	0
Total	157	159	159	0	159
Payroll	5,426,000	5,714,200	5,734,200	0	5,734,200
Operational	1,899,500	1,809,200	1,748,500	0	1,748,500
Total	\$7,325,500	\$7,523,400	\$7,482,700	\$0	\$7,482,700
State	4,985,100	5,354,300	5,260,100	0	5,260,100
Federal	0	0	0	0	0
Other	2,340,400	2,169,100	2,222,600	0	2,222,600

Revenue Collections

Revenue Collections Services are charged with collecting fees and taxes and ensuring proper compliance among all taxpayers. The responsibilities associated with these services include:

- Administering all state taxes for corporations doing business in Tennessee
- Administering the state's Hall Income Tax
- Enforcing laws and regulations regarding the inspection and taxation of petroleum products
- Administering the provisions of specific laws regarding the taxation of tobacco products, gifts, inheritances, estates, firearms, gross receipts, liquor by the drink, beer, and other taxes
- Administering the provisions of the Tennessee sales and use tax laws
- Collecting delinquent taxes owed the state of Tennessee.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
347.02 Tax Enforcement Division					
Full-Time	135	136	136	0	136
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	135	136	136	0	136
Payroll	5,990,200	6,746,900	6,772,900	0	6,772,900
Operational	994,100	1,019,100	1,344,100	0	1,344,100
Total	\$6,984,300	\$7,766,000	\$8,117,000	\$0	\$8,117,000
State	4,726,700	5,381,800	5,668,600	0	5,668,600
Federal	0	0	0	0	0
Other	2,257,600	2,384,200	2,448,400	0	2,448,400
347.14 Audit Division					
Full-Time	349	348	348	0	348
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	349	348	348	0	348
Payroll	20,914,200	21,919,300	21,882,300	0	21,882,300
Operational	3,078,000	3,365,700	3,882,400	0	3,882,400
Total	\$23,992,200	\$25,285,000	\$25,764,700	\$0	\$25,764,700
State	15,897,600	17,021,600	17,298,100	0	17,298,100
Federal	4,500	22,000	22,000	0	22,000
Other	8,090,100	8,241,400	8,444,600	0	8,444,600
347.00 Department Total					
Full-Time	911	911	911	1	912
Part-Time	18	18	18	0	18
Seasonal	0	0	0	0	0
Total	929	929	929	1	930
Payroll	46,532,900	49,788,200	49,788,200	50,800	49,839,000
Operational	17,542,500	19,418,600	18,768,500	47,900	18,816,400
Total	\$64,075,400	\$69,206,800	\$68,556,700	\$98,700	\$68,655,400
State	43,303,500	47,906,000	47,221,000	98,700	47,319,700
Federal	4,500	22,000	22,000	0	22,000
Other	20,767,400	21,278,800	21,313,700	0	21,313,700

Miscellaneous Appropriations

Miscellaneous Appropriations includes funding for personal services and benefits rate adjustments and operational rate adjustments affecting all state agencies and other state obligations not addressed elsewhere. These are line-item appropriations in section 1 of the general appropriations bill. The recommended improvements are itemized in the General Government improvements list at the beginning of this functional area.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
351.00 Miscellaneous Appropriations					
Full-Time	0	0	0	17	17
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	17	17
Payroll	0	0	0	0	0
Operational	30,003,200	60,269,400	33,581,000	180,700,800	214,281,800
Total	\$30,003,200	\$60,269,400	\$33,581,000	\$180,700,800	\$214,281,800
State	30,003,200	60,269,400	33,581,000	180,700,800	214,281,800
Federal	0	0	0	0	0
Other	0	0	0	0	0

Emergency and Contingency Fund

The Emergency and Contingency Fund is a special fund for any purpose authorized or implied by law for which no appropriation is made, or for which insufficient appropriation has inadvertently been made. Expenditures from this fund are authorized only by Executive Order of the Governor.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
353.00 Emergency and Contingency Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	0	819,300	819,300	0	819,300
Total	\$0	\$819,300	\$819,300	\$0	\$819,300
State	0	819,300	819,300	0	819,300
Federal	0	0	0	0	0
Other	0	0	0	0	0

State Building Commission

This fund is utilized for major, non-routine maintenance and equipment replacement for state-owned physical facilities. Projects are funded only by approval of the State Building Commission, which consists of the Governor, Commissioner of Finance and Administration, Speakers of the House and Senate, Secretary of State, Comptroller of the Treasury, and State Treasurer.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
355.02 Major Maintenance and Equipment					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	250,100	250,000	250,000	0	250,000
Total	\$250,100	\$250,000	\$250,000	\$0	\$250,000
State	250,000	250,000	250,000	0	250,000
Federal	0	0	0	0	0
Other	100	0	0	0	0

Education

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Education

Recommended Budget, Fiscal Year 2006 – 2007

This functional area is responsible for the educational efforts of the state, from pre-school and K-12 through all levels of higher education.

The Department of Education coordinates the educational programs of the local public school systems that operate Tennessee's kindergarten, elementary, secondary, and vocational schools. The department also operates the four special schools: Tennessee School for the Blind, Tennessee School for the Deaf, West Tennessee School for the Deaf, and Alvin C. York Agricultural Institute. Beginning in fiscal year 2005-2006, additional funding for locally sponsored after-school programs will be available to the department from the state's 50% share of the unclaimed lottery prize money. These programs provide academic enrichment activities designed to help students meet state and local standards.

With assistance from the Department of Education, the State Board of Education formulates the policies, standards, and guidelines governing K-12 public education. The department is responsible for implementing these policies, standards, and guidelines.

Higher education is governed by two independent systems: the University of Tennessee System and the State University and Community College System, more commonly known as the Tennessee Board of Regents System. The Tennessee Higher Education Commission is responsible for coordinating academic, fiscal, and policy issues between the two systems. The Tennessee Student Assistance Corporation (TSAC) is the state's designated agency to administer financial aid programs designed to help students obtain a

education at colleges, universities, and technical and career schools. Among the programs TSAC administers are the Education Lottery-funded scholarships, implemented in fall 2004, and the Tennessee Student Assistance Awards (TSAA), the latter funded from general tax revenues. TSAA grants provide non-repayable financial assistance to financially needy undergraduate students who are residents of Tennessee and are enrolled at a public or an eligible non-public post-secondary educational institution in Tennessee.

The lottery scholarships are funded through the Lottery for Education Account. The majority of these funds are made available for post-secondary scholarships, which include the Tennessee HOPE Scholarship, the General Assembly Merit Scholarship, the Need-Based Supplemental Award, the Tennessee HOPE Access Grant, and the Wilder-Naifeh Technical Skills Grant. In the event that net lottery proceeds exceed scholarship needs, excess lottery funds may be appropriated to pre-kindergarten and early childhood education programs.

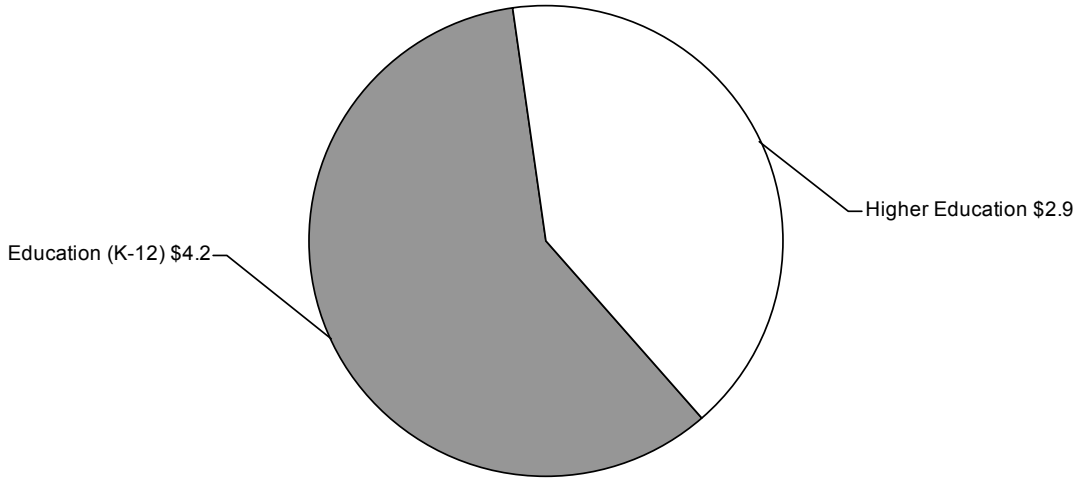
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government, (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year, compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among the departments within this group. Funding mixes

within each department vary. Figures represent state, federal, and other sources of funding, including tuition and fees.

Education FY 2006 - 2007 Recommended



In Billions

\$7,164,222,400 Total

Education Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel *			
Full Time	1,190	1,202	1,202
Part Time	677	676	676
Seasonal	0	0	0
TOTAL	1,867	1,878	1,878
Expenditures			
Payroll	\$62,925,900	\$71,556,500	\$71,733,000
Operational	6,436,548,400	6,853,012,700	7,092,489,400
TOTAL	\$6,499,474,300	\$6,924,569,200	\$7,164,222,400
Funding**			
State	\$4,256,429,700	\$4,530,670,500	\$4,755,600,100
Tuition/Fees	813,059,300	879,772,300	879,772,300
Federal	980,223,700	1,029,763,500	1,056,272,600
Other	449,761,600	484,362,900	472,577,400
* Does not include Higher Education's unrestricted education and general personnel.			
** Includes Lottery funded programs and Education funding.			
Lottery-Funded Programs			
State	\$97,722,200	\$206,321,000	\$242,000,000
Other	0	25,000,000	25,000,000
SUBTOTAL	\$97,722,200	\$231,321,000	\$267,000,000
Education Fund			
State	\$4,158,707,500	\$4,324,349,500	\$4,513,600,100
Tuition/Fees	813,059,300	879,772,300	879,772,300
Federal	980,223,700	1,029,763,500	1,056,272,600
Other	449,761,600	459,362,900	447,577,400
SUBTOTAL	\$6,401,752,100	\$6,693,248,200	\$6,897,222,400
TOTAL EDUCATION	\$6,499,474,300	\$6,924,569,200	\$7,164,222,400

Education Improvements for Fiscal Year 2006-2007

	State	Federal	Other	Total	Positions
Education (K-12)					
• Basic Education Program (BEP)					
To maintain full funding of the Basic Education Program (BEP) formula, which provides an equitable state share of K-12 public education funding to local education agencies (LEAs).					
331.25 BEP and Other LEA Support	\$89,200,000	\$0	\$0	\$89,200,000	0
Sub-total	\$89,200,000	\$0	\$0	\$89,200,000	0
• BEP Growth Factor					
To fully fund the 2% growth factor of the Basic Education Program. These funds allow for additional support to those local education agencies experiencing extraordinary growth in student enrollment.					
331.25 BEP and Other LEA Support	\$6,000,000	\$0	\$0	\$6,000,000	0
Sub-total	\$6,000,000	\$0	\$0	\$6,000,000	0
• BEP At-Risk Students					
To provide additional BEP funding for at-risk student programs. At-risk students are determined by the local education agencies' percentage of participants qualifying, under U.S. Department of Agriculture guidelines, for free and reduced-price meals. This appropriation provides LEAs with additional funding to establish or expand alternative methods of providing services to at-risk students. This will increase funding from 20% of at-risk children in all grades to 30%.					
331.25 BEP and Other LEA Support	\$18,000,000	\$0	\$0	\$18,000,000	0
Sub-total	\$18,000,000	\$0	\$0	\$18,000,000	0
• BEP English Language Learners					
To provide additional BEP funding for English Language Learner (ELL) students. Currently, local education agencies are funded for one teacher for every 50 ELL students and one translator for every 500 ELL students. This improvement reduces those ratios to 1:45 and 1:450, respectively.					
331.25 BEP and Other LEA Support	\$2,000,000	\$0	\$0	\$2,000,000	0
Sub-total	\$2,000,000	\$0	\$0	\$2,000,000	0
• Pre-K Program					
To provide additional funding for pre-kindergarten and early childhood education programs. Twenty million dollars of this improvement is funded from general state appropriation. The remaining \$25 million is from estimated excess net education lottery proceeds in the Lottery for Education Account, after consideration of projected fully-implemented higher education scholarships. This is a \$20,000,000 increase over the funding provided in 2005-2006.					
331.32 Early Childhood Education	\$20,000,000	\$0	\$25,000,000	\$45,000,000	13
Sub-total	\$20,000,000	\$0	\$25,000,000	\$45,000,000	13

Education Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Governor's Institute for Science and Math					
To provide funding for start-up costs of a residential science and math high school at the University of Tennessee Space Institute in Tullahoma. Top high school math and science upper-class students, numbering 85 to 120, across the state will be chosen to participate. A non-recurring amount of \$500,000 will fund the first year start-up costs, such as lab and other equipment. A recurring appropriation of \$500,000 will provide debt service on Tennessee State School Bond Authority bonds for the construction of an on-site dormitory.					
331.06 Curriculum and Instruction	\$1,000,000	\$0	\$0	\$1,000,000	0
Sub-total	\$1,000,000	\$0	\$0	\$1,000,000	0
• Teachers' Salary Increase					
To fund the state share of a 2% salary increase on July 1, 2006, for teachers and other positions funded through the Basic Education Program formula.					
331.25 BEP and Other LEA Support	\$42,400,000	\$0	\$0	\$42,400,000	0
Sub-total	\$42,400,000	\$0	\$0	\$42,400,000	0
• Group Health Insurance - January 1, 2006					
To provide funding to annualize the state share of the January 1, 2006, group health insurance increase for local education agencies, which was funded for six months in the current-year budget.					
331.25 BEP and Other LEA Support	\$2,900,000	\$0	\$0	\$2,900,000	0
Sub-total	\$2,900,000	\$0	\$0	\$2,900,000	0
• Group Health Insurance - January 1, 2007					
To fund the state share of a January 1, 2007, group health insurance increase for local education agencies. This is funded for six months in the recommended budget.					
331.25 BEP and Other LEA Support	\$8,400,000	\$0	\$0	\$8,400,000	0
Sub-total	\$8,400,000	\$0	\$0	\$8,400,000	0
• Tennessee Early Intervention Services					
To provide funds for an increased number of children served by Tennessee Early Intervention Services and for inflationary costs. The program provides home-based services to parents and other primary care providers and direct services to children with disabilities from birth to age three.					
331.95 Tennessee Early Intervention Services	\$3,000,000	\$0	\$0	\$3,000,000	0
Sub-total	\$3,000,000	\$0	\$0	\$3,000,000	0
• Governor's Books from Birth Foundation					
To fully fund the state match for counties participating in the Governor's Books from Birth program. These funds will allow the foundation to provide a hardcover, age-appropriate book each month to enrolled children from birth to age five at no cost to the family.					
331.22 Governor's Books from Birth Fund	\$680,000	\$0	\$0	\$680,000	0
Sub-total	\$680,000	\$0	\$0	\$680,000	0

Education Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• FFA and 4-H Foundation					
To provide non-recurring grants of \$500,000 each to Future Farmers of America (FFA) and the 4-H Foundation.					
331.02 Grants-In-Aid	\$1,000,000	\$0	\$0	\$1,000,000	0
Sub-total	\$1,000,000	\$0	\$0	\$1,000,000	0
• Literacy					
To provide a non-recurring grant to Save the Children to target literacy improvement, focused on grades 1-3 in under-served schools. Save the Children will work in partnership with local schools and community-based organizations to provide a combination of in-school, after-school, and summer literacy programming to help children improve their reading skills.					
331.02 Grants-In-Aid	\$500,000	\$0	\$0	\$500,000	0
Sub-total	\$500,000	\$0	\$0	\$500,000	0
• Teacher Training and Experience					
To fund growth in teacher training and experience at the state Special Schools.					
331.90 Alvin C. York Institute	\$41,300	\$0	\$0	\$41,300	0
331.91 Tennessee School for the Blind	\$59,200	\$0	\$0	\$59,200	0
331.92 Tennessee School for the Deaf	\$74,200	\$0	\$0	\$74,200	0
331.93 West Tennessee School for the Deaf	\$12,500	\$0	\$0	\$12,500	0
331.95 Tennessee Early Intervention Services	\$56,500	\$0	\$0	\$56,500	0
Sub-total	\$243,700	\$0	\$0	\$243,700	0
• Utilities - State Special Schools					
To provide funding for increased utility costs at the state Special Schools.					
331.91 Tennessee School for the Blind	\$45,700	\$0	\$0	\$45,700	0
331.92 Tennessee School for the Deaf	\$100,000	\$0	\$0	\$100,000	0
331.93 West Tennessee School for the Deaf	\$36,000	\$0	\$0	\$36,000	0
Sub-total	\$181,700	\$0	\$0	\$181,700	0
• Board of Education - Dues					
To provide funds for the State Board of Education to maintain membership in the National Association of State Boards of Education.					
331.07 State Board of Education	\$28,000	\$0	\$0	\$28,000	0
Sub-total	\$28,000	\$0	\$0	\$28,000	0
Total Education (K-12)	\$195,533,400	\$0	\$25,000,000	\$220,533,400	13

Education Improvements for Fiscal Year 2006-2007

	State	Federal	Other	Total	Positions
Higher Education - State Administered Programs					
• Pre-K Program					
To provide funding for pre-kindergarten and early childhood education programs. This appropriation is from excess lottery proceeds. An improvement funded by interdepartmental (other) revenue of \$25 million and by a general fund state appropriation of \$20 million is shown in the Department of Education budget. This continues the appropriation from the Lottery for Education Account at the same level as provided in the current year.					
332.19 Lottery for Education Account	\$25,000,000	\$0	\$0	\$25,000,000	0
Sub-total	\$25,000,000	\$0	\$0	\$25,000,000	0
• Post-Geier Minority Financial Aid					
To continue for a year the minority financial aid and stipend programs begun under the Geier program in the University of Tennessee and Board of Regents systems, including \$450,000 for University of Tennessee scholarships, \$950,000 for Board of Regents scholarships, and \$470,900 for Tennessee Tech graduate student stipends. As Geier funding is phased out, the Administration intends to recommend the continuation of the level of financial support provided under the Geier program on a recurring basis, in order to provide funds directed toward equity and access initiatives in a unitary system of higher education. During the 2006 calendar year, the Administration and higher education staff will evaluate the effectiveness of Geier programs and recommend a plan for use of the Geier funds in a post-Geier unitary status in the 2007-2008 and succeeding fiscal years.					
332.09 THEC Grants	\$1,870,900	\$0	\$0	\$1,870,900	0
Sub-total	\$1,870,900	\$0	\$0	\$1,870,900	0
Total Higher Education - State Administered Programs	\$26,870,900	\$0	\$0	\$26,870,900	0

University of Tennessee System

• National Academy-Level Faculty - Science and Engineering

Recommended state funds for the University of Tennessee will be matched by an annual allocation of Oak Ridge National Laboratory (ORNL) funds, creating a pool of funds to recruit eminent, highly research-active scholars and their support teams. The recurring improvement of \$4 million is in addition to a recurring \$2.5 million continued in the base budget. The distinguished scholars will be jointly appointed at UT and ORNL. Appointments will be targeted in the areas of neutron science, biological sciences, computational sciences, and materials science, which are research areas upon which the UT-ORNL joint institutes are specifically focused. As regular faculty vacancies in relevant science and engineering departments occur, UT will redefine job descriptions as necessary and designate some of its new-hire slots to build increased research strength in areas that complement the programs of the National Academy of Sciences and National Academy of Engineering faculties. Given the typical performance of National Academy-level faculty, \$3 of new research funding will be returned for each \$1 in salary funds invested. The sciences academy includes 1,800 members and the engineering academy, 1,900 members, elected by peers in recognition of distinguished achievement in the fields of science and engineering.

332.12 UT Research Initiatives	\$4,000,000	\$0	\$0	\$4,000,000	0
Sub-total	\$4,000,000	\$0	\$0	\$4,000,000	0

Education Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Operational Support					
To provide non-recurring funds for support of higher education institutions. The restoration of a proposed \$9.2 million higher education budget reduction in fiscal year 2004-2005 included \$6.4 million from non-recurring funds for the two university systems. The 2005-2006 budget continued those non-recurring funds. This improvement continues the University of Tennessee's share of that non-recurring appropriation for an additional year.					
332.40 UT Chattanooga	\$360,400	\$0	\$0	\$360,400	0
332.42 UT Knoxville	\$1,530,900	\$0	\$0	\$1,530,900	0
332.44 UT Martin	\$253,600	\$0	\$0	\$253,600	0
Sub-total	\$2,144,900	\$0	\$0	\$2,144,900	0
Total University of Tennessee System	\$6,144,900	\$0	\$0	\$6,144,900	0

Education Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
State University and Community College System					
• Operational Support					
To provide non-recurring funds for support of higher education institutions. The restoration of a proposed \$9.2 million higher education budget reduction in fiscal year 2004-2005 included \$6.4 million from non-recurring funds for the two university systems. The 2005-2006 budget continued those non-recurring funds. This improvement continues the Board of Regents System's share of that non-recurring appropriation for an additional year.					
332.53 Southwest Tennessee Community College	\$149,300	\$0	\$0	\$149,300	0
332.54 Nashville State Technical Community College	\$62,700	\$0	\$0	\$62,700	0
332.55 Pellissippi State Technical Community College	\$86,500	\$0	\$0	\$86,500	0
332.56 Northeast State Technical Community College	\$48,400	\$0	\$0	\$48,400	0
332.70 Austin Peay State University	\$278,700	\$0	\$0	\$278,700	0
332.72 East Tennessee State University	\$496,600	\$0	\$0	\$496,600	0
332.74 University of Memphis	\$957,500	\$0	\$0	\$957,500	0
332.75 Middle Tennessee State University	\$841,900	\$0	\$0	\$841,900	0
332.77 Tennessee State University	\$453,400	\$0	\$0	\$453,400	0
332.78 Tennessee Technological University	\$376,700	\$0	\$0	\$376,700	0
332.80 Chattanooga State Technical Community College	\$93,600	\$0	\$0	\$93,600	0
332.81 Cleveland State Community College	\$38,400	\$0	\$0	\$38,400	0
332.82 Columbia State Community College	\$50,000	\$0	\$0	\$50,000	0
332.84 Dyersburg State Community College	\$27,300	\$0	\$0	\$27,300	0
332.86 Jackson State Community College	\$47,200	\$0	\$0	\$47,200	0
332.88 Motlow State Community College	\$39,100	\$0	\$0	\$39,100	0
332.90 Roane State Community College	\$67,000	\$0	\$0	\$67,000	0
332.94 Volunteer State Community College	\$72,900	\$0	\$0	\$72,900	0
332.96 Walters State Community College	\$67,900	\$0	\$0	\$67,900	0
Sub-total	\$4,255,100	\$0	\$0	\$4,255,100	0
Total State University and Community College System	\$4,255,100	\$0	\$0	\$4,255,100	0
Total Higher Education	\$37,270,900	\$0	\$0	\$37,270,900	0
Total Education	\$232,804,300	\$0	\$25,000,000	\$257,804,300	13

Department of Education

The Department of Education is responsible for ensuring that the children of Tennessee have the opportunity for intellectual development commensurate with their abilities. The department coordinates and supervises the educational programs provided by the 136 local school districts, or Local Education Agencies (LEAs). LEAs operate the state's kindergarten, elementary, secondary, and vocational schools. The department carries out its education responsibilities through a multitude of program areas.

Administration and the State Board of Education

Administration functions include policy development, planning, maintenance of the Basic Education Program (BEP) funding formula model, financial management advisory services to LEAs, and collection of student membership data. Sections in Administration include:

- Commissioner's office
- Internal audit
- Personnel, central accounts, and budget
- Teacher licensing
- Local finance
- Public information
- Research and information services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.01 Administration					
Full-Time	116	117	117	0	117
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	116	117	117	0	117
Payroll	5,868,400	7,060,100	7,060,100	0	7,060,100
Operational	1,886,400	2,429,500	2,429,500	0	2,429,500
Total	\$7,754,800	\$9,489,600	\$9,489,600	\$0	\$9,489,600
State	5,670,900	7,988,200	7,988,200	0	7,988,200
Federal	2,055,700	1,480,000	1,480,000	0	1,480,000
Other	28,200	21,400	21,400	0	21,400

The Governor's Books from Birth Fund is the primary funding source for The Governor's Books from Birth Foundation. The foundation is a non-profit entity in partnership with the Dollywood Foundation to implement the Imagination Library across Tennessee and is administratively attached to the department. The goal of the Governor's Books from Birth Foundation is to ensure that the 375,000 Tennessee children under age five are reading at grade level by the end of the third grade. Successful early childhood reading initiatives have a significant impact on a child's ability to learn. The Governor's foundation funds 50% of each participating county's cost of providing one hardcover, age-appropriate book each month to children from birth to age five at no cost to the family.

331.22 Governor's Books from Birth Fund

Full-Time	5	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	305,000	0	0	0	0
Operational	385,400	2,011,400	2,011,400	680,000	2,691,400
Total	\$690,400	\$2,011,400	\$2,011,400	\$680,000	\$2,691,400
State	690,400	2,011,400	2,011,400	680,000	2,691,400
Federal	0	0	0	0	0
Other	0	0	0	0	0

The State Board of Education is the regulatory and policy-making body for K-12 public education, the state's special schools, and educational television. The board has two primary responsibilities:

- Revising and updating the Master Plan for improving education in the state
- Establishing policies, standards, and guidelines for public education in grades K-12.

331.07 State Board of Education

Full-Time	7	7	7	0	7
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	7	7	7	0	7
Payroll	520,300	593,300	593,300	0	593,300
Operational	219,200	168,800	168,800	28,000	196,800
Total	\$739,500	\$762,100	\$762,100	\$28,000	\$790,100
State	739,500	762,100	762,100	28,000	790,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

State Support of LEA Programs

The department provides support for a number of initiatives designed to address specific needs and special programs at the local level. Much of this support is provided directly to the LEAs. This support is administered through the following programs:

- BEP and Other LEA Support
- Early Childhood Education
- After-School Programs
- Career Ladder
- Grants-In-Aid
- Driver Education
- Technology, Infrastructure, and Support Systems
- Accountability and Assessment
- Curriculum and Instruction
- Training and Professional Development.

The Basic Education Program (BEP) formula determines the funding level each school system needs in order to provide a basic level of service for all students. This formula is based on student enrollment in the different grade levels and programs, as well as specific costs for materials, supplies, equipment, and other operating costs. A county's relative ability to pay for education is taken into consideration in determining each system's required local share of the education funds generated by the BEP formula.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.25 BEP and Other LEA Support					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,825,604,700	2,948,953,200	2,945,553,200	168,900,000	3,114,453,200
Total	\$2,825,604,700	\$2,948,953,200	\$2,945,553,200	\$168,900,000	\$3,114,453,200
State	2,824,046,600	2,947,453,200	2,945,553,200	168,900,000	3,114,453,200
Federal	0	0	0	0	0
Other	1,558,100	1,500,000	0	0	0

The Early Childhood Education initiative was established to promote successful pre-kindergarten programs and prepare children for academic success, with emphasis on children at risk of failure. The Office of Early Learning (OEL) coordinates and supports this initiative, in addition to school-age child care, Family Resource Centers, Even Start, and Head Start. In fiscal year 2006, excess lottery proceeds were appropriated to expand the pre-kindergarten program.

331.32 Early Childhood Education

Full-Time	18	31	18	13	31
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	18	31	18	13	31
Payroll	1,085,000	1,889,000	1,135,600	754,500	1,890,100
Operational	17,057,900	40,989,100	16,742,500	44,245,500	60,988,000
Total	\$18,142,900	\$42,878,100	\$17,878,100	\$45,000,000	\$62,878,100
State	14,254,400	14,442,900	14,442,900	20,000,000	34,442,900
Federal	3,888,500	3,435,200	3,435,200	0	3,435,200
Other	0	25,000,000	0	25,000,000	25,000,000

After-School programs are offered at the local level and provide academic enrichment activities designed to help students meet state and local standards. Beginning in fiscal year 2005-2006, additional funding for these programs is generated from the state's 50% share of unclaimed education lottery prize money. These funds will enhance existing and fund additional after-school programs. The education lottery that funds this program was begun in January 2004.

331.19 After-School Programs Special Account

Full-Time	0	1	1	0	1
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	1	1	0	1
Payroll	0	76,000	76,000	0	76,000
Operational	0	8,845,000	6,424,000	0	6,424,000
Total	\$0	\$8,921,000	\$6,500,000	\$0	\$6,500,000
State	0	8,921,000	6,500,000	0	6,500,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Comprehensive Education Reform Act of 1983 established the Career Ladder program to promote staff development among teachers, principals, and supervisors, and to award substantial pay supplements to those evaluated as outstanding and who accept additional responsibilities as applicable.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.10 Career Ladder					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	81,121,600	80,619,200	80,619,200	0	80,619,200
Total	\$81,121,600	\$80,619,200	\$80,619,200	\$0	\$80,619,200
State	81,121,600	80,619,200	80,619,200	0	80,619,200
Federal	0	0	0	0	0
Other	0	0	0	0	0

Grants-In-Aid provides funding to enhance educational opportunities for students through grants to educational/public television, the Tennessee Holocaust Commission, the Science Alliance museums, and the Tennessee Alliance of Boys and Girls Clubs.

331.02 Grants-In-Aid

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	3,722,600	3,943,900	3,893,900	1,500,000	5,393,900
Total	\$3,722,600	\$3,943,900	\$3,893,900	\$1,500,000	\$5,393,900
State	3,722,600	3,943,900	3,893,900	1,500,000	5,393,900
Federal	0	0	0	0	0
Other	0	0	0	0	0

Driver Education utilizes earmarked funds for teaching highway safety and good driving skills to teenage drivers.

331.43 Driver Education

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,527,200	1,700,000	1,700,000	0	1,700,000
Total	\$1,527,200	\$1,700,000	\$1,700,000	\$0	\$1,700,000
State	1,527,200	1,700,000	1,700,000	0	1,700,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

Technology, Infrastructure, and Support Systems provides information services, technology training, and technical support to the department and local school systems.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.04 Technology, Infrastructure, and Support Systems					
Full-Time	28	28	28	0	28
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	28	28	28	0	28
Payroll	1,547,000	2,051,800	2,051,800	0	2,051,800
Operational	1,732,300	2,129,400	1,888,100	0	1,888,100
Total	\$3,279,300	\$4,181,200	\$3,939,900	\$0	\$3,939,900
State	3,173,800	2,558,400	2,558,400	0	2,558,400
Federal	100,000	0	0	0	0
Other	5,500	1,622,800	1,381,500	0	1,381,500

Accountability and Assessment collects data on student performance for each school and school system. This program uses the collected data to help local educators improve student performance. The data is used in the following activities:

- School accreditation
- No Child Left Behind
- School and school system report cards
- Non-public and home school evaluation
- Exemplary Educators Program
- Applied technology
- School improvement planning
- Compliance and performance monitoring.

331.11 Accountability and Assessment

Full-Time	52	48	48	0	48
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	52	48	48	0	48
Payroll	2,353,800	2,879,800	2,879,800	0	2,879,800
Operational	20,169,200	22,020,900	16,320,300	0	16,320,300
Total	\$22,523,000	\$24,900,700	\$19,200,100	\$0	\$19,200,100
State	13,825,600	13,880,400	13,880,400	0	13,880,400
Federal	316,600	336,600	1,836,000	0	1,836,000
Other	8,380,800	10,683,700	3,483,700	0	3,483,700

In order to establish statewide standards as a foundation for teaching and learning, the Office of Curriculum and Instruction is charged with the responsibility of providing local school systems with leadership and technical assistance in the design and development of K-12 instructional programs. Programs include the Governor’s Study Partner Program, music, art, and programs for gifted students such as the Governor’s Schools. The Governor’s Schools program provides funding for six weeks of summer programs to gifted and talented high school juniors and seniors. The nine Governor’s schools are:

- Science
- Arts
- Humanities
- International Studies
- Agriculture
- Prospective Teachers
- Information Technology Leadership
- Scientific Exploration of Tennessee Heritage
- Manufacturing/Engineering Fundamentals.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.06 Curriculum and Instruction					
Full-Time	30	30	30	0	30
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	39	39	39	0	39
Payroll	1,861,700	2,013,400	2,013,400	0	2,013,400
Operational	34,124,100	32,232,500	32,232,500	1,000,000	33,232,500
Total	\$35,985,800	\$34,245,900	\$34,245,900	\$1,000,000	\$35,245,900
State	3,492,200	4,133,900	4,133,900	1,000,000	5,133,900
Federal	32,456,600	30,001,900	30,001,900	0	30,001,900
Other	37,000	110,100	110,100	0	110,100

Through the Training and Professional Development program, the department provides training and professional development opportunities for instructional personnel, school system superintendents, and board members. The department also provides workshops in technology training for teachers and administrators.

331.05 Training and Professional Development

Full-Time	17	17	17	0	17
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	17	17	17	0	17
Payroll	638,200	1,423,400	1,223,400	0	1,223,400
Operational	4,599,700	11,167,200	6,165,900	0	6,165,900
Total	\$5,237,900	\$12,590,600	\$7,389,300	\$0	\$7,389,300
State	5,167,300	11,959,500	6,959,500	0	6,959,500
Federal	15,000	0	0	0	0
Other	55,600	631,100	429,800	0	429,800

Federally-Funded and Supported LEA Programs

Various federally-funded programs, including funding for the No Child Left Behind Act, are designed to enhance the learning environment of disadvantaged and disabled students. Other programs support teacher training in core academic subjects as well as drug awareness and AIDS education. Title I, Title II, and Title V of the Elementary and Secondary Education Act (ESEA) are entirely federally-funded and administered by the state. Child nutrition programs, services to handicapped students, and vocational education programs are federally- and state-funded.

The ESEA No Child Left Behind Act is primarily designed to target resources for school improvements and support initiatives to enhance the learning environment. This act, which represents the President’s education reform plan, contains four basic education reform principles: stronger accountability for results, increased flexibility and local control, expanded options for parents, and an emphasis on teaching methods that have been proven to work.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.03 ESEA No Child Left Behind					
Full-Time	51	51	51	0	51
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	51	51	51	0	51
Payroll	3,286,300	3,795,700	3,795,700	0	3,795,700
Operational	304,527,100	304,219,100	304,219,100	0	304,219,100
Total	\$307,813,400	\$308,014,800	\$308,014,800	\$0	\$308,014,800
State	0	0	0	0	0
Federal	307,802,000	308,014,800	308,014,800	0	308,014,800
Other	11,400	0	0	0	0

Improving School Programs fund a variety of initiatives designed to provide support for local efforts. The Safe and Drug-Free Schools and Communities Program provides financial and technical support to schools and communities to reduce adolescent drug use and violence. The Tobacco Prevention Program addresses smoking among young children. The 21st Century Learning Centers administer grants to serve students that attend high poverty, low achieving schools. School Health Programs provide technical and financial assistance in implementing and developing comprehensive school health programs in the local schools. One-room Drop-in Schools serve at-risk adults and children in the public housing communities where they live. Financial support is provided through a variety of grant programs, including formula grants to LEAs, as well as discretionary grants to both school and community-based programs. Other federally-funded programs in the Improving School Programs allotment code include:

- Expelled and Suspended Students
- Learn and Serve grants
- Byrd scholarships
- Troops to Teachers
- AIDS education
- Drop-Out prevention.

331.09 Improving School Programs

Full-Time	20	19	19	0	19
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	21	20	20	0	20
Payroll	764,400	1,615,700	1,600,300	0	1,600,300
Operational	25,730,600	27,088,000	26,592,400	0	26,592,400
Total	\$26,495,000	\$28,703,700	\$28,192,700	\$0	\$28,192,700
State	1,137,700	1,268,600	1,268,600	0	1,268,600
Federal	24,456,700	26,518,300	26,524,100	0	26,524,100
Other	900,600	916,800	400,000	0	400,000

The Division of Special Education Services is responsible for initiating, improving, and expanding special education programs and services to children with disabilities as mandated by state and federal law. The division serves children through two major efforts:

- Providing technical assistance to school systems and agencies with special education programs
- Ensuring that the rights of disabled children and their parents are protected by:
 - (a) Mediating, upon request, disagreements between local school systems and parents regarding a child's educational program
 - (b) Providing due process hearings.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.36 Special Education Services					
Full-Time	73	73	73	0	73
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	73	73	73	0	73
Payroll	3,983,700	4,416,900	4,416,900	0	4,416,900
Operational	209,068,500	231,273,700	231,273,700	0	231,273,700
Total	\$213,052,200	\$235,690,600	\$235,690,600	\$0	\$235,690,600
State	587,200	598,000	598,000	0	598,000
Federal	212,422,100	235,092,600	235,092,600	0	235,092,600
Other	42,900	0	0	0	0

The Tennessee Early Intervention Services program provides home-based services to parents and other primary care providers and direct services to children with disabilities.

331.95 Tennessee Early Intervention Services

Full-Time	45	45	45	0	45
Part-Time	600	600	600	0	600
Seasonal	0	0	0	0	0
Total	645	645	645	0	645
Payroll	6,808,800	6,932,300	6,995,900	56,500	7,052,400
Operational	21,452,700	27,217,400	23,803,800	3,000,000	26,803,800
Total	\$28,261,500	\$34,149,700	\$30,799,700	\$3,056,500	\$33,856,200
State	16,484,800	19,546,000	16,596,000	3,056,500	19,652,500
Federal	10,848,800	14,203,700	14,203,700	0	14,203,700
Other	927,900	400,000	0	0	0

The School Nutrition programs provide nutrition education and nutritious meals during the school day. To ensure that all students have access to a nutritious meal, the division reimburses LEAs for all eligible students who participate in the School Lunch and School Breakfast programs.

331.35 School Nutrition Programs

Full-Time	24	24	24	0	24
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	24	24	24	0	24

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	1,675,100	1,539,300	1,660,800	0	1,660,800
Operational	197,133,400	208,759,800	208,638,300	0	208,638,300
Total	\$198,808,500	\$210,299,100	\$210,299,100	\$0	\$210,299,100
State	4,817,800	4,806,000	4,806,000	0	4,806,000
Federal	193,987,000	205,493,100	205,488,100	0	205,488,100
Other	3,700	0	5,000	0	5,000

The Vocational Education program is responsible for providing specialized education services to the state's high school students that will prepare them for employment and/or post-secondary education. The Division of Vocational Education also provides direction to the LEAs in establishing and maintaining programs in areas such as:

- Agriculture
- Family and consumer services
- Trade and industry
- Information technology
- Marketing
- Health science
- Technology education.

331.45 Vocational Education Programs

Full-Time	51	52	52	0	52
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	51	52	52	0	52
Payroll	2,906,300	3,241,700	3,241,700	0	3,241,700
Operational	29,271,200	30,775,500	30,775,500	0	30,775,500
Total	\$32,177,500	\$34,017,200	\$34,017,200	\$0	\$34,017,200
State	3,477,100	3,830,800	3,830,800	0	3,830,800
Federal	27,863,100	29,538,400	29,538,400	0	29,538,400
Other	837,300	648,000	648,000	0	648,000

Local school districts are eligible for reimbursement for the cost of certain medical and behavioral services provided to Medicaid-eligible special education students. The services include physical and occupational therapy, speech and language pathology, behavioral health services, and specialized transportation. Claims are reviewed, analyzed, and sent to TennCare for filing with the U.S. Center for Medicaid Services (CMS). The department then receives reimbursement from TennCare and distributes the funds to the appropriate school districts.

331.17 School-Based TennCare Services

Full-Time	4	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	4	0	0	0	0
Payroll	143,500	0	0	0	0
Operational	763,000	3,000,000	3,000,000	0	3,000,000
Total	\$906,500	\$3,000,000	\$3,000,000	\$0	\$3,000,000
State	118,500	0	0	0	0
Federal	0	0	0	0	0
Other	788,000	3,000,000	3,000,000	0	3,000,000

Special Schools

The department operates three schools across the state in order to provide academic, vocational, and special instruction education opportunities in residential settings for legally blind, deaf, and/or multi-disabled children ages preschool to 21. These schools are the Tennessee School for the Blind, the Tennessee School for the Deaf, and the West Tennessee School for the Deaf. The programs offered include:

- Academic instruction
- Self-care skills
- Counseling
- Pre-vocational training
- Child health and safety
- Independent living skills
- Consultation services to LEAs
- Diagnosis and identification of learning problems.

Additionally, the department operates the Alvin C. York Institute in Jamestown, a model rural high school that serves as a center for improving rural education.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.91 Tennessee School for the Blind					
Full-Time	184	184	184	0	184
Part-Time	23	23	23	0	23
Seasonal	0	0	0	0	0
Total	207	207	207	0	207
Payroll	8,215,700	8,472,800	8,472,800	59,200	8,532,000
Operational	1,657,500	1,605,200	1,605,200	45,700	1,650,900
Total	\$9,873,200	\$10,078,000	\$10,078,000	\$104,900	\$10,182,900
State	9,136,900	9,302,900	9,302,900	104,900	9,407,800
Federal	0	0	0	0	0
Other	736,300	775,100	775,100	0	775,100
331.92 Tennessee School for the Deaf					
Full-Time	244	244	244	0	244
Part-Time	21	21	21	0	21
Seasonal	0	0	0	0	0
Total	265	265	265	0	265
Payroll	9,765,900	10,447,300	10,447,300	74,200	10,521,500
Operational	2,772,400	2,923,200	2,883,200	100,000	2,983,200
Total	\$12,538,300	\$13,370,500	\$13,330,500	\$174,200	\$13,504,700
State	11,948,000	12,842,900	12,842,900	174,200	13,017,100
Federal	0	37,800	37,800	0	37,800
Other	590,300	489,800	449,800	0	449,800

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.93 West Tennessee School for the Deaf					
Full-Time	42	42	42	0	42
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	51	51	51	0	51
Payroll	1,859,700	1,972,700	1,972,700	12,500	1,985,200
Operational	405,400	408,300	328,300	36,000	364,300
Total	\$2,265,100	\$2,381,000	\$2,301,000	\$48,500	\$2,349,500
State	2,010,500	2,102,400	2,102,400	48,500	2,150,900
Federal	0	39,500	39,500	0	39,500
Other	254,600	239,100	159,100	0	159,100

331.90 Alvin C. York Institute

Full-Time	78	78	78	0	78
Part-Time	11	11	11	0	11
Seasonal	0	0	0	0	0
Total	89	89	89	0	89
Payroll	4,433,100	4,739,300	4,739,300	41,300	4,780,600
Operational	921,600	1,028,400	1,026,200	0	1,026,200
Total	\$5,354,700	\$5,767,700	\$5,765,500	\$41,300	\$5,806,800
State	4,302,200	4,723,400	4,723,400	41,300	4,764,700
Federal	46,200	37,500	46,400	0	46,400
Other	1,006,300	1,006,800	995,700	0	995,700

The major maintenance program facilitates major repairs for the department's four special schools.

331.97 Major Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	136,500	239,100	239,100	0	239,100
Total	\$136,500	\$239,100	\$239,100	\$0	\$239,100
State	136,500	239,100	239,100	0	239,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
331.00 Department Total					
Full-Time	1,089	1,091	1,078	13	1,091
Part-Time	674	674	674	0	674
Seasonal	0	0	0	0	0
Total	1,763	1,765	1,752	13	1,765
Payroll	58,021,900	65,160,500	64,376,800	998,200	65,375,000
Operational	3,785,990,200	3,995,747,800	3,950,534,100	219,535,200	4,170,069,300
Total	\$3,844,012,100	\$4,060,908,300	\$4,014,910,900	\$220,533,400	\$4,235,444,300
State	3,011,589,300	3,159,634,200	3,147,313,200	195,533,400	3,342,846,600
Federal	816,258,300	854,229,400	855,738,500	0	855,738,500
Other	16,164,500	47,044,700	11,859,200	25,000,000	36,859,200

Statistical Data State Special Schools

	<u>York Institute 331.90</u>	<u>TN School for the Blind 331.91</u>	<u>TN School for the Deaf 331.92</u>	<u>West TN School for the Deaf 331.93</u>
Annual Admissions				
1999-2000	800	16	29	57
2000-2001	723	12	32	51
2001-2002	750	12	24	51
2002-2003	750	10	32	63
2003-2004	750	12	30	61
2004-2005	750	9	30	61
2005-2006	750	26	30	62
2005-2007	750	26	30	62
Annual Releases				
1999-2000	250	8	27	6
2000-2001	210	4	30	5
2001-2002	175	4	38	8
2002-2003	175	8	14	7
2003-2004	150	3	33	9
2004-2005	160	17	20	5
2005-2006	160	21	20	6
2005-2007	160	18	20	6
Average Daily Census				
1999-2000	617	172	179	47
2000-2001	575	210	179	43
2001-2002	575	210	188	44
2002-2003	605	212	155	56
2003-2004	631	218	169	54
2004-2005	642	203	169	52
2005-2006	705	207	175	53
2005-2007	705	209	175	53
Cost Per Occupancy Day				
1999-2000	\$37.01	\$245.24	\$309.31	\$195.28
2000-2001	\$39.93	\$215.39	\$349.71	\$224.42
2001-2002	\$39.93	\$218.72	\$330.94	\$227.65
2002-2003	\$40.43	\$226.48	\$338.78	\$153.41
2003-2004	\$44.14	\$228.47	\$401.68	\$171.60
2004-2005	\$46.34	\$270.20	\$412.17	\$201.66
2005-2006	\$45.45	\$270.48	\$424.46	\$207.98
2005-2007	\$45.76	\$270.68	\$428.72	\$205.23

Higher Education

The mission of the state-sponsored higher education program is to provide affordable, high-quality, post-secondary education to Tennesseans. Higher Education also provides valuable services through its research, medical, agriculture, and public service programs. In addition, emphasis is placed on the coordination of higher education, student financial aid, and special programs designed to improve the overall quality of education in Tennessee. The University of Tennessee System, the State University and Community College System, the Tennessee Higher Education Commission, and the Tennessee Student Assistance Corporation work together to accomplish these activities.

State-Administered Programs

Tennessee Higher Education Commission

The Tennessee Higher Education Commission (THEC) was created to coordinate and unify Tennessee's program of public higher education. Its primary responsibilities include:

- Developing and maintaining a master plan for public higher education in Tennessee
- Developing policies and formulas for the fair and equitable distribution of public funds among Tennessee's public institutions of higher education
- Studying the need for programs, departments, and other educational activities at Tennessee's institutions of higher learning
- Reviewing all proposals for new degrees or degree programs and academic departments or divisions within the institutions
- Studying and making determinations concerning the establishment of new institutions of higher learning
- Submitting a biennial report to the Governor and Legislature on the status of higher education
- Administering the contract education program with in-state private institutions and with out-of-state institutions through the Southern Regional Education Board
- Coordinating desegregation planning in public institutions
- Administering the tuition waiver and discount programs
- Authorizing post-secondary educational institutions to operate in the state and reviewing programs to ensure they meet minimum standards set forth in the Post-secondary Education Authorization Act
- Researching, analyzing and evaluating the Tennessee Education Lottery Scholarship program to determine the programmatic impact and effectiveness in areas such as student success and scholarship retention.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.01 Tennessee Higher Education Commission					
Full-Time	39	46	46	0	46
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	41	48	48	0	48
Payroll	2,835,700	3,556,800	3,556,800	0	3,556,800
Operational	747,600	4,104,500	4,104,500	0	4,104,500
Total	\$3,583,300	\$7,661,300	\$7,661,300	\$0	\$7,661,300
State	1,739,500	2,067,000	2,067,000	0	2,067,000
Federal	270,000	3,805,300	3,805,300	0	3,805,300
Other	1,573,800	1,789,000	1,789,000	0	1,789,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.02 Contract Education					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,330,100	2,330,100	2,330,100	0	2,330,100
Total	\$2,330,100	\$2,330,100	\$2,330,100	\$0	\$2,330,100
State	2,330,100	2,330,100	2,330,100	0	2,330,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

332.09 THEC Grants

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	3,770,600	3,810,200	3,810,200	1,870,900	5,681,100
Total	\$3,770,600	\$3,810,200	\$3,810,200	\$1,870,900	\$5,681,100
State	2,510,600	2,523,300	2,523,300	1,870,900	4,394,200
Federal	1,260,000	1,286,900	1,286,900	0	1,286,900
Other	0	0	0	0	0

Tennessee Student Assistance Corporation

The Tennessee Student Assistance Corporation (TSAC) is a non-profit corporation that administers state and federal student financial assistance programs. TSAC's duties include:

- Guaranteeing student loans
- Administering the Academic Scholars Program and, for financially needy Tennesseans, the Tennessee Student Assistance Awards Program
- Administering loan/scholarship programs encouraging students to enter the teaching, nursing, and medical professions
- Executing the federal program designed to prevent potential defaults on student loans
- Arranging for or serving as the lender of last resort
- Marketing and administering the Tennessee Education Lottery Scholarship program.

332.03 Tennessee Student Assistance Awards

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	0	0	0	0	0
Operational	42,733,100	42,770,900	42,770,900	0	42,770,900
Total	\$42,733,100	\$42,770,900	\$42,770,900	\$0	\$42,770,900
State	41,407,100	41,208,500	41,208,500	0	41,208,500
Federal	1,326,000	1,562,400	1,562,400	0	1,562,400
Other	0	0	0	0	0

332.04 Federal Family Education Loan Program (FFELP)

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	88,920,700	100,000,000	125,900,000	0	125,900,000
Total	\$88,920,700	\$100,000,000	\$125,900,000	\$0	\$125,900,000
State	0	0	0	0	0
Federal	86,868,600	96,602,500	121,602,500	0	121,602,500
Other	2,052,100	3,397,500	4,297,500	0	4,297,500

332.05 Tennessee Student Assistance Corporation

Full-Time	48	51	51	0	51
Part-Time	1	0	0	0	0
Seasonal	0	0	0	0	0
Total	49	51	51	0	51
Payroll	2,068,300	2,839,200	2,801,200	0	2,801,200
Operational	16,277,100	17,879,500	17,917,500	0	17,917,500
Total	\$18,345,400	\$20,718,700	\$20,718,700	\$0	\$20,718,700
State	741,200	1,357,300	1,357,300	0	1,357,300
Federal	4,160,200	4,988,900	4,988,900	0	4,988,900
Other	13,444,000	14,372,500	14,372,500	0	14,372,500

332.06 Academic Scholars Program

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	487,200	780,500	780,500	0	780,500
Total	\$487,200	\$780,500	\$780,500	\$0	\$780,500
State	329,000	401,800	401,800	0	401,800
Federal	0	0	0	0	0
Other	158,200	378,700	378,700	0	378,700

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.07 Loan/Scholarship Programs					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,152,600	2,104,500	2,104,500	0	2,104,500
Total	\$2,152,600	\$2,104,500	\$2,104,500	\$0	\$2,104,500
State	1,191,000	1,191,000	1,191,000	0	1,191,000
Federal	800	0	0	0	0
Other	960,800	913,500	913,500	0	913,500

Tennessee Foreign Language Institute

The Tennessee Foreign Language Institute's mission is to promote, encourage, enhance and facilitate the learning and teaching of foreign languages. The Institute serves more than 4,000 people per year through classes in more than 115 languages and self-study programs in another 26 languages.

332.14 Tennessee Foreign Language Institute

Full-Time	14	14	14	0	14
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	14	14	14	0	14
Payroll	0	0	0	0	0
Operational	1,255,600	1,819,200	1,819,200	0	1,819,200
Total	\$1,255,600	\$1,819,200	\$1,819,200	\$0	\$1,819,200
State	315,600	328,300	328,300	0	328,300
Federal	0	0	0	0	0
Other	940,000	1,490,900	1,490,900	0	1,490,900

Centers of Excellence

The Centers of Excellence Program provides additional funding to Tennessee's public four-year universities to supplement specific disciplines that are excellent or demonstrate the potential to become excellent. The state has established 26 Centers of Excellence based on the following principles: expansion of research and economic development activities, attainment of regional and national recognition, enhancement of existing institutional strengths, and differentiation of missions among institutions. This program is administered by the Tennessee Higher Education Commission.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.08 Centers of Excellence					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	17,635,600	18,002,400	18,002,400	0	18,002,400
Total	\$17,635,600	\$18,002,400	\$18,002,400	\$0	\$18,002,400
State	17,635,600	18,002,400	18,002,400	0	18,002,400
Federal	0	0	0	0	0
Other	0	0	0	0	0

Centers of Emphasis

The Campus Centers of Emphasis Program provides supplemental funding to demonstrably excellent programs at the state's public two-year institutions. The state has established 15 Campus Centers of Emphasis based on the same principles applying to the Centers of Excellence. This program is administered by the Tennessee Higher Education Commission.

332.11 Campus Centers of Emphasis

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,281,900	1,312,000	1,312,000	0	1,312,000
Total	\$1,281,900	\$1,312,000	\$1,312,000	\$0	\$1,312,000
State	1,281,900	1,312,000	1,312,000	0	1,312,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

Lottery for Education Account

The Lottery for Education Account is an appropriation of the state's net education lottery proceeds. The majority of these funds are made available for post-secondary scholarships, which include the Tennessee HOPE Scholarship, the General Assembly Merit Scholarship, the Need-Based Supplemental Award, the Tennessee HOPE Access Grant, and the Wilder-Naifeh Technical Skills Grant. In the event that education lottery proceeds available to the account exceed scholarship needs, excess proceeds may be appropriated to pre-kindergarten and early childhood education programs. Funding for the pre-K and early childhood education programs is reflected in the Department of Education budget, funded by interdepartmental (other) revenue from the Lottery for Education Account state appropriation. Administrative costs associated with the scholarship program within the Tennessee Higher Education Commission and Tennessee Student Assistance Corporation also are funded from the appropriation to the Lottery for Education Account.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.19 Lottery for Education Account					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	97,722,200	197,400,000	210,500,000	25,000,000	235,500,000
Total	\$97,722,200	\$197,400,000	\$210,500,000	\$25,000,000	\$235,500,000
State	97,722,200	197,400,000	210,500,000	25,000,000	235,500,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

Geier Desegregation Agreement

In January 2001, a settlement agreement in the *Geier* higher education desegregation lawsuit was approved by the U.S. District Court in Nashville. Implementation of the agreement will result in final resolution of the lawsuit that was filed in 1968. The settlement agreement is designed to “create an educational system that enhances increased enrollment of African American students at the predominately white institutions and that likewise enhances the enrollment of white students at the state’s predominately black institution,” which is Tennessee State University (TSU) in Nashville. The agreement also is intended “to increase the presence of other-race faculty, staff, and administrators on the campuses of the state’s colleges and universities.”

Except for one 10-year funding commitment, the plan is to be implemented over five years from January 4, 2001. The agreement sets forth commitments for higher education in middle Tennessee, statewide issues in both university systems, and implementation.

Major ingredients of the plan require annual appropriations for a TSU Endowment for Educational Excellence over 10 years; capital improvements and revitalization of the TSU Avon Williams Downtown Campus; consideration of merger of the Nashville School of Law with TSU, which has been ruled out; creation of new, high-demand academic programs at TSU as an alternative to the law school merger; statewide recruitment and retention initiatives for African American students, faculty, and administrators, including scholarships, pre-doctoral fellowships, visiting professorships, pre-university summer programs, and minority financial aid; and recruitment of other-race and non-traditional students to TSU.

The first appropriation for the state’s commitment to this settlement agreement was made in the 2001 General Appropriations Act, and administrative initiatives began in the last half of fiscal year 2000-2001. Major program initiative spending began in fiscal year 2001-2002 and continues in the current year and next fiscal year.

This agreement when fully implemented will result in a system of public higher education that preserves and enhances access and educational opportunities at Tennessee's public colleges and universities.

As Geier funding is phased out, the Administration intends to recommend the continuation of the level of financial support provided under the Geier program on a recurring basis, in order to provide funds directed toward equity and access initiatives in a unitary system of higher education. During the 2006 calendar year, the Administration and higher education staff will evaluate the effectiveness of Geier programs and recommend a plan for use of the Geier funds in

a post-Geier unitary status in the 2007-2008 and succeeding fiscal years. The base state appropriation reduction of \$1,870,900 is accompanied by an improvement recommendation of \$1,870,900 for post-Geier minority financial aid, which can be found at the beginning of the Education functional area, in the section titled “Improvements for Fiscal Year 2006-2007,” under “Higher Education – State Administered Programs.” The improvement funds are recommended in the THEC Grants program.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
332.13 Geier Desegregation Settlement					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	8,687,000	13,765,000	9,394,100	0	9,394,100
Total	\$8,687,000	\$13,765,000	\$9,394,100	\$0	\$9,394,100
State	8,687,000	11,265,000	9,394,100	0	9,394,100
Federal	0	0	0	0	0
Other	0	2,500,000	0	0	0
Total State-Administered Programs					
Full-Time	101	111	111	0	111
Part-Time	3	2	2	0	2
Seasonal	0	0	0	0	0
Total	104	113	113	0	113
Payroll	4,904,000	6,396,000	6,358,000	0	6,358,000
Operational	284,001,300	406,078,800	440,745,900	26,870,900	467,616,800
Total	\$288,905,300	\$412,474,800	\$447,103,900	\$26,870,900	\$473,974,800
State	175,890,800	279,386,700	290,615,800	26,870,900	317,486,700
Federal	93,885,600	108,246,000	133,246,000	0	133,246,000
Other	19,128,900	24,842,100	23,242,100	0	23,242,100

University of Tennessee System

The University of Tennessee (UT) is a statewide land grant institution governed by a Board of Trustees. The University of Tennessee offers academic programs in a large number of specialized areas at the bachelor's, master's, and doctoral levels. In addition to the traditional teaching mission, the UT system is engaged in a number of research and public service activities.

Note: Position counts shown below are for full-time, unrestricted education and general employees only. Full-time equivalent (FTE) enrollments are for Fall 2004 and 2005. Federal revenues, tuition and fees, and other revenues are unrestricted current funds derived from education and general, and auxiliary enterprise sources.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.10 UT University-Wide Administration					
Full-Time					
Administrative	48	52	52	0	52
Professional	138	136	136	0	136
Faculty	0	0	0	0	0
Clerical	224	215	215	0	215
Total	410	403	403	0	403
FTE Enrollment	0	0	0	0	0
State	3,846,000	3,764,900	3,764,900	0	3,764,900
Federal	0	0	0	0	0
Other	9,950,000	12,007,000	12,007,000	0	12,007,000
Tuition/Fees	0	0	0	0	0
Total	\$13,796,000	\$15,771,900	\$15,771,900	\$0	\$15,771,900

332.12 Research Initiatives – UT System

Full-Time					
Administrative	0	0	0	0	0
Professional	0	0	0	0	0
Faculty	0	0	0	0	0
Clerical	0	0	0	0	0
Total	0	0	0	0	0
FTE Enrollment	0	0	0	0	0
State	0	2,500,000	2,500,000	4,000,000	6,500,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
Tuition/Fees	0	0	0	0	0
Total	\$0	\$2,500,000	\$2,500,000	\$4,000,000	\$6,500,000

Public Service

One mission of the University of Tennessee is to provide services to the public beyond traditional post-secondary and professional education and training by:

- Providing information and technical assistance to business, industry, and government

- Advising the counties, cities, and towns of Tennessee in such areas as law, public works, finance, accounting, and governmental affairs
- Providing continuing education on and off campuses, with special emphasis on degree-granting programs in non-traditional settings.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.15 UT Institute for Public Service					
Full-Time					
Administrative	9	7	7	0	7
Professional	16	14	14	0	14
Faculty	0	0	0	0	0
Clerical	22	17	17	0	17
Total	47	38	38	0	38
FTE Enrollment	0	0	0	0	0
State	4,417,600	4,505,000	4,505,000	0	4,505,000
Federal	772,300	550,000	550,000	0	550,000
Other	456,600	345,200	345,200	0	345,200
Tuition/Fees	0	0	0	0	0
Total	\$5,646,500	\$5,400,200	\$5,400,200	\$0	\$5,400,200

332.16 UT Municipal Technical Advisory Service

Full-Time					
Administrative	2	2	2	0	2
Professional	30	31	31	0	31
Faculty	0	0	0	0	0
Clerical	13	14	14	0	14
Total	45	47	47	0	47
FTE Enrollment	0	0	0	0	0
State	1,671,600	1,746,800	1,746,800	0	1,746,800
Federal	11,000	4,800	4,800	0	4,800
Other	2,397,300	2,618,500	2,618,500	0	2,618,500
Tuition/Fees	0	0	0	0	0
Total	\$4,079,900	\$4,370,100	\$4,370,100	\$0	\$4,370,100

332.17 UT County Technical Assistance Service

Full-Time					
Administrative	2	2	2	0	2
Professional	23	24	24	0	24
Faculty	0	0	0	0	0
Clerical	7	7	7	0	7
Total	32	33	33	0	33
FTE Enrollment	0	0	0	0	0
State	1,271,400	1,320,700	1,320,700	0	1,320,700
Federal	0	0	0	0	0
Other	2,041,500	2,038,500	2,038,500	0	2,038,500
Tuition/Fees	0	0	0	0	0
Total	\$3,312,900	\$3,359,200	\$3,359,200	\$0	\$3,359,200

Agricultural Units

Agricultural programs are an important focus of the University of Tennessee in its capacity as a land grant institution. The various units of the program promote and support agriculture through basic and applied research, through assistance to community groups in all 95 counties, and through veterinary training and research.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.25 UT Agricultural Experiment Station					
Full-Time					
Administrative	10	10	10	0	10
Professional	99	98	98	0	98
Faculty	87	88	88	0	88
Clerical	183	184	184	0	184
Total	379	380	380	0	380
FTE Enrollment	0	0	0	0	0
State	21,898,800	22,429,800	22,429,800	0	22,429,800
Federal	5,211,100	5,472,900	5,472,900	0	5,472,900
Other	4,498,800	3,064,700	3,064,700	0	3,064,700
Tuition/Fees	0	0	0	0	0
Total	\$31,608,700	\$30,967,400	\$30,967,400	\$0	\$30,967,400

332.26 UT Agricultural Extension Service

Full-Time					
Administrative	11	12	12	0	12
Professional	272	271	271	0	271
Faculty	55	54	54	0	54
Clerical	138	139	139	0	139
Total	476	476	476	0	476
FTE Enrollment	0	0	0	0	0
State	26,206,900	26,818,500	26,818,500	0	26,818,500
Federal	7,080,700	8,844,800	8,844,800	0	8,844,800
Other	692,800	677,900	677,900	0	677,900
Tuition/Fees	0	0	0	0	0
Total	\$33,980,400	\$36,341,200	\$36,341,200	\$0	\$36,341,200

332.28 UT Veterinary Medicine

Full-Time					
Administrative	13	9	9	0	9
Professional	45	45	45	0	45
Faculty	91	95	95	0	95
Clerical	154	154	154	0	154
Total	303	303	303	0	303

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
FTE Enrollment	411	429	429	0	429
State	14,064,900	14,516,000	14,516,000	0	14,516,000
Federal	830,700	813,000	813,000	0	813,000
Other	8,307,000	8,403,600	8,403,600	0	8,403,600
Tuition/Fees	3,931,300	4,793,700	4,793,700	0	4,793,700
Total	\$27,133,900	\$28,526,300	\$28,526,300	\$0	\$28,526,300

Medical Education Units

The Medical Education Program of the University of Tennessee plays an important role in helping to meet the state's health care needs. With the goal of providing high-quality health care to all geographic regions of the state, the medical education program trains physicians and other health care professionals.

332.30 UT Memphis

Full-Time					
Administrative	77	88	88	0	88
Professional	157	164	164	0	164
Faculty	182	203	203	0	203
Clerical	492	507	507	0	507
Total	908	962	962	0	962
FTE Enrollment	2,062	3,412	3,412	0	3,412
State	61,456,200	63,052,100	63,052,100	0	63,052,100
Federal	13,214,200	11,136,600	11,136,600	0	11,136,600
Other	17,793,700	16,559,300	16,559,300	0	16,559,300
Tuition/Fees	17,394,800	20,715,500	20,715,500	0	20,715,500
Total	\$109,858,900	\$111,463,500	\$111,463,500	\$0	\$111,463,500

332.32 UT Family Medicine

Full-Time					
Administrative	5	4	4	0	4
Professional	23	23	23	0	23
Faculty	37	34	34	0	34
Clerical	134	120	120	0	120
Total	199	181	181	0	181
FTE Enrollment	0	0	0	0	0
State	7,094,100	7,651,600	7,651,600	0	7,651,600
Federal	2,245,800	2,245,800	2,245,800	0	2,245,800
Other	10,440,500	12,178,400	12,178,400	0	12,178,400
Tuition/Fees	0	0	0	0	0
Total	\$19,780,400	\$22,075,800	\$22,075,800	\$0	\$22,075,800

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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332.34 UT College of Medicine

Full-Time					
Administrative	40	37	37	0	37
Professional	98	102	102	0	102
Faculty	436	461	461	0	461
Clerical	199	194	194	0	194
Total	773	794	794	0	794
FTE Enrollment	0	0	0	0	0
State	42,118,800	43,006,300	43,006,200	0	43,006,200
Federal	17,141,900	17,141,900	17,141,900	0	17,141,900
Other	11,403,800	13,024,100	13,024,100	0	13,024,100
Tuition/Fees	12,590,000	12,723,500	12,723,500	0	12,723,500
Total	\$83,254,500	\$85,895,800	\$85,895,700	\$0	\$85,895,700

University and Research Campuses

The University of Tennessee provides comprehensive undergraduate and graduate study at each of its three major campuses. These campuses provide services to citizens in all areas of the state through education, research, and public service activities.

The University of Tennessee Space Institute provides graduate study and research in aerospace engineering and related fields. The institute also provides assistance to private companies involved in aerospace engineering.

332.23 UT Space Institute

Full-Time					
Administrative	8	9	9	0	9
Professional	21	22	22	0	22
Faculty	42	40	40	0	40
Clerical	49	49	49	0	49
Total	120	120	120	0	120
FTE Enrollment	61	83	83	0	83
State	7,325,800	7,540,300	7,540,300	0	7,540,300
Federal	381,100	450,000	450,000	0	450,000
Other	350,300	417,000	417,000	0	417,000
Tuition/Fees	1,178,000	1,476,200	1,476,200	0	1,476,200
Total	\$9,235,200	\$9,883,500	\$9,883,500	\$0	\$9,883,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.40 UT Chattanooga					
Full-Time					
Administrative	96	101	101	0	101
Professional	111	129	129	0	129
Faculty	319	339	339	0	339
Clerical	318	313	313	0	313
Total	844	882	882	0	882
FTE Enrollment	7,326	7,317	7,317	0	7,317
State	40,484,800	41,176,700	40,815,900	360,400	41,176,300
Federal	554,200	235,200	235,200	0	235,200
Other	11,476,200	11,254,700	11,254,700	0	11,254,700
Tuition/Fees	37,781,500	40,385,900	40,385,900	0	40,385,900
Total	\$90,296,700	\$93,052,500	\$92,691,700	\$360,400	\$93,052,100

332.42 UT Knoxville

Full-Time					
Administrative	255	258	258	0	258
Professional	494	521	521	0	521
Faculty	1,324	1,328	1,328	0	1,328
Clerical	1,488	1,506	1,506	0	1,506
Total	3,561	3,613	3,613	0	3,613
FTE Enrollment	22,669	23,131	23,131	0	23,131
State	168,956,100	171,931,200	170,397,400	1,530,900	171,928,300
Federal	11,642,100	10,470,000	10,470,000	0	10,470,000
Other	141,742,500	134,048,600	134,048,600	0	134,048,600
Tuition/Fees	165,276,600	180,738,500	180,738,500	0	180,738,500
Total	\$487,617,300	\$497,188,300	\$495,654,500	\$1,530,900	\$497,185,400

332.44 UT Martin

Full-Time					
Administrative	51	56	56	0	56
Professional	64	76	76	0	76
Faculty	260	265	265	0	265
Clerical	265	268	268	0	268
Total	640	665	665	0	665
FTE Enrollment	5,570	5,833	5,833	0	5,833
State	28,754,700	29,431,900	29,177,700	253,600	29,431,300
Federal	125,900	181,500	181,500	0	181,500
Other	10,755,100	10,506,200	10,506,200	0	10,506,200
Tuition/Fees	27,012,200	29,938,900	29,938,900	0	29,938,900
Total	\$66,647,900	\$70,058,500	\$69,804,300	\$253,600	\$70,057,900

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Total University of Tennessee System					
Full-Time					
Administrative	627	647	647	0	647
Professional	1,591	1,656	1,656	0	1,656
Faculty	2,833	2,907	2,907	0	2,907
Clerical	3,686	3,687	3,687	0	3,687
Total	8,737	8,897	8,897	0	8,897
FTE Enrollment	38,099	40,205	40,205	0	40,205
State	429,567,700	441,391,800	439,242,900	6,144,900	445,387,800
Federal	59,211,000	57,546,500	57,546,500	0	57,546,500
Other	232,306,100	227,143,700	227,143,700	0	227,143,700
Tuition/Fees	265,164,400	290,772,200	290,772,200	0	290,772,200
Total	\$986,249,200	\$1,016,854,200	\$1,014,705,300	\$6,144,900	\$1,020,850,200

State University and Community College System

The State University and Community College System consists of four-year universities, two-year community colleges, technical institutes, and technology centers which serve the citizens of Tennessee through teaching, research, and public service. The system is governed by the Tennessee Board of Regents. Planning, coordination, and review functions are the responsibility of the administrative staff of the Board of Regents.

Note: Position counts shown below are for full-time, unrestricted education and general employees only. Full-time equivalent (FTE) enrollments are for Fall 2004 and 2005. Federal revenues, tuition and fees, and other revenues are unrestricted current funds derived from education and general sources and from auxiliary enterprise sources.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.60 Tennessee Board of Regents					
Full-Time					
Administrative	20	21	21	0	21
Professional	46	62	62	0	62
Faculty	0	0	0	0	0
Clerical	20	9	9	0	9
Total	86	92	92	0	92
FTE Enrollment	0	0	0	0	0
State	3,917,900	4,070,400	4,070,400	0	4,070,400
Federal	0	0	0	0	0
Other	7,891,300	8,385,100	8,385,100	0	8,385,100
Tuition/Fees	0	0	0	0	0
Total	\$11,809,200	\$12,455,500	\$12,455,500	\$0	\$12,455,500

Agricultural Unit

The TSU McMinnville Center is dedicated solely to nursery crop research and it is the only one of its kind in the nation. The center's mission is to provide leadership in strengthening and expanding the regional nursery industry through research in the areas of pathology, entomology, genetics, horticulture, and related sciences. The center is administered by Tennessee State University.

332.62 TSU McMinnville Center

Full-Time					
Administrative	0	0	0	0	0
Professional	4	4	4	0	4
Faculty	1	1	1	0	1
Clerical	3	3	3	0	3
Total	8	8	8	0	8

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
FTE Enrollment	0	0	0	0	0
State	461,000	477,700	477,700	0	477,700
Federal	0	0	0	0	0
Other	0	0	0	0	0
Tuition/Fees	0	0	0	0	0
Total	\$461,000	\$477,700	\$477,700	\$0	\$477,700

Medical Education Units

To help meet the health needs of the citizens of eastern Tennessee, the East Tennessee State University (ETSU) Quillen College of Medicine provides medical study and training for students who wish to become physicians or other health-care professionals. Through family medicine residency programs, the college encourages its students to enter into family health practice in the rural communities of East Tennessee. The ETSU College of Pharmacy was approved in 2005 and is scheduled to open in 2007. The school will be freestanding and privately-funded.

332.65 ETSU College of Medicine

Full-Time					
Administrative	5	6	6	0	6
Professional	74	80	80	0	80
Faculty	167	162	162	0	162
Clerical	123	121	121	0	121
Total	369	369	369	0	369
FTE Enrollment	233	238	238	0	238
State	24,057,500	24,755,000	24,755,000	0	24,755,000
Federal	909,500	731,000	731,000	0	731,000
Other	8,804,400	10,528,800	10,528,800	0	10,528,800
Tuition/Fees	4,377,800	4,701,200	4,701,200	0	4,701,200
Total	\$38,149,200	\$40,716,000	\$40,716,000	\$0	\$40,716,000

332.67 ETSU Family Practice

Full-Time					
Administrative	0	0	0	0	0
Professional	22	22	22	0	22
Faculty	23	21	21	0	21
Clerical	70	67	67	0	67
Total	115	110	110	0	110
FTE Enrollment	0	0	0	0	0
State	4,641,400	4,884,600	4,884,600	0	4,884,600
Federal	0	0	0	0	0
Other	6,698,400	6,760,900	6,760,900	0	6,760,900
Tuition/Fees	0	0	0	0	0
Total	\$11,339,800	\$11,645,500	\$11,645,500	\$0	\$11,645,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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332.66 ETSU College of Pharmacy

Full-Time					
Administrative	0	3	3	0	3
Professional	0	3	3	0	3
Faculty	0	20	20	0	20
Clerical	0	6	6	0	6
Total	0	32	32	0	32
FTE Enrollment	0	0	0	0	0
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	0	1,109,500	1,109,500	0	1,109,500
Tuition/Fees	0	20,000	20,000	0	20,000
Total	\$0	\$1,129,500	\$1,129,500	\$0	\$1,129,500

Universities

The universities of the State University and Community College System offer undergraduate and graduate study to the citizens of Tennessee. Located throughout the state, the universities offer comprehensive programs in subjects as diverse as occupational training, the arts and sciences, law, and health sciences.

332.70 Austin Peay State University

Full-Time					
Administrative	31	34	34	0	34
Professional	123	130	130	0	130
Faculty	292	307	307	0	307
Clerical	255	260	260	0	260
Total	701	731	731	0	731
FTE Enrollment	6,939	7,336	7,336	0	7,336
State	31,183,100	31,656,300	31,376,000	278,700	31,654,700
Federal	223,400	165,000	165,000	0	165,000
Other	7,581,600	7,924,200	7,924,200	0	7,924,200
Tuition/Fees	33,956,800	36,814,000	36,814,000	0	36,814,000
Total	\$72,944,900	\$76,559,500	\$76,279,200	\$278,700	\$76,557,900

332.72 East Tennessee State University

Full-Time					
Administrative	55	49	49	0	49
Professional	268	296	296	0	296
Faculty	516	531	531	0	531
Clerical	508	510	510	0	510
Total	1,347	1,386	1,386	0	1,386

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
FTE Enrollment	9,836	9,947	9,947	0	9,947
State	54,809,500	55,658,700	55,158,700	496,600	55,655,300
Federal	700,300	330,000	330,000	0	330,000
Other	16,990,000	17,747,100	17,747,100	0	17,747,100
Tuition/Fees	54,119,100	58,460,200	58,460,200	0	58,460,200
Total	\$126,618,900	\$132,196,000	\$131,696,000	\$496,600	\$132,192,600

332.74 University of Memphis

Full-Time					
Administrative	119	117	117	0	117
Professional	527	544	544	0	544
Faculty	849	850	850	0	850
Clerical	950	927	927	0	927
Total	2,445	2,438	2,438	0	2,438
FTE Enrollment	16,128	15,910	15,910	0	15,910
State	107,164,500	109,135,800	107,921,200	957,500	108,878,700
Federal	3,978,700	3,624,200	3,624,200	0	3,624,200
Other	45,449,400	43,405,100	43,405,100	0	43,405,100
Tuition/Fees	102,108,200	111,401,300	111,401,300	0	111,401,300
Total	\$258,700,800	\$267,566,400	\$266,351,800	\$957,500	\$267,309,300

332.75 Middle Tennessee State University

Full-Time					
Administrative	68	75	75	0	75
Professional	386	431	431	0	431
Faculty	896	908	908	0	908
Clerical	542	542	542	0	542
Total	1,892	1,956	1,956	0	1,956
FTE Enrollment	19,037	19,138	19,138	0	19,138
State	85,836,800	87,523,700	86,677,800	841,900	87,519,700
Federal	1,566,200	1,800,000	1,800,000	0	1,800,000
Other	37,817,500	39,040,500	39,040,500	0	39,040,500
Tuition/Fees	96,808,600	105,796,800	105,796,800	0	105,796,800
Total	\$222,029,100	\$234,161,000	\$233,315,100	\$841,900	\$234,157,000

332.77 Tennessee State University

Full-Time					
Administrative	54	63	63	0	63
Professional	260	265	265	0	265
Faculty	408	408	408	0	408
Clerical	338	335	335	0	335
Total	1,060	1,071	1,071	0	1,071

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
FTE Enrollment	7,662	7,462	7,462	0	7,462
State	39,263,400	39,988,000	39,531,600	453,400	39,985,000
Federal	1,575,300	1,600,000	1,600,000	0	1,600,000
Other	17,755,400	18,739,800	18,739,800	0	18,739,800
Tuition/Fees	56,564,500	59,282,100	59,282,100	0	59,282,100
Total	\$115,158,600	\$119,609,900	\$119,153,500	\$453,400	\$119,606,900

332.78 Tennessee Technological University

Full-Time					
Administrative	42	42	42	0	42
Professional	180	190	190	0	190
Faculty	381	383	383	0	383
Clerical	366	364	364	0	364
Total	969	979	979	0	979
FTE Enrollment	7,559	7,562	7,562	0	7,562
State	43,433,600	44,055,500	43,676,200	376,700	44,052,900
Federal	662,200	506,600	506,600	0	506,600
Other	13,058,900	13,217,600	13,217,600	0	13,217,600
Tuition/Fees	38,417,200	41,201,400	41,201,400	0	41,201,400
Total	\$95,571,900	\$98,981,100	\$98,601,800	\$376,700	\$98,978,500

Community Colleges and Technical Institutes

The state's community colleges provide two-year academic instruction in a wide variety of programs that can be transferred to four-year institutions. The technical community colleges combine both technical training and academic instruction on the same campus. The system includes four technical community colleges and nine community colleges.

332.53 Southwest Tennessee Community College

Full-Time					
Administrative	33	33	33	0	33
Professional	146	148	148	0	148
Faculty	277	277	277	0	277
Clerical	261	268	268	0	268
Total	717	726	726	0	726
FTE Enrollment	7,561	7,332	7,332	0	7,332
State	36,354,600	36,689,600	36,539,000	149,300	36,688,300
Federal	0	0	0	0	0
Other	2,522,100	2,343,500	2,343,500	0	2,343,500
Tuition/Fees	24,892,700	27,015,700	27,015,700	0	27,015,700
Total	\$63,769,400	\$66,048,800	\$65,898,200	\$149,300	\$66,047,500

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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332.54 Nashville State Technical Community College

Full-Time					
Administrative	26	27	27	0	27
Professional	37	40	40	0	40
Faculty	142	149	149	0	149
Clerical	110	114	114	0	114
Total	315	330	330	0	330
FTE Enrollment	3,889	4,074	4,074	0	4,074
State	13,662,800	13,903,900	13,840,500	62,700	13,903,200
Federal	166,400	105,200	105,200	0	105,200
Other	1,351,800	1,337,400	1,337,400	0	1,337,400
Tuition/Fees	12,456,200	13,432,000	13,432,000	0	13,432,000
Total	\$27,637,200	\$28,778,500	\$28,715,100	\$62,700	\$28,777,800

332.55 Pellissippi State Technical Community College

Full-Time					
Administrative	6	6	6	0	6
Professional	95	96	96	0	96
Faculty	186	186	186	0	186
Clerical	147	148	148	0	148
Total	434	436	436	0	436
FTE Enrollment	4,963	4,963	4,963	0	4,963
State	18,931,600	19,245,000	19,157,900	86,500	19,244,400
Federal	120,400	100,000	100,000	0	100,000
Other	1,125,700	900,000	900,000	0	900,000
Tuition/Fees	16,130,200	17,543,000	17,543,000	0	17,543,000
Total	\$36,307,900	\$37,788,000	\$37,700,900	\$86,500	\$37,787,400

332.56 Northeast State Technical Community College

Full-Time					
Administrative	12	12	12	0	12
Professional	49	51	51	0	51
Faculty	104	105	105	0	105
Clerical	108	117	117	0	117
Total	273	285	285	0	285
FTE Enrollment	3,334	3,142	3,142	0	3,142
State	10,973,900	11,162,800	11,114,200	48,400	11,162,600
Federal	54,600	52,600	52,600	0	52,600
Other	570,300	510,500	510,500	0	510,500
Tuition/Fees	9,257,900	9,592,400	9,592,400	0	9,592,400
Total	\$20,856,700	\$21,318,300	\$21,269,700	\$48,400	\$21,318,100

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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332.80 Chattanooga State Technical Community College

Full-Time					
Administrative	19	20	20	0	20
Professional	103	107	107	0	107
Faculty	178	180	180	0	180
Clerical	147	151	151	0	151
Total	447	458	458	0	458
FTE Enrollment	5,124	4,890	4,890	0	4,890
State	22,047,100	22,401,700	22,307,600	93,600	22,401,200
Federal	26,600	20,000	20,000	0	20,000
Other	1,585,200	1,311,500	1,311,500	0	1,311,500
Tuition/Fees	16,604,500	16,869,000	16,869,000	0	16,869,000
Total	\$40,263,400	\$40,602,200	\$40,508,100	\$93,600	\$40,601,700

332.81 Cleveland State Community College

Full-Time					
Administrative	8	8	8	0	8
Professional	39	42	42	0	42
Faculty	72	72	72	0	72
Clerical	77	72	72	0	72
Total	196	194	194	0	194
FTE Enrollment	2,088	2,103	2,103	0	2,103
State	9,598,600	9,704,000	9,665,000	38,400	9,703,400
Federal	15,700	11,000	11,000	0	11,000
Other	345,600	319,500	319,500	0	319,500
Tuition/Fees	5,481,500	5,986,500	5,986,500	0	5,986,500
Total	\$15,441,400	\$16,021,000	\$15,982,000	\$38,400	\$16,020,400

332.82 Columbia State Community College

Full-Time					
Administrative	6	6	6	0	6
Professional	45	53	53	0	53
Faculty	104	104	104	0	104
Clerical	90	89	89	0	89
Total	245	252	252	0	252
FTE Enrollment	3,145	3,120	3,120	0	3,120
State	12,151,200	12,297,200	12,246,900	50,000	12,296,900
Federal	25,000	10,000	10,000	0	10,000
Other	508,700	394,700	394,700	0	394,700
Tuition/Fees	8,882,200	9,246,400	9,246,400	0	9,246,400
Total	\$21,567,100	\$21,948,300	\$21,898,000	\$50,000	\$21,948,000

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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332.84 Dyersburg State Community College

Full-Time					
Administrative	11	12	12	0	12
Professional	26	27	27	0	27
Faculty	59	59	59	0	59
Clerical	49	50	50	0	50
Total	145	148	148	0	148
FTE Enrollment	1,770	1,744	1,744	0	1,744
State	6,406,700	6,509,100	6,481,600	27,300	6,508,900
Federal	174,100	150,000	150,000	0	150,000
Other	362,600	370,200	370,200	0	370,200
Tuition/Fees	4,952,900	5,001,900	5,001,900	0	5,001,900
Total	\$11,896,300	\$12,031,200	\$12,003,700	\$27,300	\$12,031,000

332.86 Jackson State Community College

Full-Time					
Administrative	13	12	12	0	12
Professional	47	49	49	0	49
Faculty	120	119	119	0	119
Clerical	96	90	90	0	90
Total	276	270	270	0	270
FTE Enrollment	2,702	2,573	2,573	0	2,573
State	11,325,600	11,522,600	11,475,000	47,200	11,522,200
Federal	110,400	99,500	99,500	0	99,500
Other	781,200	670,800	670,800	0	670,800
Tuition/Fees	8,066,100	8,327,100	8,327,100	0	8,327,100
Total	\$20,283,300	\$20,620,000	\$20,572,400	\$47,200	\$20,619,600

332.88 Motlow State Community College

Full-Time					
Administrative	24	24	24	0	24
Professional	20	22	22	0	22
Faculty	85	85	85	0	85
Clerical	74	76	76	0	76
Total	203	207	207	0	207
FTE Enrollment	2,465	2,392	2,392	0	2,392
State	9,373,200	9,469,200	9,429,800	39,100	9,468,900
Federal	14,300	14,000	14,000	0	14,000
Other	355,000	355,800	355,800	0	355,800
Tuition/Fees	6,653,000	7,074,200	7,074,200	0	7,074,200
Total	\$16,395,500	\$16,913,200	\$16,873,800	\$39,100	\$16,912,900

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.90 Roane State Community College					
Full-Time					
Administrative	9	15	15	0	15
Professional	56	53	53	0	53
Faculty	139	141	141	0	141
Clerical	141	140	140	0	140
Total	345	349	349	0	349
FTE Enrollment	3,850	3,603	3,603	0	3,603
State	16,614,200	16,804,200	16,736,600	67,000	16,803,600
Federal	127,600	42,200	42,200	0	42,200
Other	860,300	887,200	887,200	0	887,200
Tuition/Fees	10,835,300	11,349,700	11,349,700	0	11,349,700
Total	\$28,437,400	\$29,083,300	\$29,015,700	\$67,000	\$29,082,700

332.94 Volunteer State Community College

Full-Time					
Administrative	6	6	6	0	6
Professional	74	81	81	0	81
Faculty	148	150	150	0	150
Clerical	124	121	121	0	121
Total	352	358	358	0	358
FTE Enrollment	4,483	4,553	4,553	0	4,553
State	16,333,600	16,580,100	16,506,900	72,900	16,579,800
Federal	51,100	26,000	26,000	0	26,000
Other	720,100	722,000	722,000	0	722,000
Tuition/Fees	13,206,100	14,388,000	14,388,000	0	14,388,000
Total	\$30,310,900	\$31,716,100	\$31,642,900	\$72,900	\$31,715,800

332.96 Walters State Community College

Full-Time					
Administrative	10	10	10	0	10
Professional	62	63	63	0	63
Faculty	132	132	132	0	132
Clerical	139	139	139	0	139
Total	343	344	344	0	344
FTE Enrollment	3,864	3,826	3,826	0	3,826
State	16,650,900	16,864,200	16,795,300	67,900	16,863,200
Federal	140,900	130,000	130,000	0	130,000
Other	3,467,600	3,263,200	3,263,200	0	3,263,200
Tuition/Fees	10,437,900	10,861,700	10,861,700	0	10,861,700
Total	\$30,697,300	\$31,119,100	\$31,050,200	\$67,900	\$31,118,100

Tennessee Technology Centers

The state's technology centers provide occupational training tailored to the specific needs of businesses and industries in the geographic regions they serve. Each school is associated with a two-year institution, allowing students greater flexibility in their educational choices. Students earn certificates for completion of incremental specialties within an occupational job title and diplomas for completion of occupational programs.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
332.98 Tennessee Technology Centers					
Full-Time					
Administrative	50	50	50	0	50
Professional	93	94	94	0	94
Faculty	484	487	487	0	487
Clerical	159	162	162	0	162
Total	786	793	793	0	793
FTE Enrollment	9,854	9,768	9,768	0	9,768
State	44,189,200	44,898,500	44,798,400	0	44,798,400
Federal	226,100	224,300	224,300	0	224,300
Other	5,559,000	5,087,500	5,087,500	0	5,087,500
Tuition/Fees	13,686,200	14,635,500	14,635,500	0	14,635,500
Total	\$63,660,500	\$64,845,800	\$64,745,700	\$0	\$64,745,700

Total State University and Community College System

Full-Time					
Administrative	627	651	651	0	651
Professional	2,782	2,953	2,953	0	2,953
Faculty	5,763	5,837	5,837	0	5,837
Clerical	4,897	4,881	4,881	0	4,881
Total	14,069	14,322	14,322	0	14,322
FTE Enrollment	126,486	125,676	125,676	0	125,676
State	639,381,900	650,257,800	645,623,900	4,255,100	649,879,000
Federal	10,868,800	9,741,600	9,741,600	0	9,741,600
Other	182,162,100	185,332,400	185,332,400	0	185,332,400
Tuition/Fees	547,894,900	589,000,100	589,000,100	0	589,000,100
Total	\$1,380,307,700	\$1,434,331,900	\$1,429,698,000	\$4,255,100	\$1,433,953,100

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Grand Total Higher Education					
Full-Time					
Administrative	1,355	1,409	1,409	0	1,409
Professional	4,373	4,609	4,609	0	4,609
Faculty	8,596	8,744	8,744	0	8,744
Clerical	8,583	8,568	8,568	0	8,568
Part-Time	3	2	2	0	2
Total	22,910	23,332	23,332	0	23,332
FTE Enrollment	164,585	165,881	165,881	0	165,881
State	1,244,840,400	1,371,036,300	1,375,482,600	37,270,900	1,412,753,500
Federal	163,965,400	175,534,100	200,534,100	0	200,534,100
Other	433,597,100	437,318,200	435,718,200	0	435,718,200
Tuition/Fees	813,059,300	879,772,300	879,772,300	0	879,772,300
Total	\$2,655,462,200	\$2,863,660,900	\$2,891,507,200	\$37,270,900	\$2,928,778,100

Health and Social Services

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Health and Social Services

Recommended Budget, Fiscal Year 2006 – 2007

The agencies and departments of this functional group are concerned with the health and well-being of the citizens of Tennessee. The Health and Social Services functional area is comprised of the following commissions, departments, and agencies:

- Commission on Children and Youth
- Commission on Aging and Disability
- Health Services and Development Agency
- Department of Finance and Administration, Bureau of TennCare
- Department of Mental Health and Developmental Disabilities
- Department of Finance and Administration, Division of Mental Retardation Services
- Department of Health
- Department of Human Services
- Department of Children's Services.

A major responsibility of this functional group is the administration of programs for children that have been placed in the state's custody. These programs range from the provision of a structured environment for troubled youth to a safe home setting for foster care children. Services for children in state care are based on professional assessments of each child and family.

This functional group is also charged with ensuring quality treatment and habilitation services for the mentally ill and mentally retarded citizens of Tennessee. This includes institutional and community programs for the mentally ill and the developmentally disabled.

In addition to programs for special-needs citizens, general health care services are provided through local and regional health care facilities. These programs range from immunization of school children to ensuring quality care for the elderly.

Health care programs for Medicaid-eligible and Medicaid waiver-eligible citizens are also the responsibility of this functional group. These services are provided by TennCare, a comprehensive health care delivery system. The TennCare Partners program provides mental health and substance abuse services for TennCare enrollees.

These agencies also are charged with helping disadvantaged Tennesseans achieve or maintain self-sufficiency. Other assistance programs include food stamp benefits to qualified applicants, protective services to abused and neglected children, and legal services to establish, enforce, and administer child support obligations for citizens.

Families First, a time-limited assistance program, emphasizes job skills development. Support services, such as child care and transportation, also are provided to Families First recipients. This is a temporary assistance program with lifetime eligibility limitations. Families First operates under a unique waiver approved under the federal Temporary Assistance for Needy Families program.

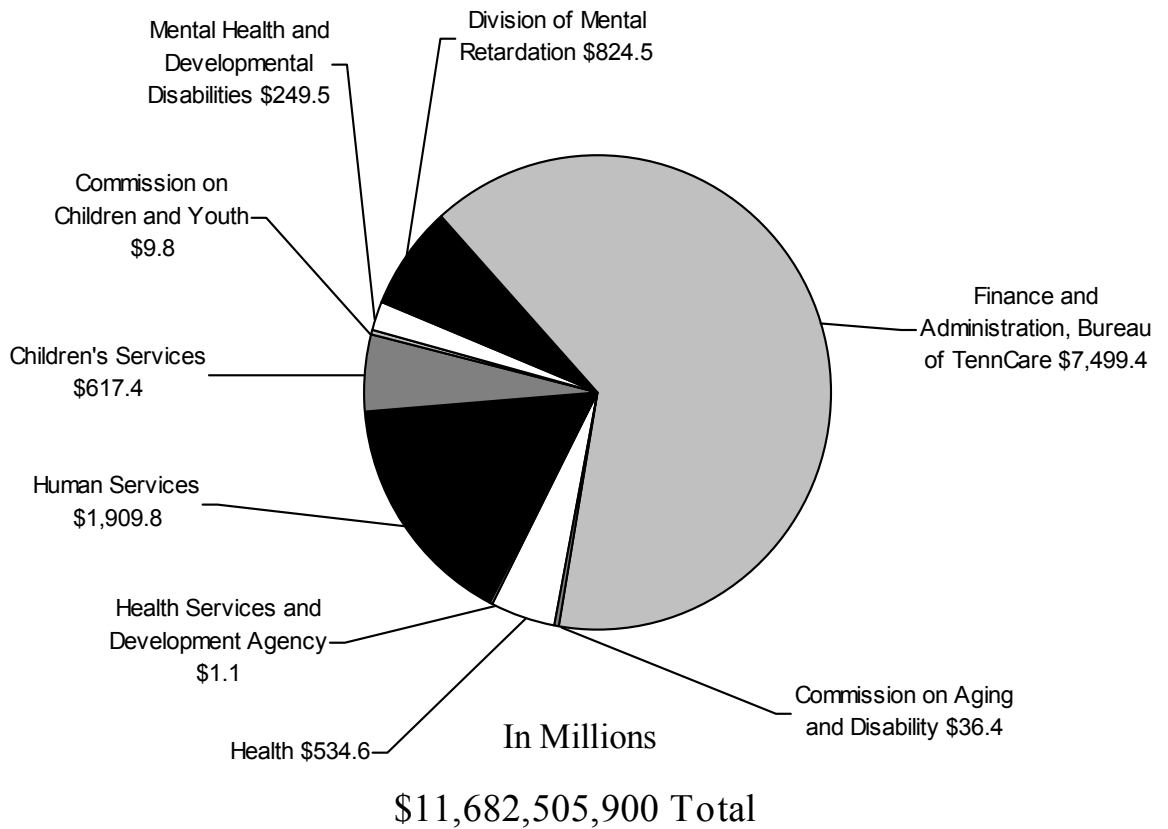
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government, (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year, compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among the departments within this functional group. Funding mixes within each department may

vary. Some are exclusively state funded, while others represent state, federal, and other funding.

Health and Social Services FY 2006 - 2007 Recommended



Health and Social Services Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel			
Full Time	20,470	21,451	21,058
Part Time	261	248	248
Seasonal	0	0	0
TOTAL	20,731	21,699	21,306
Expenditures			
Payroll	\$853,626,400	\$992,302,300	\$989,735,000
Operational	11,538,315,300	11,461,640,000	10,692,770,900
TOTAL	\$12,391,941,700	\$12,453,942,300	\$11,682,505,900
Funding			
State	\$3,355,437,800	\$3,531,956,800	\$3,519,711,100
Federal	7,084,491,700	7,054,121,300	6,563,228,600
Other	1,952,012,200	1,867,864,200	1,599,566,200

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Commission on Children and Youth					
• Court Appointed Special Advocates (CASA)					
To provide funds to recruit, train, and supervise volunteers to serve as court appointed special advocates for children in state custody who are primarily abused, neglected, or dependent. The state currently provides \$15,000 grants to programs in 14 counties. This improvement will provide grants to an additional 9 programs at \$15,000 each. Funding is from the Department of Children's Services.					
316.01 Commission on Children and Youth	\$0	\$0	\$135,000	\$135,000	0
Sub-total	\$0	\$0	\$135,000	\$135,000	0
Total Commission on Children and Youth	\$0	\$0	\$135,000	\$135,000	0

Commission on Aging and Disability

• Home and Community-Based Services					
To provide funds to the home and community-based services program for the non-Medicaid eligible, in order to increase the number of individuals served by 200. The program currently serves about 2,500.					
316.02 Commission on Aging and Disability	\$800,000	\$0	\$0	\$800,000	0
Sub-total	\$800,000	\$0	\$0	\$800,000	0
• Senior Citizens Centers Operations					
To provide increased funding for senior citizens centers operations.					
316.02 Commission on Aging and Disability	\$250,000	\$0	\$0	\$250,000	0
Sub-total	\$250,000	\$0	\$0	\$250,000	0
Total Commission on Aging and Disability	\$1,050,000	\$0	\$0	\$1,050,000	0

Finance and Administration, Bureau of TennCare

• Medically Needy Program					
To provide funds to open enrollment in the Medically Needy program and to allow less restrictive eligibility criteria.					
318.66 TennCare Services	\$20,000,000	\$35,149,600	\$0	\$55,149,600	0
Sub-total	\$20,000,000	\$35,149,600	\$0	\$55,149,600	0

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Children's Eligibility					
To provide funds to extend eligibility for children under the age of one, by increasing the federal poverty level criterion from 185% to 200%.					
318.66 TennCare Services	\$4,000,000	\$7,029,900	\$0	\$11,029,900	0
Sub-total	\$4,000,000	\$7,029,900	\$0	\$11,029,900	0
• Provider Rate Increase					
To provide funds for a 2.5% rate increase for managed care organization (MCO) and behavioral health organization (BHO) providers.					
318.66 TennCare Services	\$16,659,500	\$29,278,800	\$0	\$45,938,300	0
Sub-total	\$16,659,500	\$29,278,800	\$0	\$45,938,300	0
• Home and Community-Based Services					
To provide funding for a 4.17% increase in per diem rates for PACE (Program of All-Inclusive Care for the Elderly), 250 additional slots for the Senior/Shelby waiver, and 225 additional slots for the ADAPT waiver (American Disabled for Attendant Programs Today).					
318.67 Waiver and Crossover Services	\$2,317,200	\$4,072,400	\$0	\$6,389,600	0
Sub-total	\$2,317,200	\$4,072,400	\$0	\$6,389,600	0
• Private ICF-MR					
To provide funds for 13.6% growth in expenditures for private ICF-MR expenditures.					
318.68 Long Term Care Services	\$7,250,600	\$12,742,700	\$0	\$19,993,300	0
Sub-total	\$7,250,600	\$12,742,700	\$0	\$19,993,300	0
• Enrollment Growth					
To provide funds for a 2.2% increase in the rate of enrollment growth.					
318.66 TennCare Services	\$24,891,400	\$42,898,800	\$9,065,500	\$76,855,700	0
Sub-total	\$24,891,400	\$42,898,800	\$9,065,500	\$76,855,700	0
• Long Term Care					
To provide funds for a 1% increase in long term care reimbursement rates.					
318.68 Long Term Care Services	\$11,845,500	\$20,818,200	\$0	\$32,663,700	0
Sub-total	\$11,845,500	\$20,818,200	\$0	\$32,663,700	0
• Children's Services					
To provide funds for the TennCare share of improvements recommended for the Department of Children's Services.					
318.66 TennCare Services	\$2,539,600	\$4,208,100	\$0	\$6,747,700	0
Sub-total	\$2,539,600	\$4,208,100	\$0	\$6,747,700	0

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Mental Retardation Services					
To provide funds for the TennCare share of improvements recommended for the Division of Mental Retardation Services. This appropriation is non-recurring.					
318.67 Waiver and Crossover Services	\$24,097,700	\$42,351,200	\$0	\$66,448,900	0
Sub-total	\$24,097,700	\$42,351,200	\$0	\$66,448,900	0
• Human Services					
To provide funds for the TennCare share of improvements recommended for the Department of Human Services.					
318.65 TennCare Administration	\$965,200	\$965,300	\$0	\$1,930,500	0
Sub-total	\$965,200	\$965,300	\$0	\$1,930,500	0
• Appeals and Administrative Procedures					
To provide funds for 29 full-time positions for new appeal categories, functions, and administrative procedures involving determination of valid factual disputes, pharmacy triage and review, determination of expedited appeals, review of administrative law judge orders, and pharmacy contractor oversight.					
318.65 TennCare Administration	\$811,900	\$811,800	\$0	\$1,623,700	29
Sub-total	\$811,900	\$811,800	\$0	\$1,623,700	29
Total Finance and Administration, Bureau of TennCare	\$115,378,600	\$200,326,800	\$9,065,500	\$324,770,900	29

Mental Health and Developmental Disabilities

• Housing Within Reach					
To provide funds for the continuation of the Housing Within Reach program despite the loss of federal grant funds. The Housing Within Reach program supports community personnel in the department's housing initiative.					
339.08 Community Mental Health Services	\$219,100	\$0	\$0	\$219,100	0
Sub-total	\$219,100	\$0	\$0	\$219,100	0
• Peer Power					
To provide funds for the continuation of the Peer Power program despite the loss of federal grant funds. Peer Power is a school-based violence prevention program designed to provide students with conflict resolution strategies and skills. Students learn to apply critical thinking skills and personal management strategies to personal health and well-being issues.					
339.08 Community Mental Health Services	\$100,000	\$0	\$0	\$100,000	0
Sub-total	\$100,000	\$0	\$0	\$100,000	0

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Total Mental Health and Developmental Disabilities	\$319,100	\$0	\$0	\$319,100	0

Health

- **Health Care Safety Net - Primary Care**

To continue implementation of the Health Care Safety Net initiative. In fiscal year 2005-2006, funding was appropriated for 234 positions to provide primary health care services, starting January 1, 2006. This improvement annualizes the funding for those positions. In the General Government function, see also the Department of Finance and Administration, State Health Planning, for other Health Care Safety Net improvement funds.

343.45 Health Services Administration	\$141,300	\$0	\$0	\$141,300	0
343.60 Local Health Services	\$11,158,700	\$0	\$0	\$11,158,700	0
Sub-total	\$11,300,000	\$0	\$0	\$11,300,000	0

- **Board of Nursing**

To provide funds for one full-time administrative services assistant position to support the Nursing Board in its licensing and competency review processes. This appropriation is from dedicated fees of the board.

343.10 Health Related Boards	\$38,100	\$0	\$0	\$38,100	1
Sub-total	\$38,100	\$0	\$0	\$38,100	1

- **Health Related Boards Support**

To provide two positions in the Division of Health Related Boards, including one information resource support specialist needed for technical support in the board administrative hearing automation project and one legal assistant in the Office of Investigations; and five positions in the Office of General Counsel in Executive Administration. The General Counsel positions are two attorneys, two legal assistants, and an administrative services assistant. These appropriations are from dedicated fees of the Health Related Boards.

343.01 Executive Administration	\$274,200	\$0	\$0	\$274,200	5
343.10 Health Related Boards	\$217,100	\$0	\$0	\$217,100	2
Sub-total	\$491,300	\$0	\$0	\$491,300	7

Total Health	\$11,829,400	\$0	\$0	\$11,829,400	8
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Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Division of Mental Retardation Services					
• Community Services					
To provide non-recurring funds to comply with the Brown Lawsuit settlement. The settlement requires that 1,500 new enrollees receive services provided by waiver programs. Additional recurring funds have been allocated in the base budget by transferring appropriations from the Division of Mental Retardation Services to TennCare in order to maximize federal revenue, thereby addressing the recurring compliance needs.					
344.02 Community Mental Retardation Services	\$0	\$0	\$66,607,300	\$66,607,300	0
Sub-total	\$0	\$0	\$66,607,300	\$66,607,300	0
Total Division of Mental Retardation Services	\$0	\$0	\$66,607,300	\$66,607,300	0
Human Services					
• Standard of Need					
To provide funds to increase the Families First program standard of need for a family of three from \$942 to \$963, which is a 2.2% increase. The standard of need is intended to reflect the true cost of basic housing, clothing, food, essential medical care, transportation, and educational expenditures and is the basis of the gross income standard that is used in determining eligibility for the program. This increase will allow 924 families to qualify or remain qualified for the program.					
345.23 Temporary Cash Assistance	\$2,500,000	\$0	\$0	\$2,500,000	0
Sub-total	\$2,500,000	\$0	\$0	\$2,500,000	0
• Child Support - Assistant District Attorneys' Step Raises					
To provide funds for the mandated salary increase required by TCA 8-7-201, for the assistant district attorneys in the IV-D Child Support Enforcement program.					
345.13 Child Support	\$21,600	\$41,800	\$0	\$63,400	0
Sub-total	\$21,600	\$41,800	\$0	\$63,400	0
• Family Assistance Service Center					
To provide non-recurring funds to continue operation of the Family Assistance Service Center in Memphis for an additional year.					
345.30 Family Assistance Services	\$2,295,800	\$991,400	\$1,930,500	\$5,217,700	125
Sub-total	\$2,295,800	\$991,400	\$1,930,500	\$5,217,700	125
• Independent Living					
To provide funds for four rehabilitation instructors for the Independent Living Services for Older Blind Individuals program. The additional instructors will decrease the waiting list for services.					
345.70 Vocational Rehabilitation	\$0	\$226,900	\$0	\$226,900	4
Sub-total	\$0	\$226,900	\$0	\$226,900	4
Total Human Services	\$4,817,400	\$1,260,100	\$1,930,500	\$8,008,000	129

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Children's Services					
• Case Manager Salaries					
To provide for a 6.2% salary increase for Children's Services case managers. This is the third year of a plan to bring case manager salaries in line with the average in the southeast region. The other funding is from the TennCare program.					
359.10 Administration	\$1,700	\$200	\$1,400	\$3,300	0
359.50 Child and Family Management	\$3,607,800	\$335,600	\$3,048,300	\$6,991,700	0
359.60 John S. Wilder Youth Development Center	\$59,900	\$0	\$0	\$59,900	0
359.61 Taft Youth Development Center	\$67,000	\$0	\$0	\$67,000	0
359.62 Woodland Hills Youth Development Center	\$39,700	\$0	\$0	\$39,700	0
359.63 Mountain View Youth Development Center	\$71,300	\$0	\$0	\$71,300	0
359.64 New Visions Youth Development Center	\$9,200	\$0	\$0	\$9,200	0
359.65 Community Treatment Facilities	\$62,400	\$0	\$48,200	\$110,600	0
Sub-total	<u>\$3,919,000</u>	<u>\$335,800</u>	<u>\$3,097,900</u>	<u>\$7,352,700</u>	<u>0</u>
• Foster Care and Adoption Assistance Rates					
To provide funds for a 6.2% increase in the foster care (Custody Services) and adoption assistance rates. This increase is necessary to fund the third of a four year plan to reach the USDA mid-range, as required by the Brian A. settlement.					
359.30 Custody Services	\$1,455,600	\$704,100	\$0	\$2,159,700	0
359.40 Adoption Services	\$1,767,100	\$1,592,400	\$0	\$3,359,500	0
Sub-total	<u>\$3,222,700</u>	<u>\$2,296,500</u>	<u>\$0</u>	<u>\$5,519,200</u>	<u>0</u>
• Residential Provider Rate Increase					
To provide funds for residential service provider rate increases averaging 2% in order to retain current and develop new residential providers. The other funding is from the TennCare program.					
359.30 Custody Services	\$734,300	\$90,700	\$825,000	\$1,650,000	0
Sub-total	<u>\$734,300</u>	<u>\$90,700</u>	<u>\$825,000</u>	<u>\$1,650,000</u>	<u>0</u>
• Adoption Assistance Caseload Growth					
To provide increased funds for adoption assistance caseload growth. Last year, adoption-assistance cases increased by 13.3%.					
359.40 Adoption Services	\$2,278,600	\$1,977,800	\$0	\$4,256,400	0
Sub-total	<u>\$2,278,600</u>	<u>\$1,977,800</u>	<u>\$0</u>	<u>\$4,256,400</u>	<u>0</u>

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
<ul style="list-style-type: none"> Social Worker Training Consortium To provide for enhanced staff training, as required by the Brian A. settlement. This training consortium includes member social work programs that offer Bachelor of Social Work (BSW) degrees from 13 Tennessee universities and will increase the number of case managers who are educated in the field of social work. The other funding is from the TennCare program. 					
359.50 Child and Family Management	\$1,500,000	\$1,000,000	\$2,000,000	\$4,500,000	0
Sub-total	\$1,500,000	\$1,000,000	\$2,000,000	\$4,500,000	0
<ul style="list-style-type: none"> Community Resource Assessments To provide funds to contracted child care service providers to identify, develop, and deliver child-specific services based on each child's level of need. This assessment and assignment method will place the child in the least restrictive setting that offers the necessary services and meets the objectives of the Brian A. settlement. The other funding is from the TennCare program. 					
359.30 Custody Services	\$333,800	\$41,200	\$375,000	\$750,000	0
Sub-total	\$333,800	\$41,200	\$375,000	\$750,000	0
<ul style="list-style-type: none"> Psychologist Services To provide funds for full-time regional psychologists in compliance with the Brian A. settlement. The other funding is from the TennCare program. 					
359.50 Child and Family Management	\$250,200	\$0	\$449,800	\$700,000	0
Sub-total	\$250,200	\$0	\$449,800	\$700,000	0
<ul style="list-style-type: none"> Child Advocacy Centers To provide funds for grants to five additional child advocacy centers (CACs). These funds will increase to 34 the number of CACs receiving \$50,000 state grants. 					
359.20 Family Support Services	\$250,000	\$0	\$0	\$250,000	0
Sub-total	\$250,000	\$0	\$0	\$250,000	0
<ul style="list-style-type: none"> Higher Education Financial Aid To provide financial assistance to children aging out of foster care in the Department of Children's Services for attendance at 2-year and 4-year public post-secondary institutions in Tennessee. The assistance is intended to partially fill the gap between the cost of attendance and other financial aid programs. 					
359.30 Custody Services	\$500,000	\$0	\$0	\$500,000	0
Sub-total	\$500,000	\$0	\$0	\$500,000	0

Health and Social Services Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
<ul style="list-style-type: none"> Court Appointed Special Advocates (CASA) To provide funds to recruit, train, and supervise volunteers to serve as court appointed special advocates for children in state custody who are primarily abused, neglected, or dependent. The state currently provides \$15,000 grants to programs in 14 counties. This improvement will provide grants to an additional 9 programs at \$15,000 each. This funding is administered by the Tennessee Commission on Children and Youth. 					
359.50 Child and Family Management	\$135,000	\$0	\$0	\$135,000	0
Sub-total	\$135,000	\$0	\$0	\$135,000	0
<ul style="list-style-type: none"> Teacher Training and Experience Salary Adjustment To provide funds to increase teacher salaries at special schools in the Youth Development Centers, commensurate with each teacher's level of training and experience. 					
359.60 John S. Wilder Youth Development Center	\$6,700	\$0	\$0	\$6,700	0
359.61 Taft Youth Development Center	\$13,100	\$0	\$0	\$13,100	0
359.62 Woodland Hills Youth Development Center	\$27,200	\$0	\$0	\$27,200	0
359.63 Mountain View Youth Development Center	\$25,700	\$0	\$0	\$25,700	0
359.64 New Visions Youth Development Center	\$9,200	\$0	\$0	\$9,200	0
359.65 Community Treatment Facilities	\$41,100	\$0	\$0	\$41,100	0
Sub-total	\$123,000	\$0	\$0	\$123,000	0
Total Children's Services	\$13,246,600	\$5,742,000	\$6,747,700	\$25,736,300	0
Total Health and Social Services	\$146,641,100	\$207,328,900	\$84,486,000	\$438,456,000	166

Commission on Children and Youth

The Commission on Children and Youth works with state agencies, juvenile courts, child advocacy groups, interested citizens, and other organizations to improve services to children. The commission also administers the federal Juvenile Justice and Delinquency Prevention Act, the Juvenile Accountability Block Grant, and other federal and state grant funds for juvenile justice programs. The commission members, central office staff, and district coordinators are engaged in the following activities:

- Improving the coordination of services for children
- Collecting and disseminating statistical and programmatic information
- Informing citizens and organizations of children's issues
- Tracking legislation and making recommendations to the Governor and Legislature
- Evaluating the delivery of services to children in state custody and their families through the Children's Program Outcome Review Team.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.01 Commission on Children and Youth					
Full-Time	53	53	53	0	53
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	55	55	55	0	55
Payroll	2,543,100	2,744,000	2,744,700	0	2,744,700
Operational	6,276,800	6,932,100	6,931,400	135,000	7,066,400
Total	\$8,819,900	\$9,676,100	\$9,676,100	\$135,000	\$9,811,100
State	1,612,400	1,734,800	1,734,800	0	1,734,800
Federal	4,850,000	5,537,600	5,537,600	0	5,537,600
Other	2,357,500	2,403,700	2,403,700	135,000	2,538,700

Commission on Aging and Disability

The Commission on Aging and Disability is responsible for networking aging Tennesseans and adults with disabilities needing in-home services with state, federal, and local programs. The commission performs the following activities:

- Administers the Older Americans Act of Tennessee
- Administers a Long Term Care Services Plan for the elderly and disabled
- Collects facts and statistics on the elderly, family caregivers, and adults with disabilities needing in-home services
- Publishes information on aging and adults with disabilities
- Makes recommendations on program improvements
- Assists in developing needed services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.02 Commission on Aging and Disability					
Full-Time	31	31	31	0	31
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	31	31	31	0	31
Payroll	1,469,900	1,685,400	1,727,900	0	1,727,900
Operational	34,985,100	33,666,200	33,650,500	1,050,000	34,700,500
Total	\$36,455,000	\$35,351,600	\$35,378,400	\$1,050,000	\$36,428,400
State	8,145,800	8,499,900	8,499,900	1,050,000	9,549,900
Federal	26,410,200	24,735,400	24,762,200	0	24,762,200
Other	1,899,000	2,116,300	2,116,300	0	2,116,300

Health Services and Development Agency

The Health Services and Development Agency is responsible for regulating the health-care industry through the Certificate of Need program. The agency requires certification of need for establishing or modifying health-care facilities and the reporting of financial and statistical data from these facilities. The Certificate of Need program assures that health-care projects are accomplished in an orderly, economical manner, consistent with the development of an adequate and effective health-care system.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.07 Health Services and Development Agency					
Full-Time	11	12	12	0	12
Part-Time	7	7	7	0	7
Seasonal	0	0	0	0	0
Total	18	19	19	0	19
Payroll	620,200	790,700	790,700	0	790,700
Operational	274,600	267,900	267,900	0	267,900
Total	\$894,800	\$1,058,600	\$1,058,600	\$0	\$1,058,600
State	880,800	1,042,200	1,042,200	0	1,042,200
Federal	0	0	0	0	0
Other	14,000	16,400	16,400	0	16,400

Department of Finance and Administration

Bureau of TennCare

TennCare is responsible for administering Tennessee’s Medicaid waiver program. TennCare provides basic health care and mental health services to people who meet the program eligibility requirements.

Administration

TennCare Administration establishes policy, provides oversight, and directs the TennCare Program and contracts with other agencies that provide administrative service components for the TennCare Program. Administration is divided into four areas:

- Program Administration
- Policy and Planning
- Quality Assurance
- Long Term Care.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
318.65 TennCare Administration					
Full-Time	467	469	469	29	498
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	467	469	469	29	498
Payroll	23,345,500	27,495,200	27,495,200	1,623,700	29,118,900
Operational	232,243,900	250,159,500	222,366,400	1,930,500	224,296,900
Total	\$255,589,400	\$277,654,700	\$249,861,600	\$3,554,200	\$253,415,800
State	112,730,900	127,658,800	113,762,200	1,777,100	115,539,300
Federal	142,808,700	149,861,900	135,965,400	1,777,100	137,742,500
Other	49,800	134,000	134,000	0	134,000

TennCare Services

TennCare Services provides funding for traditional basic health care and mental health services that were previously paid for by Medicaid. The program provides funding to:

- Managed care organizations that provide basic medical services
- Behavioral health organizations that provide mental health services
- Agencies that provide medical care.

318.66 TennCare Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	6,308,459,100	6,029,897,100	4,753,216,300	195,721,200	4,948,937,500
Total	\$6,308,459,100	\$6,029,897,100	\$4,753,216,300	\$195,721,200	\$4,948,937,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	1,707,640,600	1,803,949,000	1,685,618,200	68,090,500	1,753,708,700
Federal	3,766,176,500	3,600,202,200	2,775,452,400	118,565,200	2,894,017,600
Other	834,642,000	625,745,900	292,145,700	9,065,500	301,211,200

Waiver and Crossover Services

Waiver and Crossover Services provides funding for Home and Community Based Services waivers, as well as co-payments and premiums for individuals eligible for TennCare and Medicare. The waivers serve the developmentally delayed population and people who require nursing services.

Funding for Medicare premiums and co-payments allows TennCare recipients, who are eligible for Medicare, the ability to receive medical services that would otherwise be unavailable to recipients due to financial constraints.

318.67 Waiver and Crossover Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	738,933,900	854,379,900	963,028,100	72,838,500	1,035,866,600
Total	\$738,933,900	\$854,379,900	\$963,028,100	\$72,838,500	\$1,035,866,600
State	270,730,300	310,642,800	354,325,800	26,414,900	380,740,700
Federal	468,203,600	543,737,100	608,702,300	46,423,600	655,125,900
Other	0	0	0	0	0

Long Term Care

Long Term Care provides funding for individuals that are in need of long term institutional care. This program provides funding for:

- General intermediate care facilities
- Skilled nursing facilities
- State mentally retarded intermediate care facilities
- Private mentally retarded intermediate care facilities.

318.68 Long Term Care Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,266,309,700	1,136,983,100	1,208,563,500	52,657,000	1,261,220,500
Total	\$1,266,309,700	\$1,136,983,100	\$1,208,563,500	\$52,657,000	\$1,261,220,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	447,645,100	407,050,800	403,621,100	19,096,100	422,717,200
Federal	818,664,600	729,932,300	804,942,400	33,560,900	838,503,300
Other	0	0	0	0	0

318.00 Department Total

Full-Time	467	469	469	29	498
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	467	469	469	29	498
Payroll	23,345,500	27,495,200	27,495,200	1,623,700	29,118,900
Operational	8,545,946,600	8,271,419,600	7,147,174,300	323,147,200	7,470,321,500
Total	\$8,569,292,100	\$8,298,914,800	\$7,174,669,500	\$324,770,900	\$7,499,440,400
State	2,538,746,900	2,649,301,400	2,557,327,300	115,378,600	2,672,705,900
Federal	5,195,853,400	5,023,733,500	4,325,062,500	200,326,800	4,525,389,300
Other	834,691,800	625,879,900	292,279,700	9,065,500	301,345,200

Department of Mental Health and Developmental Disabilities

The Department of Mental Health and Developmental Disabilities is responsible for ensuring the provision of services to adults with or at risk of serious and persistent mental illness and children and youth with serious emotional disturbance. This is accomplished through five state-operated inpatient facilities, policy and program guidance to the TennCare Partners Program, and a system of community service grants. The primary focus of the department is to provide a comprehensive system of care that:

- Includes adequate resources
- Safeguards the rights of consumers
- Promotes consumer integration into the community
- Matches services to the consumer and family members in the least restrictive setting.

The department is divided into two functional areas: Administrative Services and Mental Health Services.

Administrative Services

The Administrative Services Division directs the regulatory and administrative responsibilities of the department. Administrative staff in the commissioner's office provide and coordinate legal and medical advice, public information and education, planning, auditing and licensing functions, support services in the recruitment and retention of the workforce, as well as develop and implement special programs and projects.

This division oversees purchasing and facility management operations, major maintenance and capital outlay projects; provides budgeting and accounting functions, claims payments, data processing and systems reporting; and develops and maintains automated systems applications for the central office and state-operated facilities.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
339.01 Administrative Services Division					
Full-Time	187	185	185	0	185
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	187	185	185	0	185
Payroll	10,140,200	11,906,400	11,906,400	0	11,906,400
Operational	2,542,900	3,380,000	3,410,200	0	3,410,200
Total	\$12,683,100	\$15,286,400	\$15,316,600	\$0	\$15,316,600
State	8,892,000	10,840,800	10,822,300	0	10,822,300
Federal	574,700	605,300	551,400	0	551,400
Other	3,216,400	3,840,300	3,942,900	0	3,942,900

Mental Health Services

Mental Health Services is responsible for the administration of a variety of mental health services including the distribution and payment of mental health service funds for several federal grants, forensic services, and other community programs funded through state dollars. The division is also responsible for the operation of the state's five regional mental health institutes.

The regional mental health institutes provide inpatient services to increase the functionality, productivity, and quality of life for severely mentally ill adults and seriously, emotionally disturbed children and adolescents. The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accredits these institutes as psychiatric hospitals. The institutes typically provide the following services:

- Acute treatment services for admitting adults who need emergency and generally short-term inpatient care
- Rehabilitation services for chronically ill adults who typically require basic living, socialization, and vocational skills training
- Gero-Psychiatric, physical, and socialization services primarily to persons age 60 and older, many of whom need nursing care
- Children and youth services primarily for children and adolescents referred by mental health centers, juvenile courts, and the Department of Children’s Services
- Forensics services for inpatient diagnostic evaluation and/or treatment to adults as designated by the courts
- Forensic evaluation and/or treatment in a secure setting at Middle Tennessee Mental Health Institute.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
339.08 Community Mental Health Services					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	55,034,600	67,798,900	66,504,900	319,100	66,824,000
Total	\$55,034,600	\$67,798,900	\$66,504,900	\$319,100	\$66,824,000
State	43,966,300	54,505,000	54,480,000	319,100	54,799,100
Federal	9,460,400	11,677,300	11,024,900	0	11,024,900
Other	1,607,900	1,616,600	1,000,000	0	1,000,000
339.10 Lakeshore Mental Health Institute					
Full-Time	502	505	505	0	505
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	502	505	505	0	505
Payroll	21,827,100	23,592,500	23,592,500	0	23,592,500
Operational	8,706,100	7,171,100	7,171,100	0	7,171,100
Total	\$30,533,200	\$30,763,600	\$30,763,600	\$0	\$30,763,600
State	14,471,300	14,116,800	14,116,800	0	14,116,800
Federal	2,373,500	1,888,200	1,888,200	0	1,888,200
Other	13,688,400	14,758,600	14,758,600	0	14,758,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
339.11 Middle Tennessee Mental Health Institute					
Full-Time	712	715	715	0	715
Part-Time	13	13	13	0	13
Seasonal	0	0	0	0	0
Total	725	728	728	0	728
Payroll	34,934,200	36,218,400	36,218,400	0	36,218,400
Operational	11,516,300	9,539,900	9,539,900	0	9,539,900
Total	\$46,450,500	\$45,758,300	\$45,758,300	\$0	\$45,758,300
State	17,657,100	18,391,700	18,391,700	0	18,391,700
Federal	2,940,800	2,452,900	2,452,900	0	2,452,900
Other	25,852,600	24,913,700	24,913,700	0	24,913,700
339.12 Western Mental Health Institute					
Full-Time	649	652	652	0	652
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	649	652	652	0	652
Payroll	30,068,100	31,968,200	31,968,200	0	31,968,200
Operational	6,624,800	7,041,900	7,041,900	0	7,041,900
Total	\$36,692,900	\$39,010,100	\$39,010,100	\$0	\$39,010,100
State	12,648,300	15,334,600	15,334,600	0	15,334,600
Federal	1,991,900	1,309,700	1,309,700	0	1,309,700
Other	22,052,700	22,365,800	22,365,800	0	22,365,800
339.16 Moccasin Bend Mental Health Institute					
Full-Time	444	447	447	0	447
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	444	447	447	0	447
Payroll	20,003,600	21,572,900	21,572,900	0	21,572,900
Operational	5,663,000	5,398,600	5,398,600	0	5,398,600
Total	\$25,666,600	\$26,971,500	\$26,971,500	\$0	\$26,971,500
State	12,647,500	10,740,100	10,740,100	0	10,740,100
Federal	2,293,500	2,214,000	2,214,000	0	2,214,000
Other	10,725,600	14,017,400	14,017,400	0	14,017,400
339.17 Memphis Mental Health Institute					
Full-Time	347	349	349	0	349
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	348	350	350	0	350
Payroll	17,824,600	18,938,300	18,938,300	0	18,938,300
Operational	6,575,000	5,455,700	5,455,700	0	5,455,700
Total	\$24,399,600	\$24,394,000	\$24,394,000	\$0	\$24,394,000
State	12,781,800	12,535,800	12,535,800	0	12,535,800
Federal	504,100	2,156,000	2,156,000	0	2,156,000
Other	11,113,700	9,702,200	9,702,200	0	9,702,200

Department of Mental Health & Developmental Disabilities

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
339.40 Major Maintenance					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	374,300	470,000	450,000	0	450,000
Total	\$374,300	\$470,000	\$450,000	\$0	\$450,000
State	348,200	450,000	450,000	0	450,000
Federal	0	0	0	0	0
Other	26,100	20,000	0	0	0
339.00 Department Total					
Full-Time	2,841	2,853	2,853	0	2,853
Part-Time	14	14	14	0	14
Seasonal	0	0	0	0	0
Total	2,855	2,867	2,867	0	2,867
Payroll	134,797,800	144,196,700	144,196,700	0	144,196,700
Operational	97,037,000	106,256,100	104,972,300	319,100	105,291,400
Total	\$231,834,800	\$250,452,800	\$249,169,000	\$319,100	\$249,488,100
State	123,412,500	136,914,800	136,871,300	319,100	137,190,400
Federal	20,138,900	22,303,400	21,597,100	0	21,597,100
Other	88,283,400	91,234,600	90,700,600	0	90,700,600

Statistical Data Mental Health Institutes

	Lakeshore 339.10	Middle Tennessee 339.11	Western 339.12	Moccasin Bend 339.16	Memphis 339.17	Total
Annual Admissions						
1999-2000	2,030	2,465	1,836	2,054	1,520	9,905
2000-2001	2,279	3,087	1,865	2,089	1,625	10,945
2001-2002	2,483	3,421	2,150	2,853	1,536	12,443
2002-2003	2,894	3,762	2,333	3,888	1,606	14,483
2003-2004	3,015	4,262	2,159	3,859	1,372	14,667
2004-2005	3,085	4,158	2,261	3,005	1,581	14,090
2005-2006	3,215	4,210	2,475	3,330	1,581	14,811
2006-2007	3,400	4,200	2,600	3,300	1,600	15,100
Annual Releases						
1999-2000	2,027	2,434	1,873	2,043	1,528	9,905
2000-2001	2,297	3,082	1,831	2,087	1,610	10,907
2001-2002	2,474	3,416	2,168	2,854	1,540	12,452
2002-2003	2,878	3,784	2,299	3,896	1,571	14,428
2003-2004	3,026	4,266	2,200	3,900	1,402	14,794
2004-2005	3,105	4,196	2,240	3,022	1,583	14,146
2005-2006	3,202	4,422	2,445	3,220	1,583	14,872
2006-2007	3,400	4,400	2,600	3,200	1,600	15,200
Average Daily Census						
1999-2000	188	274	234	155	77	928
2000-2001	180	289	254	179	83	985
2001-2002	167	285	259	151	79	941
2002-2003	175	277	257	152	97	958
2003-2004	176	276	258	157	93	960
2004-2005	166	267	242	120	93	888
2005-2006	170	275	255	130	93	923
2006-2007	180	275	265	130	93	943
Cost Per Occupancy Day*						
1999-2000	\$338.73	\$340.78	\$291.06	\$320.81	\$563.16	\$343.31
2000-2001	\$388.31	\$357.41	\$292.57	\$302.11	\$551.21	\$352.62
2001-2002	\$431.69	\$387.20	\$332.17	\$390.80	\$632.08	\$401.09
2002-2003	\$429.68	\$423.37	\$350.72	\$411.24	\$635.59	\$424.59
2003-2004	\$460.47	\$447.07	\$354.01	\$421.73	\$669.54	\$441.93
2004-2005	\$504.96	\$475.92	\$416.11	\$586.00	\$699.27	\$503.92
2005-2006	\$495.79	\$455.81	\$419.15	\$568.42	\$699.11	\$493.99
2006-2007	\$468.24	\$455.81	\$403.31	\$568.42	\$699.11	\$484.89

* Last column indicates average cost per day for all institutions.

Department of Health

The Department of Health is responsible for protecting and improving the health of Tennessee's citizens and visitors. In order to carry out this responsibility, the department is organized into four functional areas which include:

- Administrative and Support Services
- Bureau of Health Licensure and Regulation
- Bureau of Health Services
- Bureau of Alcohol and Drug Abuse Services.

Administrative and Support Services

Administrative and Support Services provides direction, coordination, review, and basic support services to the Department of Health. This functional area is divided into Executive Administration, the Bureau of Administrative Services, the Office of Information Technology, Laboratory Services, and the Office of Policy, Planning, and Assessment.

Executive Administration provides for the overall policy direction and management of the department, as well as human resources, legal, and minority health activities.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.01 Executive Administration					
Full-Time	83	88	88	5	93
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	83	88	88	5	93
Payroll	4,846,200	5,230,100	5,333,000	232,100	5,565,100
Operational	2,115,100	2,225,600	2,160,700	42,100	2,202,800
Total	\$6,961,300	\$7,455,700	\$7,493,700	\$274,200	\$7,767,900
State	6,077,400	6,351,100	6,389,100	274,200	6,663,300
Federal	883,700	917,600	917,600	0	917,600
Other	200	187,000	187,000	0	187,000

The Bureau of Administrative Services provides administrative support to program areas of the department. This support includes accounting, budgeting, contracting, and facilities management, as well as procurement and payment activities.

343.03 Bureau of Administrative Services

Full-Time	59	62	62	0	62
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	59	62	62	0	62
Payroll	2,769,900	3,184,500	3,155,700	0	3,155,700
Operational	654,800	631,000	647,800	0	647,800
Total	\$3,424,700	\$3,815,500	\$3,803,500	\$0	\$3,803,500
State	2,346,200	2,652,000	2,640,000	0	2,640,000
Federal	1,078,400	1,163,500	1,163,500	0	1,163,500
Other	100	0	0	0	0

The Office of Information Technology provides hardware, software and information systems support to the various programs within the Department of Health. This support includes systems and personal computer security, project management, application development, web development and design, database administration, and maintenance of all systems for the department. Technical services, computer operations services, hardware and software installations and client server administration are also provided.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.04 Office of Information Technology					
Full-Time	48	48	48	0	48
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	48	48	48	0	48
Payroll	2,472,500	2,766,800	2,894,000	0	2,894,000
Operational	616,400	767,400	640,200	0	640,200
Total	\$3,088,900	\$3,534,200	\$3,534,200	\$0	\$3,534,200
State	3,072,300	3,534,200	3,534,200	0	3,534,200
Federal	0	0	0	0	0
Other	16,600	0	0	0	0

Laboratory Services offers microbiological and environmental laboratory services for intra- and inter-departmental programs. Reference and limited microbiological support is provided to hospitals, private physicians, and private laboratories. The division also provides analytical support to the department's prevention and treatment programs and to environmental regulatory programs.

343.08 Laboratory Services

Full-Time	183	177	177	0	177
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	183	177	177	0	177
Payroll	7,531,900	9,394,100	9,246,800	0	9,246,800
Operational	7,727,000	7,902,500	7,941,800	0	7,941,800
Total	\$15,258,900	\$17,296,600	\$17,188,600	\$0	\$17,188,600
State	8,276,900	7,953,300	7,953,300	0	7,953,300
Federal	1,463,000	3,034,800	3,034,800	0	3,034,800
Other	5,519,000	6,308,500	6,200,500	0	6,200,500

Policy, Planning, and Assessment (PPA) administers all vital records, health statistics research, and the traumatic brain injury registry. Through the Office of Cancer Surveillance, PPA administers the cancer registry and the comprehensive cancer control plan. PPA also maintains the Health Information Tennessee (HIT) website. HIT is a website for health related data accessible to the general public, internal users, external researchers, community agencies, and other interested parties.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.20 Policy, Planning, and Assessment					
Full-Time	143	147	147	0	147
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	143	147	147	0	147
Payroll	6,172,700	7,092,500	7,166,600	0	7,166,600
Operational	2,434,000	2,929,900	2,844,100	0	2,844,100
Total	\$8,606,700	\$10,022,400	\$10,010,700	\$0	\$10,010,700
State	3,191,200	4,683,900	4,672,200	0	4,672,200
Federal	1,793,200	2,082,300	1,918,100	0	1,918,100
Other	3,622,300	3,256,200	3,420,400	0	3,420,400

Bureau of Health Licensure and Regulation

The Bureau of Health Licensure and Regulation regulates the health care industry through the certification and licensure of health care facilities, emergency medical services, and the regulation of certain health care professionals.

Health Licensure and Regulation provides the overall policy, direction, and support for the Bureau of Health Licensure and Regulation and specifically monitors the quality of health care rendered to the citizens of Tennessee by regulating health care facilities. The following programs are administered by the bureau:

- Civil rights compliance
- Health care facility licensure
- Health Care Facility Federal Certification Program.

343.05 Health Licensure and Regulation

Full-Time	170	173	173	0	173
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	170	173	173	0	173
Payroll	9,285,700	9,662,200	9,741,700	0	9,741,700
Operational	3,539,300	4,165,800	4,086,300	0	4,086,300
Total	\$12,825,000	\$13,828,000	\$13,828,000	\$0	\$13,828,000
State	6,306,700	5,567,200	5,567,200	0	5,567,200
Federal	4,986,000	6,667,600	6,535,400	0	6,535,400
Other	1,532,300	1,593,200	1,725,400	0	1,725,400

Emergency Medical Services (EMS) provides quality assurance and oversight of pre-hospital emergency medical care and the medical transportation system in Tennessee. Activities include licensing public and private ambulance services, inspecting and issuing permits for ambulances, training and certifying personnel, and developing regulations. In addition, technical assistance and coordination is provided to local governments for the development of EMS communications systems.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.07 Emergency Medical Services					
Full-Time	20	22	22	0	22
Part-Time	13	13	13	0	13
Seasonal	0	0	0	0	0
Total	33	35	35	0	35
Payroll	936,200	1,099,900	1,099,900	0	1,099,900
Operational	1,025,000	2,952,000	2,952,000	0	2,952,000
Total	\$1,961,200	\$4,051,900	\$4,051,900	\$0	\$4,051,900
State	680,100	588,700	588,700	0	588,700
Federal	440,000	792,500	754,300	0	754,300
Other	841,100	2,670,700	2,708,900	0	2,708,900

The Health Related Boards regulate certain health care professions through the following activities:

- Certification and licensure of health care professionals
- Enforcement of statutes and rules pertaining to standards of practice and professional conduct
- Assistance in administration, investigation, enforcement, and peer assistance.

343.10 Health Related Boards

Full-Time	116	120	120	3	123
Part-Time	163	166	166	0	166
Seasonal	0	0	0	0	0
Total	279	286	286	3	289
Payroll	5,390,400	5,678,500	5,725,300	127,500	5,852,800
Operational	4,054,300	5,390,300	5,327,900	127,700	5,455,600
Total	\$9,444,700	\$11,068,800	\$11,053,200	\$255,200	\$11,308,400
State	9,390,800	11,068,800	11,053,200	255,200	11,308,400
Federal	0	0	0	0	0
Other	53,900	0	0	0	0

Bureau of Health Services

The Bureau of Health Services is responsible for the delivery of public health services to the citizens and visitors of Tennessee through a system of 13 regional health offices responsible for the oversight of services provided in 89 rural and six metropolitan county health departments. These services encompass both primary care and prevention services with an emphasis on health promotion, disease prevention, and health access activities. The programs offered by this bureau are in six functional areas:

- General Environmental Health
- Maternal and Child Health
- Communicable and Environmental Disease Services
- Community and Medical Services
- Women, Infants, and Children (WIC) supplemental foods
- Local Health Services.

Health Services Administration directs, supervises, plans, and coordinates health care service delivery in the state as well as providing administrative support to the various programs within the Bureau of Health Services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.45 Health Services Administration					
Full-Time	64	70	70	0	70
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	64	70	70	0	70
Payroll	2,526,400	3,676,800	3,665,000	141,300	3,806,300
Operational	2,247,200	18,172,000	7,557,100	0	7,557,100
Total	\$4,773,600	\$21,848,800	\$11,222,100	\$141,300	\$11,363,400
State	3,387,300	19,402,400	8,775,700	141,300	8,917,000
Federal	1,111,600	1,367,500	1,407,900	0	1,407,900
Other	274,700	1,078,900	1,038,500	0	1,038,500

The General Environmental Health program enforces sanitation and safety standards in hotels, food service establishments, bed and breakfast establishments, campgrounds, swimming pools, tattoo studios, and body piercing establishments through field inspections. In addition, the program is responsible for rabies control activities, lead investigations, and environmental surveys that are conducted in schools, child care facilities, and state correctional institutions.

343.39 General Environmental Health

Full-Time	110	110	110	0	110
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	110	110	110	0	110
Payroll	6,084,500	6,186,100	6,218,100	0	6,218,100
Operational	3,889,900	4,757,900	4,725,900	0	4,725,900
Total	\$9,974,400	\$10,944,000	\$10,944,000	\$0	\$10,944,000
State	9,907,900	10,915,400	10,915,400	0	10,915,400
Federal	0	0	0	0	0
Other	66,500	28,600	28,600	0	28,600

The Maternal and Child Health (MCH) program, including women’s health and genetics, provides health services to women of child-bearing age and to children in low-income populations in an effort to reduce maternal and infant mortality and morbidity. This program also provides evaluation, diagnosis, education, counseling, comprehensive medical care, and case management services for physically disabled children up to the age of 21. Programs administered by this division include:

- Abstinence education
- Child health care services
- Child fatality reviews
- Families First home visiting
- School health
- Adolescent pregnancy prevention
- Newborn genetic screening and hearing screening
- Services for pregnant women
- Family planning.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.47 Maternal and Child Health					
Full-Time	45	45	45	0	45
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	45	45	45	0	45
Payroll	1,678,000	2,576,200	2,538,700	0	2,538,700
Operational	11,980,000	12,723,100	12,760,600	0	12,760,600
Total	\$13,658,000	\$15,299,300	\$15,299,300	\$0	\$15,299,300
State	2,144,900	2,336,800	2,336,800	0	2,336,800
Federal	7,120,200	8,417,100	8,539,600	0	8,539,600
Other	4,392,900	4,545,400	4,422,900	0	4,422,900

The Communicable and Environmental Disease Services (CEDS) program conducts activities to protect the citizens of the state from infectious diseases. These activities include epidemiological investigations of acute communicable diseases, tuberculosis control services, administration of immunizations against vaccine-preventable diseases, as well as investigation, diagnosis, and treatment of persons with sexually transmitted diseases including HIV/AIDS. This division also provides skilled professional case management intervention, financial assistance, housing, medical and social services, and referrals across Tennessee for people with HIV, as well as their families and caregivers. Environmental epidemiology services are also provided in this section including education programs relative to chemical or physical pollution, disease cluster investigations, and toxicological at-risk assessment consultations with environmental regulatory programs within the Department of Environment and Conservation. CEDS also protects citizens of the state by working quickly to detect acts of bioterrorism by maintaining syndromic surveillance systems for early detection of outbreaks and providing emergency support to health departments and emergency responders.

343.49 Communicable and Environmental Disease Services

Full-Time	129	129	129	0	129
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	130	130	130	0	130
Payroll	5,185,700	7,408,200	7,378,000	0	7,378,000
Operational	28,149,700	47,525,200	38,555,400	0	38,555,400
Total	\$33,335,400	\$54,933,400	\$45,933,400	\$0	\$45,933,400
State	3,414,500	8,800,200	5,800,200	0	5,800,200
Federal	29,754,900	46,133,200	40,133,200	0	40,133,200
Other	166,000	0	0	0	0

Community and Medical Services include health promotion activities that seek to reduce premature death and disability, and promote healthy lifestyle practices through a combination of preventive programs and wellness initiatives. The target population served is the indigent and medically underserved. The statewide Breast and Cervical Cancer Program provides breast and cervical screening to eligible women and diagnostic follow up tests for those with suspicious results. The Health Access Incentive Program provides financial incentives to primary care providers to locate in an underserved area as well as other community initiatives. The Office of Rural Health provides statewide coordination of activities designed to improve the availability and accessibility of health care services in rural areas. Specific programs include:

- Health access
- Rural health
- Rape prevention & education
- Chronic renal disease
- Hemophilia
- Community Prevention Initiative
- Diabetes prevention and control
- Heart disease and stroke prevention
- Traumatic brain injury
- Bioterrorism Preparedness for hospitals.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.52 Community and Medical Services					
Full-Time	80	80	80	0	80
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	80	80	80	0	80
Payroll	3,468,900	4,559,500	4,614,600	0	4,614,600
Operational	21,673,800	22,356,900	22,301,800	0	22,301,800
Total	\$25,142,700	\$26,916,400	\$26,916,400	\$0	\$26,916,400
State	9,053,700	10,366,100	10,366,100	0	10,366,100
Federal	16,005,700	15,988,900	16,550,300	0	16,550,300
Other	83,300	561,400	0	0	0

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides screening, counseling, and supplemental foods to low income pregnant and postpartum breastfeeding women, and infants and children at risk due to inadequate nutrition. Through promotion and modification of food practices, this program seeks to minimize the risk of complications to mothers and children, maximize normal development, and improve the health status of the targeted high-risk population.

343.53 Women, Infants, and Children (WIC)

Full-Time	21	21	21	0	21
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	21	21	21	0	21
Payroll	850,900	1,122,600	1,122,600	0	1,122,600
Operational	108,650,200	118,146,000	118,146,000	0	118,146,000
Total	\$109,501,100	\$119,268,600	\$119,268,600	\$0	\$119,268,600
State	0	0	0	0	0
Federal	79,968,300	84,134,600	84,134,600	0	84,134,600
Other	29,532,800	35,134,000	35,134,000	0	35,134,000

Local Health Services offers health services to citizens of the state through a network of regional health offices, metropolitan area offices, and county health departments. Grant-in-aid is provided to local health units to assure that every citizen in the state has access to health care and to assist county health departments in providing adequate staff. The health services provided through this network include the following:

- Child health and development services
- Family planning services
- Community health clinics/primary care services
- TennCare dental services

- Women, Infants, and Children (WIC)
- Children’s special services
- Immunizations services
- Health promotion services
- Sexually transmitted diseases services
- Tuberculosis control services
- AIDS services
- Bioterrorism preparedness
- Community development
- Families First home visits
- Early Periodic Screening Diagnosis Treatment (EPSDT) outreach activities.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.60 Local Health Services					
Full-Time	1,639	1,868	1,868	0	1,868
Part-Time	3	2	2	0	2
Seasonal	0	0	0	0	0
Total	1,642	1,870	1,870	0	1,870
Payroll	70,524,700	85,999,200	84,799,200	7,972,200	92,771,400
Operational	80,081,600	87,488,400	81,633,400	3,186,500	84,819,900
Total	\$150,606,300	\$173,487,600	\$166,432,600	\$11,158,700	\$177,591,300
State	23,654,700	44,479,100	37,424,100	11,158,700	48,582,800
Federal	61,275,100	65,119,500	65,119,500	0	65,119,500
Other	65,676,500	63,889,000	63,889,000	0	63,889,000

Bureau of Alcohol and Drug Abuse Services

Alcohol and Drug Abuse Services is responsible for developing prevention and treatment services to decrease the incidence of alcohol and other drug abuse and dependence. There is particular emphasis on populations with special needs including children and youth, AIDS patients, minorities, women, intravenous drug abusers, the elderly, and persons with both mental health and alcohol and/or drug abuse diagnoses (dual diagnosis).

The majority of services developed through this program are funded through grants to non-profit or local government agencies. The activities of Alcohol and Drug Abuse Services include:

- Directing media campaigns to prevent or reduce substance abuse and addiction
- Coordinating, assisting, and developing alcohol and drug abuse prevention services and programs with local communities including, but not limited to, intensive focus, community prevention networks, and regional training
- Coordinating, assisting, and developing alcohol and drug abuse treatment services and programs with local communities including, but not limited to: detoxification, family intervention, residential rehabilitation, halfway houses, day treatment, and outpatient services
- Coordinating alcohol and drug policy and programming with regional and national networks
- Collaborating and coordinating with local governments, community groups, and other state agencies to target at-risk youth with prevention programs through the Community Prevention Initiative.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
343.44 Alcohol and Drug Abuse Services					
Full-Time	42	43	43	0	43
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	42	43	43	0	43
Payroll	1,348,800	2,235,100	2,278,600	0	2,278,600
Operational	46,720,800	53,535,300	53,491,800	0	53,491,800
Total	\$48,069,600	\$55,770,400	\$55,770,400	\$0	\$55,770,400
State	12,210,700	13,246,400	13,246,400	0	13,246,400
Federal	35,781,800	42,524,000	42,524,000	0	42,524,000
Other	77,100	0	0	0	0
343.00 Department Total					
Full-Time	2,952	3,203	3,203	8	3,211
Part-Time	180	182	182	0	182
Seasonal	0	0	0	0	0
Total	3,132	3,385	3,385	8	3,393
Payroll	131,073,400	157,872,300	156,977,800	8,473,100	165,450,900
Operational	325,559,100	391,669,300	365,772,800	3,356,300	369,129,100
Total	\$456,632,500	\$549,541,600	\$522,750,600	\$11,829,400	\$534,580,000
State	103,115,300	151,945,600	131,262,600	11,829,400	143,092,000
Federal	241,661,900	278,343,100	272,732,800	0	272,732,800
Other	111,855,300	119,252,900	118,755,200	0	118,755,200

Department of Finance and Administration

Division of Mental Retardation Services

The Department of Finance and Administration, Division of Mental Retardation Services, is responsible for providing services to Tennesseans with mental retardation and other developmental disabilities to meet their individual and family choices and needs for services and support. Services are provided in a variety of settings, ranging from individual-supported living in the community to institutional care, to ensure the most integrated environment to meet the needs of each person. This division also provides support to the Developmental Disabilities Council.

Mental Retardation Administration is responsible for the following:

- Coordination and support of three regional offices
- Administration of three developmental centers
- Administration of the home and community based waiver program
- Development and implementation of policies
- Implementation of the settlement agreement community plan
- Approval of statewide programs and provider development
- Administration of the Family Support Program
- Coordination of budget and personnel functions
- Receipt and payment of TennCare provider reimbursement for the home and community based waiver
- Coordination of community and developmental center investigations
- Training, technical assistance, and consultation in various specialty areas.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
344.01 Mental Retardation Administration					
Full-Time	182	196	200	0	200
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	182	196	200	0	200
Payroll	10,149,400	12,380,700	12,569,000	0	12,569,000
Operational	5,901,200	8,196,600	4,072,500	0	4,072,500
Total	\$16,050,600	\$20,577,300	\$16,641,500	\$0	\$16,641,500
State	5,702,900	9,254,700	5,187,100	0	5,187,100
Federal	292,400	479,000	479,000	0	479,000
Other	10,055,300	10,843,600	10,975,400	0	10,975,400

Developmental Disabilities Council

The Developmental Disabilities Council consists of members appointed by the Governor and represents a broad range of disabilities as well as the cultural and geographical diversity of the state. The council works for public policies and service systems that promote the inclusion of individuals with developmental disabilities in their communities. Council members are responsible for administering federal grant funds and implementing federal law. While the council is administratively tied to the Division of Mental Retardation Services, council employees operate separately from the Division of Mental Retardation Services staff and work at the direction of the council.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
344.81 Developmental Disabilities Council					
Full-Time	8	8	8	0	8
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	8	8	8	0	8
Payroll	443,700	526,100	552,400	0	552,400
Operational	1,140,200	1,872,400	1,846,100	0	1,846,100
Total	\$1,583,900	\$2,398,500	\$2,398,500	\$0	\$2,398,500
State	113,700	174,800	174,800	0	174,800
Federal	1,373,200	2,123,700	2,123,700	0	2,123,700
Other	97,000	100,000	100,000	0	100,000

Community Services

Community Mental Retardation Services provides community-based mental retardation services to persons with mental retardation and other developmental disabilities. The division contracts with community agencies across the state to provide the following comprehensive system of support services:

- Family-based residential services
- Group homes
- Family support
- Supported living
- Highly structured specialized living arrangements
- Adult day services
- Therapy services
- Early intervention services
- Respite
- Diagnostic and evaluation
- Recreation
- Supported employment
- Support coordination services.

344.02 Community Mental Retardation Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	459,087,500	498,654,300	518,616,600	66,607,300	585,223,900
Total	\$459,087,500	\$498,654,300	\$518,616,600	\$66,607,300	\$585,223,900
State	111,579,900	67,773,500	56,246,100	0	56,246,100
Federal	1,200	0	0	0	0
Other	347,506,400	430,880,800	462,370,500	66,607,300	528,977,800

Regional Offices

The regional offices coordinate services for individuals in the community and for individuals transitioning from institutional settings to the community. The division operates an office in each of the three regions of the state to help consumers and their families find the most appropriate, least restrictive placement.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
344.20 West Tennessee Region					
Full-Time	135	151	158	0	158
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	135	151	158	0	158
Payroll	5,889,000	8,934,000	9,200,500	0	9,200,500
Operational	4,035,800	6,140,500	6,140,500	0	6,140,500
Total	\$9,924,800	\$15,074,500	\$15,341,000	\$0	\$15,341,000
State	1,121,600	4,521,900	4,601,800	0	4,601,800
Federal	0	0	0	0	0
Other	8,803,200	10,552,600	10,739,200	0	10,739,200
344.21 Middle Tennessee Region					
Full-Time	149	163	173	0	173
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	149	163	173	0	173
Payroll	6,364,000	8,488,300	9,017,400	0	9,017,400
Operational	1,264,100	1,539,900	1,539,900	0	1,539,900
Total	\$7,628,100	\$10,028,200	\$10,557,300	\$0	\$10,557,300
State	0	3,095,500	3,254,200	0	3,254,200
Federal	0	0	0	0	0
Other	7,628,100	6,932,700	7,303,100	0	7,303,100
344.22 East Tennessee Region					
Full-Time	156	185	181	0	181
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	156	185	181	0	181
Payroll	6,668,300	8,940,400	8,686,600	0	8,686,600
Operational	1,745,500	2,908,200	2,908,200	0	2,908,200
Total	\$8,413,800	\$11,848,600	\$11,594,800	\$0	\$11,594,800
State	1,537,800	3,675,200	3,599,100	0	3,599,100
Federal	0	0	0	0	0
Other	6,876,000	8,173,400	7,995,700	0	7,995,700

Developmental Centers

The Division of Mental Retardation Services also is responsible for the operation of the state's developmental centers, which provide 24-hour care to improve the physical, intellectual, social, and emotional capabilities of adults and children who are severely and profoundly retarded. The following programs are provided by the developmental centers:

- High Personal Care provides total care and training opportunities in self-help, ambulation, communication, and socialization skills

- Intensive Care provides individualized habilitation training in self-help, language development, and motor skills for retarded residents with severe and profound mental retardation
- Medical Treatment at Clover Bottom and Greene Valley Developmental Centers provides treatment to residents who require more than can be provided in the living unit, but do not require specialized medical services which can only be obtained through outside hospitalization
- The Facility Group Home at Greene Valley Developmental Center provides transitional residential services to clients before leaving the facility to prepare for a successful community placement
- Mentally Retarded Offender Care at Harold W. Jordan Habilitation Center, located at Clover Bottom Developmental Center, provides habilitative care and competency training in a secure institution for adolescent and adult offenders exhibiting challenging behaviors with mild to moderate retardation.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
344.10 Arlington Developmental Center					
Full-Time	1,170	1,038	941	0	941
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	1,170	1,038	941	0	941
Payroll	44,272,500	43,842,700	40,473,800	0	40,473,800
Operational	21,223,500	17,018,600	17,018,600	0	17,018,600
Total	\$65,496,000	\$60,861,300	\$57,492,400	\$0	\$57,492,400
State	1,447,500	565,600	565,600	0	565,600
Federal	0	0	0	0	0
Other	64,048,500	60,295,700	56,926,800	0	56,926,800
344.11 Clover Bottom Developmental Center					
Full-Time	998	903	862	0	862
Part-Time	1	0	0	0	0
Seasonal	0	0	0	0	0
Total	999	903	862	0	862
Payroll	37,346,700	36,820,500	35,997,500	0	35,997,500
Operational	18,426,700	17,631,600	16,895,100	0	16,895,100
Total	\$55,773,400	\$54,452,100	\$52,892,600	\$0	\$52,892,600
State	8,479,600	7,243,000	7,243,000	0	7,243,000
Federal	0	0	0	0	0
Other	47,293,800	47,209,100	45,649,600	0	45,649,600
344.12 Greene Valley Developmental Center					
Full-Time	1,384	1,384	1,383	0	1,383
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	1,384	1,384	1,383	0	1,383
Payroll	55,289,400	56,981,900	56,959,600	0	56,959,600
Operational	15,263,600	15,116,000	15,116,000	0	15,116,000
Total	\$70,553,000	\$72,097,900	\$72,075,600	\$0	\$72,075,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	1,263,300	601,100	601,100	0	601,100
Federal	0	0	0	0	0
Other	69,289,700	71,496,800	71,474,500	0	71,474,500

344.50 Major Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	249,600	300,000	300,000	0	300,000
Total	\$249,600	\$300,000	\$300,000	\$0	\$300,000
State	249,600	300,000	300,000	0	300,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

344.00 Department Total

Full-Time	4,182	4,028	3,906	0	3,906
Part-Time	1	0	0	0	0
Seasonal	0	0	0	0	0
Total	4,183	4,028	3,906	0	3,906
Payroll	166,423,000	176,914,600	173,456,800	0	173,456,800
Operational	528,337,700	569,378,100	584,453,500	66,607,300	651,060,800
Total	\$694,760,700	\$746,292,700	\$757,910,300	\$66,607,300	\$824,517,600
State	131,495,900	97,205,300	81,772,800	0	81,772,800
Federal	1,666,800	2,602,700	2,602,700	0	2,602,700
Other	561,598,000	646,484,700	673,534,800	66,607,300	740,142,100

Statistical Data

Mental Retardation Developmental Centers

	<u>Arlington</u> 344.10	<u>Clover</u> <u>Bottom</u> 344.11	<u>Greene</u> <u>Valley</u> 344.12	<u>Total</u>
Annual Admissions				
1999-2000	0	3	0	3
2000-2001	0	15	10	25
2001-2002	0	6	6	12
2002-2003	0	6	6	12
2003-2004	0	0	0	0
2004-2005	0	0	0	0
2005-2006	0	0	0	0
2006-2007	0	0	0	13
Annual Releases				
1999-2000	17	39	19	75
2000-2001	24	30	30	84
2001-2002	42	16	16	74
2002-2003	17	25	22	64
2003-2004	12	17	11	40
2004-2005	19	18	27	28
2005-2006	25	18	29	72
2006-2007	40	18	27	85
Average Daily Census				
1999-2000	285	289	374	948
2000-2001	261	264	353	878
2001-2002	249	239	343	831
2002-2003	223	216	319	758
2003-2004	211	199	308	718
2004-2005	194	188	302	684
2005-2006	174	163	295	632
2006-2007	144	153	295	592
Cost Per Occupancy Day*				
1999-2000	\$606.98	\$475.30	\$424.47	\$1,506.74
2000-2001	\$689.86	\$510.82	\$457.11	\$1,657.80
2001-2002	\$720.98	\$575.47	\$442.33	\$1,738.79
2002-2003	\$800.10	\$654.77	\$511.57	\$1,966.44
2003-2004	\$783.35	\$719.82	\$567.11	\$2,070.28
2004-2005	\$924.95	\$812.79	\$640.05	\$2,377.79
2005-2006	\$958.29	\$915.24	\$669.59	\$2,543.12
2006-2007	\$1,093.84	\$947.13	\$669.38	\$2,710.36

* Last column indicates average cost per day for all institutions.

Department of Human Services

The mission of the Department of Human Services is to provide an effective system of services for disadvantaged, disabled, and vulnerable Tennesseans to improve their quality of life. The department is structured into four functional areas:

- Administration
- Adult and Family Services
- Child Support
- Rehabilitation Services.

Administration

Administration provides departmental support services, operates county field offices, supervises a quality control system, provides a mechanism for appeals and hearings, and conducts investigations for fraud and abuse.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
345.01 Division of Administration					
Full-Time	537	540	540	0	540
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	537	540	540	0	540
Payroll	27,723,300	30,618,600	30,034,200	0	30,034,200
Operational	27,203,500	24,420,000	26,019,200	0	26,019,200
Total	\$54,926,800	\$55,038,600	\$56,053,400	\$0	\$56,053,400
State	16,602,000	17,753,800	17,855,000	0	17,855,000
Federal	23,202,200	22,407,500	23,162,400	0	23,162,400
Other	15,122,600	14,877,300	15,036,000	0	15,036,000
345.16 Field Operations					
Full-Time	498	498	498	0	498
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	498	498	498	0	498
Payroll	19,335,400	19,345,200	19,088,000	0	19,088,000
Operational	1,454,600	1,476,800	1,682,100	0	1,682,100
Total	\$20,790,000	\$20,822,000	\$20,770,100	\$0	\$20,770,100
State	5,733,700	6,131,500	6,457,900	0	6,457,900
Federal	4,894,100	5,262,800	5,818,200	0	5,818,200
Other	10,162,200	9,427,700	8,494,000	0	8,494,000
345.17 County Rentals					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	0	0	0	0	0
Operational	17,112,800	17,339,200	16,952,400	0	16,952,400
Total	\$17,112,800	\$17,339,200	\$16,952,400	\$0	\$16,952,400
State	5,030,000	5,269,200	5,521,400	0	5,521,400
Federal	4,773,000	4,666,300	4,899,700	0	4,899,700
Other	7,309,800	7,403,700	6,531,300	0	6,531,300

345.31 Appeals and Hearings

Full-Time	498	519	214	0	214
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	498	519	214	0	214
Payroll	4,690,500	18,737,900	9,857,700	0	9,857,700
Operational	4,614,400	21,814,700	2,484,700	0	2,484,700
Total	\$9,304,900	\$40,552,600	\$12,342,400	\$0	\$12,342,400
State	755,100	761,500	1,254,400	0	1,254,400
Federal	570,600	1,001,200	2,008,400	0	2,008,400
Other	7,979,200	38,789,900	9,079,600	0	9,079,600

Adult and Family Services

The Family Assistance section provides temporary cash assistance and other services for low-income families to enable them to become self-sufficient. Clients are served in the department's 95 county offices and through service centers strategically located throughout the state. The Family Assistance section consists of three programs: Families First, Food Stamp benefits, and Medicaid/TennCare eligibility.

Families First is the state TANF (Temporary Assistance to Needy Families) program that distributes cash grants and provides employment, training, education, and support services for families with financial need and dependent children deprived of parental support and/or care. The goals of the Families First program are to:

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage
- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies
- Encourage the formation and maintenance of two-parent families.

The Food Stamp program helps ensure that eligible low-income families and individuals are able to obtain a nutritious diet. The program is the cornerstone of the federal food assistance programs, and provides crucial support to needy households and to those making the transition from welfare to work. The goal of the program is to eliminate hunger and reduce the incidence of food insecurity.

The goal of the Medicaid/TennCare eligibility unit is to determine eligibility for the TennCare program. Clients are assisted through the department's county offices. Special accommodations are made for the elderly, disabled, those with limited English proficiency, or others who need assistance with the application process.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
345.23 Temporary Cash Assistance					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	147,795,000	154,550,300	147,841,300	2,500,000	150,341,300
Total	\$147,795,000	\$154,550,300	\$147,841,300	\$2,500,000	\$150,341,300
State	43,882,700	37,253,900	30,544,900	2,500,000	33,044,900
Federal	100,500,600	113,916,200	113,916,200	0	113,916,200
Other	3,411,700	3,380,200	3,380,200	0	3,380,200
345.25 Food Stamp Benefits					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	913,257,500	975,000,000	975,000,000	0	975,000,000
Total	\$913,257,500	\$975,000,000	\$975,000,000	\$0	\$975,000,000
State	0	0	0	0	0
Federal	913,257,500	975,000,000	975,000,000	0	975,000,000
Other	0	0	0	0	0
345.30 Family Assistance Services					
Full-Time	2,459	2,474	2,342	125	2,467
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2,459	2,474	2,342	125	2,467
Payroll	92,543,800	104,853,300	96,071,200	4,478,900	100,550,100
Operational	68,548,700	63,001,400	62,501,300	738,800	63,240,100
Total	\$161,092,500	\$167,854,700	\$158,572,500	\$5,217,700	\$163,790,200
State	69,602,000	62,906,500	65,666,000	2,295,800	67,961,800
Federal	43,507,200	52,251,300	52,743,300	991,400	53,734,700
Other	47,983,300	52,696,900	40,163,200	1,930,500	42,093,700

The Community Services section provides regulatory and protective services, social services, and economic assistance in the areas of child and adult care, adult protective services, and community contract services. Services provided directly include:

- Child care and adult day care licensing
- Protective services for abused and neglected elderly and disabled adults
- Child care assistance for low income, working families.

A variety of social services and economic assistance are provided to citizens through contracts with non-profit agencies across the state. These services include:

- Child and adult day care
- Child care resource and referral services
- Child and adult care and summer food programs
- Tennessee Child Care Facilities Loan Program
- Homemaker services
- Refugee services
- Low-income home energy assistance and weatherization assistance programs
- Emergency Shelter Grants program
- Emergency and support services to low-income, disabled, and elderly citizens.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
345.49 Community Services					
Full-Time	415	413	413	0	413
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	415	413	413	0	413
Payroll	17,649,200	18,957,800	18,791,600	0	18,791,600
Operational	292,866,100	311,317,800	294,634,600	0	294,634,600
Total	\$310,515,300	\$330,275,600	\$313,426,200	\$0	\$313,426,200
State	17,531,200	37,267,100	11,290,200	0	11,290,200
Federal	277,475,000	278,294,000	285,820,900	0	285,820,900
Other	15,509,100	14,714,500	16,315,100	0	16,315,100

345.50 Child Care Facilities Loan Program

Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	98,900	96,700	96,600	0	96,600
Operational	19,300	15,800	15,900	0	15,900
Total	\$118,200	\$112,500	\$112,500	\$0	\$112,500
State	0	0	0	0	0
Federal	0	0	35,000	0	35,000
Other	118,200	112,500	77,500	0	77,500

Child Support

Tennessee's Child Support Program is administered by the Department of Human Services through contracts with district attorneys, private vendors, local governments and program staff. The Child Support Program, established in 1975 under Title IV-D of the Social Security Act, has implemented major changes as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Services provided include:

- Locating non-custodial parents
- Establishing paternity
- Establishing and enforcing financial and medical support orders
- Reviewing and adjusting support orders
- Collecting and distributing child support payments.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
345.13 Child Support					
Full-Time	152	152	152	0	152
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	152	152	152	0	152
Payroll	5,773,700	7,382,600	6,913,900	0	6,913,900
Operational	65,793,900	65,016,300	64,906,000	63,400	64,969,400
Total	\$71,567,600	\$72,398,900	\$71,819,900	\$63,400	\$71,883,300
State	14,546,000	13,985,300	13,985,300	21,600	14,006,900
Federal	34,577,400	33,789,300	31,957,300	41,800	31,999,100
Other	22,444,200	24,624,300	25,877,300	0	25,877,300

Rehabilitation Services

Rehabilitation Services seeks to alleviate barriers to employment and provide quality services to improve the conditions of individuals with disabilities. The primary goal is to place individuals with disabilities into employment. The following services are provided:

- Vocational rehabilitation services including training, physical restoration, psychological services, counseling and guidance, job development, job placement, and follow-up
- Disability determination to ascertain whether an individual is qualified for disability insurance benefits or supplemental security income benefits from the Social Security Administration
- Rehabilitation for individuals with the disability of blindness including:
 - (a) Training to promote independent living and adjustment to blindness
 - (b) Managing the Tennessee Blind Business Enterprises program allowing individuals who are visually impaired an opportunity to have useful employment as vending stand operators
 - (c) Vocational rehabilitation services for the individuals who are blind or have severe visual impairments.

In addition to the services listed above, Vocational Rehabilitation serves individuals with severe disabilities by operating a network of facilities including the Tennessee Rehabilitation Center at

Smyrna (a comprehensive residential rehabilitation facility) and 18 Community Tennessee Rehabilitation Centers located throughout the state.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
345.70 Vocational Rehabilitation					
Full-Time	603	649	649	4	653
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	603	649	649	4	653
Payroll	24,227,500	27,743,200	27,610,200	139,600	27,749,800
Operational	46,331,100	50,231,700	50,364,700	87,300	50,452,000
Total	\$70,558,600	\$77,974,900	\$77,974,900	\$226,900	\$78,201,800
State	9,484,900	9,962,200	9,962,200	0	9,962,200
Federal	54,098,300	60,064,200	60,030,600	226,900	60,257,500
Other	6,975,400	7,948,500	7,982,100	0	7,982,100
345.71 Disability Determination					
Full-Time	533	533	533	0	533
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	533	533	533	0	533
Payroll	18,971,100	23,618,300	21,741,000	0	21,741,000
Operational	25,932,900	27,322,300	29,199,600	0	29,199,600
Total	\$44,904,000	\$50,940,600	\$50,940,600	\$0	\$50,940,600
State	0	0	0	0	0
Federal	42,987,900	48,940,600	48,940,600	0	48,940,600
Other	1,916,100	2,000,000	2,000,000	0	2,000,000
345.00 Department Total					
Full-Time	5,697	5,780	5,343	129	5,472
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5,697	5,780	5,343	129	5,472
Payroll	211,013,400	251,353,600	230,204,400	4,618,500	234,822,900
Operational	1,610,929,800	1,711,506,300	1,671,601,800	3,389,500	1,674,991,300
Total	\$1,821,943,200	\$1,962,859,900	\$1,901,806,200	\$8,008,000	\$1,909,814,200
State	183,167,600	191,291,000	162,537,300	4,817,400	167,354,700
Federal	1,499,843,800	1,595,593,400	1,604,332,600	1,260,100	1,605,592,700
Other	138,931,800	175,975,500	134,936,300	1,930,500	136,866,800

Department of Children's Services

In cooperation with juvenile courts, the Department of Children's Services (DCS) provides timely, appropriate, and cost-effective services for children in state custody or at risk of entering state custody to enable these children to reach their full potential as productive, competent, and healthy adults.

Administration

Administration provides internal support, leadership, and direction that leads to improved program performance and success in the ultimate goal of re-integration of children into the community. In addition to providing the usual administrative functions, this program also assists in compliance with departmental policies, the Tennessee Code Annotated, and the American Correctional Association standards.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
359.10 Administration					
Full-Time	503	549	549	0	549
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	503	549	549	0	549
Payroll	24,971,800	30,384,100	30,695,800	3,300	30,699,100
Operational	19,373,800	23,889,500	19,904,400	0	19,904,400
Total	\$44,345,600	\$54,273,600	\$50,600,200	\$3,300	\$50,603,500
State	36,190,900	28,622,300	26,934,000	1,700	26,935,700
Federal	5,399,200	9,342,900	7,342,900	200	7,343,100
Other	2,755,500	16,308,400	16,323,300	1,400	16,324,700

Family Support Services

Family Support Services provides services to children who are at risk of coming into state custody. These services are provided to children and families in order for children to successfully remain in their homes. Community involvement is increased through community-based programming such as family preservation. The department also works with juvenile courts to divert youth from incarceration by providing a variety of community-based prevention and intervention services. Some of the services provided include:

- Family preservation services
- Family resource centers
- Child abuse prevention services
- Custody prevention grants to juvenile courts
- Intensive probation services
- Counseling and support
- Child abuse and neglect services
- Healthy Start services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
359.20 Family Support Services					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	34,390,400	38,320,800	38,270,800	250,000	38,520,800
Total	\$34,390,400	\$38,320,800	\$38,270,800	\$250,000	\$38,520,800
State	13,854,000	24,598,700	25,694,800	250,000	25,944,800
Federal	14,910,200	13,522,100	12,426,000	0	12,426,000
Other	5,626,200	200,000	150,000	0	150,000

Custody Services

Custody Services ensures children in state custody receive appropriate levels of treatment and care through services provided to children and their families. The goal of this program is to provide needed residential care to children in state custody within a reasonable distance from a child's home and return them home as soon as is appropriate. If a child does not have a home or family to which they can return, then permanent care is provided. The types of services provided include:

- Foster care homes
- Residential treatment programs
- Psychiatric hospital services
- Mental retardation developmental center services
- Counseling and support services.

359.30 Custody Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	1,500	15,000	15,000	0	15,000
Operational	211,149,600	206,059,300	206,059,300	5,059,700	211,119,000
Total	\$211,151,100	\$206,074,300	\$206,074,300	\$5,059,700	\$211,134,000
State	88,362,400	83,697,900	82,813,900	3,023,700	85,837,600
Federal	28,093,200	24,358,000	25,242,000	836,000	26,078,000
Other	94,695,500	98,018,400	98,018,400	1,200,000	99,218,400

Needs Assessment

Needs Assessment funding is mandated by the Brian A. settlement agreement. DCS is required by the terms of the settlement agreement to implement the recommendations of the Needs Assessment. The settlement agreement will allow additional funding specifically dedicated to accomplish those recommendations.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
359.35 Needs Assessment					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	6,165,000	9,800,000	8,000,000	0	8,000,000
Total	\$6,165,000	\$9,800,000	\$8,000,000	\$0	\$8,000,000
State	6,165,000	8,000,000	8,000,000	0	8,000,000
Federal	0	0	0	0	0
Other	0	1,800,000	0	0	0

Adoption Services

Adoption Services provides assistance to adopted special needs children and their families. Monthly support payments are provided to assist families in adopting and caring for children with special needs. Treatment and support services are also made available as determined by the special needs of each adopted child.

359.40 Adoption Services

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	700	15,000	15,000	0	15,000
Operational	43,052,900	44,768,200	43,268,200	7,615,900	50,884,100
Total	\$43,053,600	\$44,783,200	\$43,283,200	\$7,615,900	\$50,899,100
State	22,471,600	21,971,400	22,855,400	4,045,700	26,901,100
Federal	18,279,000	21,235,300	20,351,300	3,570,200	23,921,500
Other	2,303,000	1,576,500	76,500	0	76,500

Child and Family Management

Child and Family Management provides case management services to children and their families in the most appropriate and timely manner to meet identified intervention, treatment, and placement needs. Case management services consist of assessment of needs, individual case planning and management, and evaluation services. Case management services are provided primarily through DCS staff and through contracts with community services agencies. Case management support is provided through the Regional Services Administration, child and family teams, resource management, and court liaisons. Services provided include:

- Residential case management
- Probation case management
- Child protective case management
- Adoption case management
- Crisis intervention services.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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359.50 Child and Family Management

Full-Time	2,720	3,469	3,469	0	3,469
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2,720	3,469	3,469	0	3,469
Payroll	116,904,700	154,943,900	154,400,300	7,691,700	162,092,000
Operational	63,473,900	37,202,700	36,502,700	4,635,000	41,137,700
Total	\$180,378,600	\$192,146,600	\$190,903,000	\$12,326,700	\$203,229,700
State	49,352,700	76,537,600	74,897,900	5,493,000	80,390,900
Federal	27,385,100	32,813,900	33,910,000	1,335,600	35,245,600
Other	103,640,800	82,795,100	82,095,100	5,498,100	87,593,200

Youth Development Centers

Youth Development Centers provide individualized treatment programs and services to juvenile offenders contributing to their successful reintegration into society. The Wilder, Woodland Hills, and Mountain View facilities are the three regional youth development centers. The New Visions facility is for females from across the state. Juveniles who are convicted of adult crimes, serious delinquent offenses, or have demonstrated major behavior problems at other institutions are placed at Taft Youth Development Center. These institutions assess and properly care for the needs of juveniles while offering counseling and educational services. Services provided include:

- Drug and alcohol abuse treatment
- Sex abuse/sex offender treatment
- Parental responsibility counseling
- Academic education
- General educational development
- Work/study programs
- Special education
- Abuse victimization counseling
- Family counseling
- Medical care
- Remedial reading and math
- Adult basic education
- Vocational training.

359.60 John S. Wilder Youth Development Center

Full-Time	178	178	178	0	178
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	180	180	180	0	180
Payroll	7,265,100	7,903,700	7,970,700	66,600	8,037,300
Operational	1,791,100	1,759,600	1,717,200	0	1,717,200
Total	\$9,056,200	\$9,663,300	\$9,687,900	\$66,600	\$9,754,500
State	8,815,200	9,393,800	9,460,800	66,600	9,527,400
Federal	0	0	0	0	0
Other	241,000	269,500	227,100	0	227,100

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
359.61 Taft Youth Development Center					
Full-Time	214	214	214	0	214
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	215	215	215	0	215
Payroll	9,256,200	9,636,300	9,668,600	80,100	9,748,700
Operational	2,021,600	2,043,900	2,034,800	0	2,034,800
Total	\$11,277,800	\$11,680,200	\$11,703,400	\$80,100	\$11,783,500
State	10,810,200	11,239,000	11,271,300	80,100	11,351,400
Federal	0	0	0	0	0
Other	467,600	441,200	432,100	0	432,100
359.62 Woodland Hills Youth Development Center					
Full-Time	183	183	183	0	183
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	185	185	185	0	185
Payroll	7,793,000	8,322,900	8,089,000	66,900	8,155,900
Operational	2,335,000	1,930,400	1,902,200	0	1,902,200
Total	\$10,128,000	\$10,253,300	\$9,991,200	\$66,900	\$10,058,100
State	9,842,000	9,967,800	9,733,900	66,900	9,800,800
Federal	0	0	0	0	0
Other	286,000	285,500	257,300	0	257,300
359.63 Mountain View Youth Development Center					
Full-Time	188	198	198	0	198
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	189	199	199	0	199
Payroll	7,685,200	8,634,700	8,632,700	97,000	8,729,700
Operational	2,354,200	1,762,400	1,762,300	0	1,762,300
Total	\$10,039,400	\$10,397,100	\$10,395,000	\$97,000	\$10,492,000
State	9,788,100	10,130,900	10,128,900	97,000	10,225,900
Federal	0	0	0	0	0
Other	251,300	266,200	266,100	0	266,100

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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359.64 New Visions Youth Development Center

Full-Time	67	67	67	0	67
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	67	67	67	0	67
Payroll	1,011,500	2,530,700	2,667,800	18,400	2,686,200
Operational	504,100	560,900	561,300	0	561,300
Total	\$1,515,600	\$3,091,600	\$3,229,100	\$18,400	\$3,247,500
State	1,515,000	3,051,600	3,188,700	18,400	3,207,100
Federal	0	0	0	0	0
Other	600	40,000	40,400	0	40,400

Community Treatment Facilities

DCS operates 13 group home facilities located across the state that provide minimum security residential programs for youth who have been evaluated and determined appropriate for community placement. The primary focus is to reintegrate the youth into their home community by providing a structured program of academics, community involvement, counseling services, education, and often work experience. Two specialty programs are also provided by DCS. The Observation and Assessment Center in Johnson City provides area juvenile courts with detailed assessments prior to disposition. Lift Academy, a joint effort between DCS and the Carter and Johnson County School Systems, provides a day treatment/alternative school program to divert youth from state custody.

359.65 Community Treatment Facilities

Full-Time	183	164	164	0	164
Part-Time	51	37	37	0	37
Seasonal	0	0	0	0	0
Total	234	201	201	0	201
Payroll	7,450,400	6,863,500	7,094,900	151,700	7,246,600
Operational	2,000,600	2,026,600	1,978,100	0	1,978,100
Total	\$9,451,000	\$8,890,100	\$9,073,000	\$151,700	\$9,224,700
State	7,337,100	6,390,700	6,622,100	103,500	6,725,600
Federal	0	0	0	0	0
Other	2,113,900	2,499,400	2,450,900	48,200	2,499,100

359.80 Major Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	356,400	420,100	420,100	0	420,100
Total	\$356,400	\$420,100	\$420,100	\$0	\$420,100
State	356,400	420,100	420,100	0	420,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
359.00 Department Total					
Full-Time	4,236	5,022	5,022	0	5,022
Part-Time	57	43	43	0	43
Seasonal	0	0	0	0	0
Total	4,293	5,065	5,065	0	5,065
Payroll	182,340,100	229,249,800	229,249,800	8,175,700	237,425,500
Operational	388,968,600	370,544,400	362,381,400	17,560,600	379,942,000
Total	\$571,308,700	\$599,794,200	\$591,631,200	\$25,736,300	\$617,367,500
State	264,860,600	294,021,800	292,021,800	13,246,600	305,268,400
Federal	94,066,700	101,272,200	99,272,200	5,742,000	105,014,200
Other	212,381,400	204,500,200	200,337,200	6,747,700	207,084,900

Statistical Data Youth Development Centers

	Wilder 359.60	Taft 359.61	Woodland Hills 359.62	Mountain View 359.63	New Visions 359.64	Total
Annual Admissions						
1998-1999	257	230	227	257	0	971
1999-2000	254	225	215	309	0	1,003
2000-2001	237	267	210	288	0	1,002
2001-2002	203	196	191	252	0	842
2002-2003	246	150	184	222	0	802
2003-2004	252	161	145	218	0	776
2004-2005	243	138	241	170	26	818
2005-2006	230	150	150	250	48	828
2006-2007	230	150	150	250	48	828
Annual Releases						
1998-1999	259	250	207	337	0	1,053
1999-2000	267	224	194	299	0	984
2000-2001	231	233	162	278	0	904
2001-2002	201	234	122	279	0	836
2002-2003	258	151	186	291	0	886
2003-2004	248	134	99	196	0	677
2004-2005	256	166	200	180	2	804
2005-2006	242	150	145	250	24	811
2006-2007	242	150	145	250	24	811
Average Daily Census						
1998-1999	129	126	143	143	0	541
1999-2000	135	138	142	138	0	553
2000-2001	128	133	144	138	0	543
2001-2002	138	129	141	141	0	549
2002-2003	116	106	141	125	0	488
2003-2004	119	111	110	126	0	466
2004-2005	94	115	112	120	24	465
2005-2006	144	124	118	144	24	554
2006-2007	144	124	118	144	24	554
Cost Per Occupancy Day *						
1998-1999	\$148.84	\$191.65	\$142.48	\$136.08	\$0.00	\$153.76
1999-2000	\$145.78	\$186.34	\$148.93	\$148.44	\$0.00	\$157.38
2000-2001	\$155.57	\$211.75	\$162.54	\$162.57	\$0.00	\$172.96
2001-2002	\$153.46	\$224.36	\$172.97	\$167.55	\$0.00	\$178.75
2002-2003	\$194.02	\$286.71	\$180.31	\$201.56	\$0.00	\$212.13
2003-2004	\$196.15	\$273.86	\$240.24	\$209.66	\$0.00	\$229.01
2004-2005	\$263.81	\$268.68	\$247.73	\$229.19	\$0.00	\$247.52
2005-2006	\$183.85	\$258.07	\$238.06	\$197.81	\$352.92	\$222.96
2006-2007	\$183.85	\$258.07	\$238.06	\$197.81	\$365.22	\$223.50

* Last column indicates average cost per day for all institutions.

Law, Safety, and Correction

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Law, Safety, and Correction

Recommended Budget, Fiscal Year 2006 – 2007

The agencies and departments which comprise this functional group are responsible for the interpretation and enforcement of the state's laws.

The judicial branch of state government ensures the proper administration of justice within the state and consists of the following agencies:

- The Court System
- Attorney General and Reporter
- District Attorneys General Conference
- District Public Defenders Conference
- Office of the Post-Conviction Defender.

The public's welfare and safety are protected through confinement and control of the state's convicted adult criminal offenders. These activities are executed in the executive branch of government by the following agencies:

- Tennessee Rehabilitative Initiative in Correction (TRICOR)
- Tennessee Corrections Institute
- Board of Probation and Parole
- Department of Correction.

The state agencies responsible for regulation and enforcement of the law make up the remainder of the functional group. Law and order, public safety, and security are maintained through the efforts of the following agencies:

- Alcoholic Beverage Commission
- Military Department
- Tennessee Bureau of Investigation
- Department of Safety.

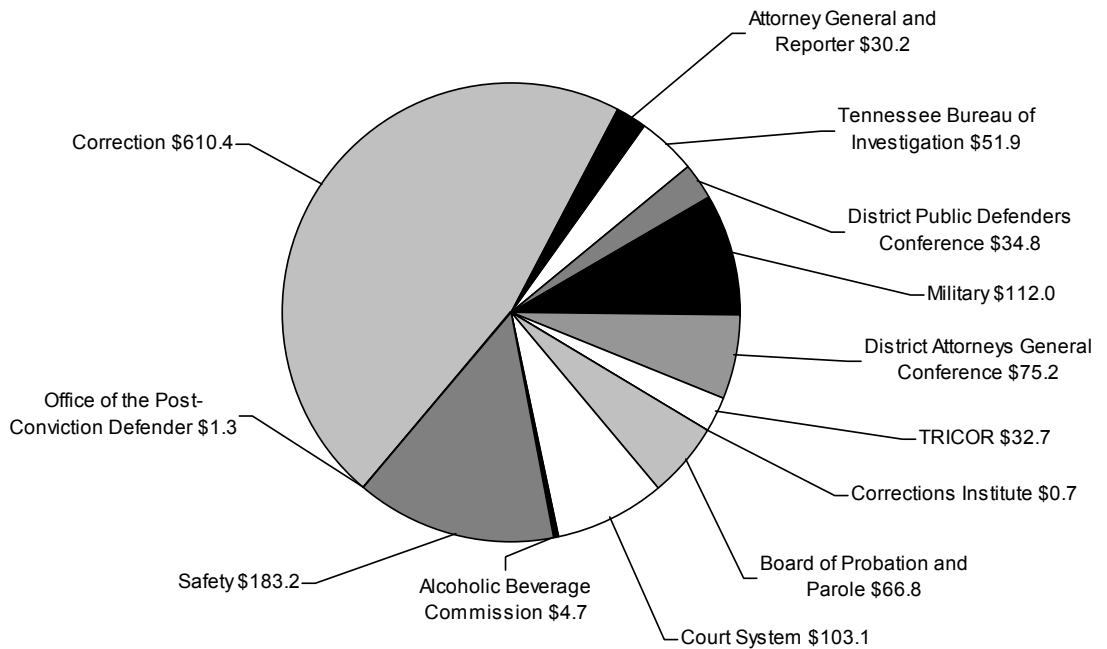
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government; (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year, compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among agencies within this functional group. Funding mixes

within each agencies may vary. Some are exclusively state funded, while others represent state, federal, and other funding.

Law, Safety and Correction FY 2006 – 2007 Recommended



In Millions

\$1,307,069,200 Total

Law, Safety, and Correction Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel			
Full Time	11,480	11,754	11,746
Part Time	43	43	42
Seasonal	12	4	4
TOTAL	11,535	11,801	11,792
Expenditures			
Payroll	\$561,450,200	\$612,935,700	\$624,647,300
Operational	577,903,300	782,773,900	682,421,900
TOTAL	\$1,139,353,500	\$1,395,709,600	\$1,307,069,200
Funding			
State	\$904,122,600	\$1,007,291,500	\$1,034,874,500
Federal	100,725,100	229,916,400	129,879,400
Other	134,505,800	158,501,700	142,315,300

Law, Safety and Correction Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Court System					
• Judicial Salary Rebasing					
To provide funds for rebasing judicial salaries effective September 1, 2006, at \$140,000 for trial court judges, \$145,000 for appeals court judges, \$147,500 for presiding appeals court judges, \$150,000 for Supreme Court justices, \$155,000 for the Chief Justice, and \$145,000 for the Administrative Office of the Courts director. In accordance with the Tennessee Constitution, judges salaries may be rebased only at the beginning of a new eight-year judicial term.					
302.01 Appellate and Trial Courts	\$4,597,700	\$0	\$0	\$4,597,700	0
302.27 Administrative Office of the Courts	\$25,400	\$0	\$0	\$25,400	0
Sub-total	<u>\$4,623,100</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,623,100</u>	<u>0</u>
• Mandated Salary Increase					
To provide funds for the judges' salary increase required by TCA 8-23-103. The improvement funds two months of the salary increase; rebasing the salaries on September 1, 2006, is recommended in the item above.					
302.01 Appellate and Trial Courts	\$154,900	\$0	\$0	\$154,900	0
Sub-total	<u>\$154,900</u>	<u>\$0</u>	<u>\$0</u>	<u>\$154,900</u>	<u>0</u>
Total Court System	\$4,778,000	\$0	\$0	\$4,778,000	0
Attorney General and Reporter					
• Judicial Salary Rebasing					
To provide funds for rebasing the Attorney General and Reporter's salary effective September 1, 2006, at \$150,000. Pursuant to TCA 8-6-104, the Attorney General receives a salary equal to a supreme court justice.					
303.01 Attorney General and Reporter	\$23,200	\$0	\$0	\$23,200	0
Sub-total	<u>\$23,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$23,200</u>	<u>0</u>
• Statutory Salary Increase					
To provide funds for the Attorney General's salary increase required by TCA 8-6-104. The improvement funds two months of the salary increase; rebasing the salary on September 1, 2006, is recommend in the item above.					
303.01 Attorney General and Reporter	\$1,000	\$0	\$0	\$1,000	0
Sub-total	<u>\$1,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000</u>	<u>0</u>
Total Attorney General and Reporter	\$24,200	\$0	\$0	\$24,200	0

Law, Safety and Correction Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
District Attorneys General Conference					
• Judicial Salary Rebasing					
To provide funds for rebasing district attorneys general salaries effective September 1, 2006, at \$124,900 in order to maintain the current percentage relationship to salaries of trial court judges. Pursuant to TCA 8-7-308, the executive director of the District Attorneys General Conference receives a salary equal to that of a district attorney general.					
304.01 District Attorneys General	\$689,900	\$0	\$0	\$689,900	0
304.10 Executive Director	\$22,100	\$0	\$0	\$22,100	0
Sub-total	\$712,000	\$0	\$0	\$712,000	0
• Statutory Step Raises					
To provide funds for the assistant district attorneys' and criminal investigators' salary increase required by TCA 8-7-2.					
304.01 District Attorneys General	\$626,800	\$0	\$22,700	\$649,500	0
304.15 IV-D Child Support Enforcement	\$0	\$0	\$63,400	\$63,400	0
Sub-total	\$626,800	\$0	\$86,100	\$712,900	0
• Operational Funding - Big 4 Counties					
To provide additional operational funds for district attorneys general offices in Knox, Hamilton, Davidson, and Shelby counties. The funding is from a reallocation of an existing litigation tax.					
304.01 District Attorneys General	\$1,008,500	\$0	\$0	\$1,008,500	0
Sub-total	\$1,008,500	\$0	\$0	\$1,008,500	0
Total District Attorneys General Conference	\$2,347,300	\$0	\$86,100	\$2,433,400	0

District Public Defenders Conference

• Judicial Salary Rebasing					
To provide funds for rebasing public defenders' salaries effective September 1, 2006, at \$124,900 in order to maintain the current percentage relationship to salaries of trial court judges and parity with district attorneys general. Pursuant to TCA 8-14-207, each district public defender receives a salary equal to a district attorney general. Pursuant to TCA 8-14-402, the executive director of the District Public Defenders Conference receives a salary equal to that of a district public defender.					
306.01 District Public Defenders	\$641,000	\$0	\$0	\$641,000	0
306.03 Executive Director	\$22,100	\$0	\$0	\$22,100	0
Sub-total	\$663,100	\$0	\$0	\$663,100	0
• Statutory Step Raises					
To provide funding for step raises for assistant public defenders and criminal investigators required by TCA 8-14-207.					
306.01 District Public Defenders	\$378,100	\$0	\$0	\$378,100	0
Sub-total	\$378,100	\$0	\$0	\$378,100	0

Law, Safety and Correction Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Network Expenses - Federal Funds Loss					
To provide funds of \$166,800 for computer network fees in the public defender offices and for travel expenses of the network administrators, formerly funded by federal grants; and \$279,400 to retain four network administrators, formerly funded by federal grants.					
306.01 District Public Defenders	\$166,800	\$0	\$0	\$166,800	0
306.03 Executive Director	\$279,400	\$0	\$0	\$279,400	4
Sub-total	\$446,200	\$0	\$0	\$446,200	4
• Investigative Analysts and Prosecutors - Federal Funds Loss					
To provide funds of \$176,700 to retain three investigative analysts, formerly funded by federal grants, who provide legal research support for all judicial districts; and \$149,300 to retain two assistant public defenders, formerly funded by federal grants, in the 5th (Blount) and 15th (Jackson, Macon, Smith, Trousdale, and Wilson) judicial districts.					
306.01 District Public Defenders	\$326,000	\$0	\$0	\$326,000	5
Sub-total	\$326,000	\$0	\$0	\$326,000	5
• Operational Funding					
To provide funds for increased costs of rent, utilities, and janitorial services in district offices, statewide.					
306.01 District Public Defenders	\$251,200	\$0	\$0	\$251,200	0
Sub-total	\$251,200	\$0	\$0	\$251,200	0
Total District Public Defenders Conference	\$2,064,600	\$0	\$0	\$2,064,600	9
Office of the Post-Conviction Defender					
• Judicial Salary Rebasing					
To provide funds for rebasing the post conviction defender's salary effective September 1, 2006, at \$124,900 in order to maintain the current percentage relationship to salaries of trial court judges and parity with district attorneys and public defenders. Pursuant to TCA 40-30-209, the post conviction defender receives a salary equal to that of a district public defender.					
308.00 Office of the Post-Conviction Defender	\$22,100	\$0	\$0	\$22,100	0
Sub-total	\$22,100	\$0	\$0	\$22,100	0
• Statutory Step Raises					
To provide funding for step raises for assistant post-conviction defenders pursuant to TCA 40-30-209(b) and 8-14-207.					
308.00 Office of the Post-Conviction Defender	\$12,100	\$0	\$0	\$12,100	0
Sub-total	\$12,100	\$0	\$0	\$12,100	0
Total Office of the Post-Conviction Defender	\$34,200	\$0	\$0	\$34,200	0

**Law, Safety and Correction
Improvements for Fiscal Year 2006-2007**

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Correction					
• Local Jails					
To provide funding to accommodate an increased felon population in local jails.					
329.04 State Prosecutions	\$5,000,000	\$0	\$0	\$5,000,000	0
Sub-total	\$5,000,000	\$0	\$0	\$5,000,000	0
• Operational Increase					
To provide funding for increased operational costs of prison service agreements and costs of health and mental health contract services.					
329.08 Wayne County Boot Camp	\$80,700	\$0	\$0	\$80,700	0
329.11 Brushy Mountain Correctional Complex	\$287,100	\$0	\$0	\$287,100	0
329.13 Tennessee Prison for Women	\$138,800	\$0	\$0	\$138,800	0
329.14 Turney Center Industrial Prison and Farm	\$227,700	\$0	\$0	\$227,700	0
329.16 Mark Luttrell Correctional Facility	\$78,700	\$0	\$0	\$78,700	0
329.17 Charles B. Bass Correctional Complex	\$198,900	\$0	\$0	\$198,900	0
329.18 Southeastern Tenn. State Regional Corr. Facility	\$175,800	\$0	\$0	\$175,800	0
329.21 Hardeman County Incarceration Agreement	\$951,000	\$0	\$0	\$951,000	0
329.22 Hardeman County Agreement - Whiteville	\$845,400	\$0	\$0	\$845,400	0
329.41 West Tennessee State Penitentiary	\$462,400	\$0	\$0	\$462,400	0
329.42 Riverbend Maximum Security Institution	\$131,900	\$0	\$0	\$131,900	0
329.43 Northeast Correctional Complex	\$332,500	\$0	\$0	\$332,500	0
329.44 South Central Correctional Center	\$1,054,100	\$0	\$0	\$1,054,100	0
329.45 Northwest Correctional Complex	\$434,300	\$0	\$0	\$434,300	0
329.46 Lois M. DeBerry Special Needs Facility	\$143,300	\$0	\$0	\$143,300	0
Sub-total	\$5,542,600	\$0	\$0	\$5,542,600	0

Law, Safety and Correction Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Prison Expansion - Brushy Mountain (Morgan Co.)					
To provide funding for 27 positions and related operational expenses required during the expansion of the Brushy Mountain Correctional Complex. One position, to be housed in the central office, will specialize in facility construction. The remaining 26 positions at the prison site will include correctional officers and building maintenance positions. The prison positions are required for security, maintenance, and training during construction.					
329.01 Administration	\$53,100	\$0	\$0	\$53,100	1
329.11 Brushy Mountain Correctional Complex	\$1,773,500	\$0	\$0	\$1,773,500	26
Sub-total	<u>\$1,826,600</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,826,600</u>	<u>27</u>
• Utilities and Food					
To provide funding for increased utility (not including natural gas and propane) and food costs in state prisons. Funding for the natural gas and propane increase is provided for all state agencies, including prisons, in the Miscellaneous Appropriations. (See General Government function.)					
329.06 Correction Academy	\$2,400	\$0	\$0	\$2,400	0
329.08 Wayne County Boot Camp	\$22,300	\$0	\$0	\$22,300	0
329.11 Brushy Mountain Correctional Complex	\$339,200	\$0	\$0	\$339,200	0
329.13 Tennessee Prison for Women	\$49,100	\$0	\$0	\$49,100	0
329.14 Turney Center Industrial Prison and Farm	\$67,800	\$0	\$0	\$67,800	0
329.16 Mark Luttrell Correctional Facility	\$24,900	\$0	\$0	\$24,900	0
329.17 Charles B. Bass Correctional Complex	\$38,200	\$0	\$0	\$38,200	0
329.18 Southeastern Tenn. State Regional Corr. Facility	\$63,700	\$0	\$0	\$63,700	0
329.41 West Tennessee State Penitentiary	\$168,600	\$0	\$0	\$168,600	0
329.42 Riverbend Maximum Security Institution	\$26,300	\$0	\$0	\$26,300	0
329.43 Northeast Correctional Complex	\$513,800	\$0	\$0	\$513,800	0
329.45 Northwest Correctional Complex	\$89,800	\$0	\$0	\$89,800	0
329.46 Lois M. DeBerry Special Needs Facility	\$53,400	\$0	\$0	\$53,400	0
Sub-total	<u>\$1,459,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,459,500</u>	<u>0</u>
Total Correction	<u>\$13,828,700</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,828,700</u>	<u>27</u>

**Law, Safety and Correction
Improvements for Fiscal Year 2006-2007**

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Military					
• Disallowed Federal Funds					
To provide funds for overhead costs disallowed for federal reimbursement.					
341.01 Administration	\$360,000	\$0	\$0	\$360,000	0
341.03 Air National Guard	\$131,200	\$0	\$0	\$131,200	0
Sub-total	\$491,200	\$0	\$0	\$491,200	0
• Maintenance and Utilities					
To provide funds for Air Guard facility maintenance and National Guard Armory increased utility costs.					
341.03 Air National Guard	\$236,600	\$723,800	\$0	\$960,400	0
341.10 Armories Utilities	\$200,000	\$0	\$0	\$200,000	0
Sub-total	\$436,600	\$723,800	\$0	\$1,160,400	0
Total Military	\$927,800	\$723,800	\$0	\$1,651,600	0
Tennessee Bureau of Investigation					
• Evidence Technicians - Expiring Federal Grant					
To provide funds to replace an expiring federal grant in order to retain nine forensic technician positions assigned to Knoxville, Memphis, and Nashville laboratories. The forensic technicians assist forensic scientists with casework and assist in crime scene investigations.					
348.00 Tennessee Bureau of Investigation	\$457,800	\$0	\$0	\$457,800	9
Sub-total	\$457,800	\$0	\$0	\$457,800	9
• Forensic Services					
To provide funds for eight forensic scientists and one forensic technician in order to reduce backlogs and increase timely forensic examinations. The recurring funding is \$678,300 and the non-recurring funding is \$115,200.					
348.00 Tennessee Bureau of Investigation	\$793,500	\$0	\$0	\$793,500	9
Sub-total	\$793,500	\$0	\$0	\$793,500	9
Total Tennessee Bureau of Investigation	\$1,251,300	\$0	\$0	\$1,251,300	18

Law, Safety and Correction Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Safety					
• Statutory Salary Step Increase					
To fund the mandated annual trooper salary step increase pursuant to TCA 4-7-2.					
349.03 Highway Patrol	\$876,000	\$0	\$0	\$876,000	0
349.09 Tennessee Law Enforcement Training Academy	\$6,700	\$0	\$0	\$6,700	0
349.14 C.I.D. Anti-Theft Unit	\$16,400	\$0	\$0	\$16,400	0
Sub-total	\$899,100	\$0	\$0	\$899,100	0
• Commissioned Officer Salary Survey					
To fund salary increases of the annual border-states commissioned officer salary survey results, pursuant to TCA 4-7-2.					
349.01 Administration	\$14,400	\$0	\$0	\$14,400	0
349.02 Driver License Issuance	\$2,300	\$0	\$0	\$2,300	0
349.03 Highway Patrol	\$2,041,900	\$0	\$0	\$2,041,900	0
349.08 Driver Education	\$4,000	\$0	\$0	\$4,000	0
349.09 Tennessee Law Enforcement Training Academy	\$22,500	\$0	\$0	\$22,500	0
349.13 Technical Services	\$6,200	\$0	\$0	\$6,200	0
349.14 C.I.D. Anti-Theft Unit	\$25,800	\$0	\$0	\$25,800	0
Sub-total	\$2,117,100	\$0	\$0	\$2,117,100	0
• Rent					
To provide funding for rental facilities based on current lease obligations.					
349.02 Driver License Issuance	\$425,000	\$0	\$0	\$425,000	0
349.03 Highway Patrol	\$250,000	\$0	\$0	\$250,000	0
Sub-total	\$675,000	\$0	\$0	\$675,000	0
• Vehicle Titles - County Clerks					
To provide funding for an increased number of motor vehicles titles and registrations issued by county clerks. Growth in titles was 4.9% last year and will be about 4% in the current year and 4% next year.					
349.11 Titling and Registration	\$500,000	\$0	\$0	\$500,000	0
Sub-total	\$500,000	\$0	\$0	\$500,000	0
• Police Pay Supplements					
To fund an additional 201 police pay supplements under the Police Officer Standards and Training (POST) program, pursuant to TCA 38-8-111, and the general appropriations act.					
349.10 P.O.S.T. Commission	\$104,300	\$0	\$0	\$104,300	0
Sub-total	\$104,300	\$0	\$0	\$104,300	0
Total Safety	\$4,295,500	\$0	\$0	\$4,295,500	0

**Law, Safety and Correction
Improvements for Fiscal Year 2006-2007**

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Total Law, Safety and Correction	\$29,551,600	\$723,800	\$86,100	\$30,361,500	54

Court System

The Judicial Branch is one of three basic divisions of state government and serves as a check on the powers of the Legislative and Executive Branches. Judicial power is vested in the various levels of courts that compose the state's court system. The court system can be grouped into the following functional areas:

- The Supreme Court
- Intermediate Appellate Courts
- Trial Courts
- Courts of limited jurisdiction
- Court services and support.

The Supreme Court is composed of five justices; each is elected to an eight-year term. The workload of the court consists of cases appealed from lower courts. Cases may be further appealed to the U.S. Supreme Court only on grounds of federal constitutionality. Supreme Court decisions act to resolve controversies arising out of Tennessee law and to establish guidelines for the lower courts to use in future decisions.

The Intermediate Appellate Courts are composed of the Court of Appeals and the Court of Criminal Appeals. The Court of Appeals hears appeals only in civil cases from the lower courts. The Court of Criminal Appeals has jurisdiction to hear most felony and misdemeanor appeals from general trial courts as well as post-conviction petitions.

The state's trial courts include Chancery, Criminal, Circuit and Probate Courts. Chancery Courts are the traditional equity courts used when common law and/or statutory law proves inadequate for cases. Circuit Courts, which sometime overlap with the Chancery Courts, have jurisdiction to hear civil and criminal cases. Criminal Courts have jurisdiction over criminal cases and hearing misdemeanor appeals from lower courts. Probate Courts primarily have jurisdiction over probate of wills and administration of estates.

Courts of limited jurisdiction are funded locally and include General Sessions, Juvenile, and Municipal Courts. Jurisdiction of General Sessions Courts vary from county to county based on state laws and private acts; they hear civil, criminal, and juvenile cases, except in counties where the legislature has established separate Juvenile Courts. Municipal Courts have jurisdiction in cases involving violations of city ordinances.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.01 Appellate and Trial Courts					
Full-Time	437	437	437	0	437
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	437	437	437	0	437
Payroll	43,643,600	44,324,600	44,674,600	4,752,600	49,427,200
Operational	2,312,200	2,340,100	2,340,100	0	2,340,100
Total	\$45,955,800	\$46,664,700	\$47,014,700	\$4,752,600	\$51,767,300
State	45,946,200	46,637,400	46,987,400	4,752,600	51,740,000
Federal	0	0	0	0	0
Other	9,600	27,300	27,300	0	27,300

Court Services and Support

The Administrative Office of the Courts, under leadership of its director, provides services and support to the entire state court system. It is responsible for preparation and oversight of the Court System's budget, administration of the Court Automation Fund and Tennessee Court Information System (TnCIS), and providing services and support to justices, judges, programs, and committees.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.27 Administrative Office of the Courts					
Full-Time	82	83	83	0	83
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	82	83	83	0	83
Payroll	4,925,100	5,216,800	5,164,900	25,400	5,190,300
Operational	5,147,700	6,532,200	6,313,400	0	6,313,400
Total	\$10,072,800	\$11,749,000	\$11,478,300	\$25,400	\$11,503,700
State	8,922,600	11,056,600	11,052,100	25,400	11,077,500
Federal	364,800	200,000	200,000	0	200,000
Other	785,400	492,400	226,200	0	226,200

Other programs in this functional area include:

- Operation of three Supreme Court buildings and law libraries across the state
- Child Support Referees who ensure the timely fulfillment of financial support by parents to their children
- The Guardian Ad Litem Program that provides legal representation for children involved in dependency and neglect, or termination of parental rights
- The Indigent Defendants' Counsel Fund and the Civil Legal Representation Fund that provide legal representation for those who cannot afford counsel
- Court reporting and verbatim transcripts
- The Council of Juvenile and Family Court Judges that provides training to juvenile courts concerning state and federal laws affecting children and families
- Board of Law Examiners that determines the fitness of applicants for licensing to practice in Tennessee
- Board of Professional Responsibility that is responsible for reviewing and investigating allegations of attorney misconduct and for imposing disciplinary action
- Tennessee Lawyers Assistance Program that provides education to the bench and bar, and provides assistance to members of the legal profession suffering from physical or mental disabilities that impair their ability to practice or serve
- Tennessee Commission on Continuing Legal Education and Specialization that has general supervisory authority over the administration of mandatory continuing legal education
- Tennessee Lawyers' Fund for Client Protection that reimburses claimants for losses caused by any misconduct by lawyers licensed to practice in Tennessee.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.05 Supreme Court Buildings					
Full-Time	16	16	16	0	16
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	16	16	16	0	16
Payroll	394,400	623,600	623,600	0	623,600
Operational	2,202,500	2,341,800	2,341,800	0	2,341,800
Total	\$2,596,900	\$2,965,400	\$2,965,400	\$0	\$2,965,400
State	2,077,300	2,352,400	2,352,400	0	2,352,400
Federal	0	0	0	0	0
Other	519,600	613,000	613,000	0	613,000
302.08 Child Support Referees					
Full-Time	18	18	18	0	18
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	18	18	18	0	18
Payroll	1,058,800	1,122,600	1,122,600	0	1,122,600
Operational	115,800	146,100	146,100	0	146,100
Total	\$1,174,600	\$1,268,700	\$1,268,700	\$0	\$1,268,700
State	403,200	418,000	418,000	0	418,000
Federal	0	0	0	0	0
Other	771,400	850,700	850,700	0	850,700
302.09 Guardian ad Litem					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,147,300	2,047,500	2,047,500	0	2,047,500
Total	\$2,147,300	\$2,047,500	\$2,047,500	\$0	\$2,047,500
State	2,147,300	2,047,500	2,047,500	0	2,047,500
Federal	0	0	0	0	0
Other	0	0	0	0	0
302.10 Indigent Defendants' Counsel					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	17,434,500	18,348,300	18,348,300	0	18,348,300
Total	\$17,434,500	\$18,348,300	\$18,348,300	\$0	\$18,348,300
State	17,412,200	18,343,300	18,343,300	0	18,343,300
Federal	0	0	0	0	0
Other	22,300	5,000	5,000	0	5,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.11 Civil Legal Representation Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	3,352,700	3,327,900	3,327,900	0	3,327,900
Total	\$3,352,700	\$3,327,900	\$3,327,900	\$0	\$3,327,900
State	3,352,700	3,327,900	3,327,900	0	3,327,900
Federal	0	0	0	0	0
Other	0	0	0	0	0
302.12 Verbatim Transcripts					
Full-Time	57	57	57	0	57
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	57	57	57	0	57
Payroll	2,890,800	2,840,900	2,840,900	0	2,840,900
Operational	931,700	1,125,800	1,125,800	0	1,125,800
Total	\$3,822,500	\$3,966,700	\$3,966,700	\$0	\$3,966,700
State	3,822,500	3,966,700	3,966,700	0	3,966,700
Federal	0	0	0	0	0
Other	0	0	0	0	0
302.15 Tennessee State Law Libraries					
Full-Time	4	4	4	0	4
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	6	6	6	0	6
Payroll	178,300	246,200	246,200	0	246,200
Operational	355,200	317,200	317,200	0	317,200
Total	\$533,500	\$563,400	\$563,400	\$0	\$563,400
State	527,400	553,400	553,400	0	553,400
Federal	0	0	0	0	0
Other	6,100	10,000	10,000	0	10,000
302.16 Council of Juvenile and Family Court Judges					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	131,400	129,000	129,000	0	129,000
Total	\$131,400	\$129,000	\$129,000	\$0	\$129,000
State	89,800	93,500	93,500	0	93,500
Federal	0	0	0	0	0
Other	41,600	35,500	35,500	0	35,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.18 Judicial Conference					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	214,300	344,800	344,800	0	344,800
Total	\$214,300	\$344,800	\$344,800	\$0	\$344,800
State	77,800	31,300	31,300	0	31,300
Federal	0	0	0	0	0
Other	136,500	313,500	313,500	0	313,500
302.20 Judicial Programs and Commissions					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	631,000	721,300	621,300	0	621,300
Total	\$631,000	\$721,300	\$621,300	\$0	\$621,300
State	356,800	505,000	480,000	0	480,000
Federal	0	0	0	0	0
Other	274,200	216,300	141,300	0	141,300
302.22 State Court Clerks' Conference					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	180,800	197,600	197,600	0	197,600
Total	\$180,800	\$197,600	\$197,600	\$0	\$197,600
State	180,800	197,600	197,600	0	197,600
Federal	0	0	0	0	0
Other	0	0	0	0	0
302.30 Appellate Court Clerks					
Full-Time	32	32	32	0	32
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	32	32	32	0	32
Payroll	1,516,900	1,614,600	1,614,600	0	1,614,600
Operational	330,500	405,700	405,700	0	405,700
Total	\$1,847,400	\$2,020,300	\$2,020,300	\$0	\$2,020,300
State	334,100	494,400	494,400	0	494,400
Federal	0	0	0	0	0
Other	1,513,300	1,525,900	1,525,900	0	1,525,900

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.35 Board of Law Examiners					
Full-Time	13	13	13	0	13
Part-Time	7	7	7	0	7
Seasonal	0	0	0	0	0
Total	20	20	20	0	20
Payroll	318,700	347,800	355,500	0	355,500
Operational	303,200	329,200	321,500	0	321,500
Total	\$621,900	\$677,000	\$677,000	\$0	\$677,000
State	621,900	677,000	677,000	0	677,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
302.40 Board of Professional Responsibility					
Full-Time	20	20	20	0	20
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	20	20	20	0	20
Payroll	1,493,200	1,581,500	1,581,500	0	1,581,500
Operational	544,100	637,400	637,400	0	637,400
Total	\$2,037,300	\$2,218,900	\$2,218,900	\$0	\$2,218,900
State	1,888,700	2,218,900	2,218,900	0	2,218,900
Federal	0	0	0	0	0
Other	148,600	0	0	0	0
302.50 Tennessee Lawyers Assistance Program					
Full-Time	3	3	3	0	3
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	3	3	3	0	3
Payroll	231,600	248,400	248,400	0	248,400
Operational	105,800	79,600	79,600	0	79,600
Total	\$337,400	\$328,000	\$328,000	\$0	\$328,000
State	319,900	328,000	328,000	0	328,000
Federal	0	0	0	0	0
Other	17,500	0	0	0	0
302.60 Continuing Legal Education					
Full-Time	5	5	5	0	5
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5	5	5	0	5
Payroll	302,100	405,000	405,000	0	405,000
Operational	221,200	184,100	184,100	0	184,100
Total	\$523,300	\$589,100	\$589,100	\$0	\$589,100
State	494,100	589,100	589,100	0	589,100
Federal	0	0	0	0	0
Other	29,200	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
302.65 Client Protection Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	15,900	208,500	208,500	0	208,500
Total	\$15,900	\$208,500	\$208,500	\$0	\$208,500
State	0	208,500	208,500	0	208,500
Federal	0	0	0	0	0
Other	15,900	0	0	0	0
302.00 Department Total					
Full-Time	687	688	688	0	688
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	696	697	697	0	697
Payroll	56,953,500	58,572,000	58,877,800	4,778,000	63,655,800
Operational	36,677,800	39,764,100	39,437,600	0	39,437,600
Total	\$93,631,300	\$98,336,100	\$98,315,400	\$4,778,000	\$103,093,400
State	88,975,300	94,046,500	94,367,000	4,778,000	99,145,000
Federal	364,800	200,000	200,000	0	200,000
Other	4,291,200	4,089,600	3,748,400	0	3,748,400

Attorney General and Reporter

The Attorney General and Reporter is the state's chief legal officer. The Attorney General is appointed by the Justices of the Tennessee Supreme Court for a term of eight years.

The Attorney General and his staff have the following responsibilities:

- Representing state officers and agencies in all litigation in state and federal courts
- Prosecuting criminal cases in the appellate courts
- Prosecuting in the areas of securities and state contract fraud
- Representing the interests of Tennessee consumers
- Instituting proceedings relating to antitrust violations, consumer fraud, and environmental enforcement
- Providing departments, agencies, and the General Assembly with legal advice
- Approving all administrative regulations and leases as to form and legality
- Issuing opinions on legal issues to state officials.

Functioning as the State Reporter, the Attorney General publishes the Attorney General opinions and reports the opinions of the Tennessee Supreme Court and Courts of Appeal.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
303.01 Attorney General and Reporter					
Full-Time	323	323	323	0	323
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	323	323	323	0	323
Payroll	18,702,200	22,301,900	22,301,900	24,200	22,326,100
Operational	6,289,700	6,773,000	6,762,500	0	6,762,500
Total	\$24,991,900	\$29,074,900	\$29,064,400	\$24,200	\$29,088,600
State	17,206,500	18,594,600	18,594,600	24,200	18,618,800
Federal	0	0	0	0	0
Other	7,785,400	10,480,300	10,469,800	0	10,469,800
303.05 Publication of Tennessee Reports					
Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	78,500	88,000	88,000	0	88,000
Operational	43,100	62,100	62,100	0	62,100
Total	\$121,600	\$150,100	\$150,100	\$0	\$150,100
State	121,600	150,100	150,100	0	150,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
303.08 Special Litigation					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,056,800	974,200	974,200	0	974,200
Total	\$1,056,800	\$974,200	\$974,200	\$0	\$974,200
State	59,300	188,800	188,800	0	188,800
Federal	0	0	0	0	0
Other	997,500	785,400	785,400	0	785,400
303.00 Department Total					
Full-Time	325	325	325	0	325
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	325	325	325	0	325
Payroll	18,780,700	22,389,900	22,389,900	24,200	22,414,100
Operational	7,389,600	7,809,300	7,798,800	0	7,798,800
Total	\$26,170,300	\$30,199,200	\$30,188,700	\$24,200	\$30,212,900
State	17,387,400	18,933,500	18,933,500	24,200	18,957,700
Federal	0	0	0	0	0
Other	8,782,900	11,265,700	11,255,200	0	11,255,200

District Attorneys General Conference

District Attorneys General are elected for each of the state's 31 judicial districts and serve terms of eight years. They are the state's prosecutors for all violations of state criminal statutes. In addition, they prosecute all criminal cases in the federal courts that are removed from a state court and give opinions to county officials on criminal law relating to their office. Further, district attorneys and their assistants consult with and advise law enforcement agencies on cases or investigations within their district. In 19 judicial districts, the district attorney is contracted with the Department of Human Services to enforce court-ordered child support obligations through the IV-D Child Support Enforcement Program.

The executive director is elected by the District Attorneys General Conference every four years. The director is a member of the Judicial Council and the Law Enforcement Planning Commission. The duties of the director's staff are as follows:

- Act as liaison with other agencies, the Legislature, and Office of the Attorney General
- Coordinate multi-district prosecution
- Assist in prosecution efforts
- Provide continuing education for the conference
- Provide automation support to the conference
- Provide administrative, budgeting, accounting/fiscal, payroll, personnel, and property management functions for the conference
- Coordinate and manage grants received from the federal government and other state agencies.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
304.01 District Attorneys General					
Full-Time	667	676	626	0	626
Part-Time	4	4	3	0	3
Seasonal	0	0	0	0	0
Total	671	680	629	0	629
Payroll	49,169,100	54,103,400	52,442,700	1,339,400	53,782,100
Operational	4,019,100	5,010,000	4,741,900	1,008,500	5,750,400
Total	\$53,188,200	\$59,113,400	\$57,184,600	\$2,347,900	\$59,532,500
State	47,467,800	52,998,400	52,705,500	2,325,200	55,030,700
Federal	0	0	0	0	0
Other	5,720,400	6,115,000	4,479,100	22,700	4,501,800
304.05 District Attorneys General Conference					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	361,500	2,108,300	563,700	0	563,700
Total	\$361,500	\$2,108,300	\$563,700	\$0	\$563,700
State	164,700	443,700	437,100	0	437,100
Federal	0	0	0	0	0
Other	196,800	1,664,600	126,600	0	126,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
304.10 Executive Director					
Full-Time	23	23	23	0	23
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	23	23	23	0	23
Payroll	1,538,600	1,570,200	1,605,900	22,100	1,628,000
Operational	325,500	496,300	462,900	0	462,900
Total	\$1,864,100	\$2,066,500	\$2,068,800	\$22,100	\$2,090,900
State	1,427,200	1,084,300	1,120,000	22,100	1,142,100
Federal	0	0	0	0	0
Other	436,900	982,200	948,800	0	948,800
304.15 IV-D Child Support Enforcement					
Full-Time	218	240	240	0	240
Part-Time	2	1	1	0	1
Seasonal	0	0	0	0	0
Total	220	241	241	0	241
Payroll	9,397,000	10,774,400	10,774,400	63,400	10,837,800
Operational	2,014,200	2,209,300	2,209,300	0	2,209,300
Total	\$11,411,200	\$12,983,700	\$12,983,700	\$63,400	\$13,047,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	11,411,200	12,983,700	12,983,700	63,400	13,047,100
304.00 Department Total					
Full-Time	908	939	889	0	889
Part-Time	6	5	4	0	4
Seasonal	0	0	0	0	0
Total	914	944	893	0	893
Payroll	60,104,700	66,448,000	64,823,000	1,424,900	66,247,900
Operational	6,720,300	9,823,900	7,977,800	1,008,500	8,986,300
Total	\$66,825,000	\$76,271,900	\$72,800,800	\$2,433,400	\$75,234,200
State	49,059,700	54,526,400	54,262,600	2,347,300	56,609,900
Federal	0	0	0	0	0
Other	17,765,300	21,745,500	18,538,200	86,100	18,624,300

District Public Defenders Conference

As required by the United States Constitution, district public defenders and their staff provide legal representation at trial and through the state appellate process for indigent persons charged with the commission of a crime. In Tennessee, public defenders may be appointed in any criminal prosecution or juvenile delinquency proceeding involving the possible deprivation of liberty or in any habeas corpus or other post-conviction proceeding. Twenty-nine judicial districts participate directly in the District Public Defenders Conference; the public defenders for Shelby and Davidson Counties receive direct appropriations with no administrative support or control from the conference.

The executive director of the Public Defenders Conference serves as the central administrative support to the conference. The director provides training, personnel, payroll, and fiscal services, and acts as a liaison with other branches of state government. This office also coordinates multi-district cases and provides technical support for information systems, telecommunications, and legal research.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
306.01 District Public Defenders					
Full-Time	312	313	312	5	317
Part-Time	11	12	12	0	12
Seasonal	0	0	0	0	0
Total	323	325	324	5	329
Payroll	22,193,400	24,229,100	24,159,600	1,294,100	25,453,700
Operational	2,982,700	3,230,600	3,037,300	469,000	3,506,300
Total	\$25,176,100	\$27,459,700	\$27,196,900	\$1,763,100	\$28,960,000
State	23,688,000	25,949,400	25,890,400	1,763,100	27,653,500
Federal	0	0	0	0	0
Other	1,488,100	1,510,300	1,306,500	0	1,306,500
306.03 Executive Director of the Public Defenders Conference					
Full-Time	11	12	12	4	16
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	11	12	12	4	16
Payroll	752,200	902,900	902,900	260,600	1,163,500
Operational	187,600	215,000	215,000	40,900	255,900
Total	\$939,800	\$1,117,900	\$1,117,900	\$301,500	\$1,419,400
State	751,000	921,100	921,100	301,500	1,222,600
Federal	0	0	0	0	0
Other	188,800	196,800	196,800	0	196,800

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
306.10 Shelby County Public Defender					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,840,400	2,906,100	2,906,100	0	2,906,100
Total	\$2,840,400	\$2,906,100	\$2,906,100	\$0	\$2,906,100
State	2,840,400	2,906,100	2,906,100	0	2,906,100
Federal	0	0	0	0	0
Other	0	0	0	0	0
306.12 Davidson County Public Defender					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,482,000	1,516,200	1,516,200	0	1,516,200
Total	\$1,482,000	\$1,516,200	\$1,516,200	\$0	\$1,516,200
State	1,482,000	1,516,200	1,516,200	0	1,516,200
Federal	0	0	0	0	0
Other	0	0	0	0	0
306.00 Department Total					
Full-Time	323	325	324	9	333
Part-Time	11	12	12	0	12
Seasonal	0	0	0	0	0
Total	334	337	336	9	345
Payroll	22,945,600	25,132,000	25,062,500	1,554,700	26,617,200
Operational	7,492,700	7,867,900	7,674,600	509,900	8,184,500
Total	\$30,438,300	\$32,999,900	\$32,737,100	\$2,064,600	\$34,801,700
State	28,761,400	31,292,800	31,233,800	2,064,600	33,298,400
Federal	0	0	0	0	0
Other	1,676,900	1,707,100	1,503,300	0	1,503,300

Office of the Post-Conviction Defender

The Office of the Post-Conviction Defender was created during the 1995 legislative session to provide for the representation of any person convicted and sentenced to death who is unable to secure counsel due to indigence.

This office also provides continuing legal education and consulting services to attorneys representing indigents in capital cases and recruiting qualified members of the private bar association who are willing to provide representation in state death penalty proceedings.

The Post-Conviction Defender Commission is a separate entity also created during the 1995 legislative session. The commission is responsible for appointment of the Post-Conviction Defender and oversight of the office. The commission is composed of the following members who serve without compensation:

- Two members appointed by the Governor
- Two members appointed by the Lieutenant Governor
- Two members appointed by the Speaker of the House of Representatives
- Three members appointed by the Supreme Court of Tennessee.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
308.00 Office of the Post-Conviction Defender					
Full-Time	14	14	14	0	14
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	14	14	14	0	14
Payroll	945,300	988,900	1,000,400	34,200	1,034,600
Operational	231,300	229,700	234,200	0	234,200
Total	\$1,176,600	\$1,218,600	\$1,234,600	\$34,200	\$1,268,800
State	1,176,600	1,218,600	1,234,600	34,200	1,268,800
Federal	0	0	0	0	0
Other	0	0	0	0	0

Alcoholic Beverage Commission

The Alcoholic Beverage Commission (ABC) has the legal responsibility to regulate the liquor industry and enforce liquor laws and certain drug laws. It is the only regulatory/law enforcement agency in the state with a specific emphasis on enforcement of laws related to underage drinking.

ABC's regulatory functions include licensing and inspecting:

- Wineries and distilleries
- Liquor wholesalers and retailers
- Temporary liquor sales venues
- Establishments offering on-premise liquor consumption.

ABC is legally authorized to conduct felony investigations originating under its jurisdiction as well as enforcing laws pertaining to the illegal manufacture, transportation, and sale of alcoholic beverages and marijuana. Along with the Department of Safety and the Tennessee Bureau of Investigation, the commission participates in the Governor's Task Force on Marijuana Eradication.

ABC is legally authorized to issue server permits to employees of establishments offering on-premise liquor consumption and require servers to complete alcohol awareness training certified by the commission. The Server Training Program is designed to properly train employees to responsibly sell and serve alcoholic beverages.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.03 Alcoholic Beverage Commission					
Full-Time	64	64	64	0	64
Part-Time	3	3	3	0	3
Seasonal	0	0	0	0	0
Total	67	67	67	0	67
Payroll	3,009,000	3,569,400	3,569,400	0	3,569,400
Operational	1,099,500	1,226,000	1,136,000	0	1,136,000
Total	\$4,108,500	\$4,795,400	\$4,705,400	\$0	\$4,705,400
State	0	381,900	0	0	0
Federal	0	0	0	0	0
Other	4,108,500	4,413,500	4,705,400	0	4,705,400

Tennessee Rehabilitative Initiative in Correction

The Tennessee Rehabilitative Initiative in Correction's (TRICOR) mission is to employ inmates in manufacturing, business, and agricultural jobs that integrate work opportunities with educational and vocational training, and develop good work habits and marketable skills to assist with a successful reintegration into society. TRICOR markets products and services to state agencies, local governments, and not-for-profit organizations.

TRICOR's manufacturing and service operations are located at twelve different correctional facilities across the state. Manufacturing and service operations include:

- Office furniture
- Open office landscaping
- Institutional furniture and bedding
- Uniforms and institutional clothing
- Custom wood and metal fabrication
- Textiles
- License plates
- Interior and exterior building signs
- Highway regulatory signs
- Trash liners and janitorial supplies
- Warehousing and transportation
- Print shops
- Data entry and document imaging
- K-12 test distribution.

The agricultural operations are located at West Tennessee State Penitentiary and Southeastern Regional Correctional Facility, and include:

- Field crops
- Beef cattle
- Dairy operation
- Juice, tea and fruit drink production.

To assist with an inmate's successful reintegration into society, TRICOR also administers a post-release placement program that provides job placement assistance to eligible inmates who have been released from Tennessee Department of Correction custody.

<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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316.08 Tennessee Rehabilitative Initiative in Correction

Full-Time	218	222	222	0	222
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	218	222	222	0	222
Payroll	8,100,400	9,645,300	9,656,300	0	9,656,300
Operational	18,529,500	23,066,900	23,055,900	0	23,055,900
Total	\$26,629,900	\$32,712,200	\$32,712,200	\$0	\$32,712,200
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	26,629,900	32,712,200	32,712,200	0	32,712,200

Tennessee Corrections Institute

The Tennessee Corrections Institute (TCI) is responsible for educating local correctional staff and certifying local adult correctional facilities. TCI also establishes standards to inspect and certify local correctional facilities in such areas as physical environment, medical services, and inmate supervision. TCI provides training to local correctional personnel in the following areas:

- Legal issues
- Report writing
- Suicide prevention
- Hostage survival
- Substance abuse
- Security measures
- Communications
- Stress management.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.09 Tennessee Corrections Institute					
Full-Time	10	10	10	0	10
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	10	10	10	0	10
Payroll	448,200	528,100	528,100	0	528,100
Operational	150,800	185,400	185,400	0	185,400
Total	\$599,000	\$713,500	\$713,500	\$0	\$713,500
State	599,000	698,500	698,500	0	698,500
Federal	0	0	0	0	0
Other	0	15,000	15,000	0	15,000

Board of Probation and Parole

The Board of Probation and Parole contributes to public safety by managing the orderly release and supervision of adult felons, in such a manner as to promote lawful behavior and minimize risk to the general public. The board conducts parole hearings at state and local prisons and jails and makes recommendations to the Governor regarding executive clemency.

The board is responsible for the supervision of parolees and offenders placed on probation by the state criminal and circuit courts. Probation and Parole Field Services is responsible for the collection of supervision and criminal injuries fees and writing pre-sentence investigation reports for use by the court system, the Department of Correction, and the Board of Probation and Parole. The board also administers the Community Correction Grant Program, which diverts felony offenders from incarceration by placing them in locally operated grant programs with intensive supervision, community service work, and victim restitution.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
324.02 Probation and Parole Services					
Full-Time	957	1,012	1,012	0	1,012
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	957	1,012	1,012	0	1,012
Payroll	41,186,600	45,003,700	45,003,700	0	45,003,700
Operational	9,572,900	11,280,700	11,130,700	0	11,130,700
Total	\$50,759,500	\$56,284,400	\$56,134,400	\$0	\$56,134,400
State	50,535,700	55,339,400	55,329,400	0	55,329,400
Federal	0	0	0	0	0
Other	223,800	945,000	805,000	0	805,000
324.04 Community Correction					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	9,043,600	10,705,100	10,705,100	0	10,705,100
Total	\$9,043,600	\$10,705,100	\$10,705,100	\$0	\$10,705,100
State	9,043,600	10,705,100	10,705,100	0	10,705,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
324.00 Department Total					
Full-Time	957	1,012	1,012	0	1,012
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	957	1,012	1,012	0	1,012
Payroll	41,186,600	45,003,700	45,003,700	0	45,003,700
Operational	18,616,500	21,985,800	21,835,800	0	21,835,800
Total	\$59,803,100	\$66,989,500	\$66,839,500	\$0	\$66,839,500
State	59,579,300	66,044,500	66,034,500	0	66,034,500
Federal	0	0	0	0	0
Other	223,800	945,000	805,000	0	805,000

Department of Correction

The Tennessee Department of Correction provides supervision of convicted felons during their period of confinement in the department's institutions. The department fulfills its obligations to the courts through the incarceration of inmates in a variety of secured institutional settings. All individuals are assigned to the department by the criminal courts of Tennessee and managed in accordance with Department of Correction policy and procedure.

The Department of Correction carries out its responsibilities through three major functional areas:

- Administrative Services
- Tennessee Correction Academy
- Institutional Operations.

Administrative Services

The Administrative Services functional area includes Administration, State Prosecutions, Major Maintenance, the Sex Offender Treatment Program, Federal Construction Grants, and the Sentencing Act of 1985. The department's central administrative office provides management oversight and support services related to all aspects of correctional management. Fiscal operations, contract management, human resources, information systems management, health and mental health services, food services, planning and research, and substance abuse treatment coordination are some of the areas supported by the central office.

State Prosecutions, administered through the central office, provides reimbursement to the county jails in Tennessee, which house convicted felons. In addition, this program provides payments to counties for other correctional expenditures, such as witness fees, criminal court costs and transportation, jury boarding, and medical costs for convicted felons. Funding for upkeep, maintenance, and electronic security of the state's 14 prison facilities and the Tennessee Correction Academy is located in Major Maintenance. The Tennessee Standardized Treatment Program for Sex Offenders Act of 1995 was passed to provide funding for evaluating, identifying, treating, tracking, and monitoring sex offenders. Federal Construction Grants is an account used by the department to draw down federal grants for construction projects. The Sentencing Act of 1985 provides funding for new legislation that increases periods of incarceration in correctional facilities.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.01 Administration					
Full-Time	203	204	203	1	204
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	203	204	203	1	204
Payroll	10,859,900	11,184,000	11,154,600	49,200	11,203,800
Operational	7,282,700	7,497,200	7,359,300	3,900	7,363,200
Total	\$18,142,600	\$18,681,200	\$18,513,900	\$53,100	\$18,567,000
State	13,472,500	13,832,300	13,795,500	53,100	13,848,600
Federal	959,100	231,800	231,800	0	231,800
Other	3,711,000	4,617,100	4,486,600	0	4,486,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.04 State Prosecutions					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	108,810,400	119,102,600	119,102,600	5,000,000	124,102,600
Total	\$108,810,400	\$119,102,600	\$119,102,600	\$5,000,000	\$124,102,600
State	107,991,000	119,102,600	119,102,600	5,000,000	124,102,600
Federal	0	0	0	0	0
Other	819,400	0	0	0	0
329.32 Major Maintenance					
Full-Time	22	22	22	0	22
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	22	22	22	0	22
Payroll	1,110,600	1,301,200	1,301,200	0	1,301,200
Operational	2,557,100	2,543,500	2,452,500	0	2,452,500
Total	\$3,667,700	\$3,844,700	\$3,753,700	\$0	\$3,753,700
State	3,641,100	3,753,700	3,753,700	0	3,753,700
Federal	0	0	0	0	0
Other	26,600	91,000	0	0	0
329.50 Sex Offender Treatment Program					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	192,000	128,200	128,200	0	128,200
Total	\$192,000	\$128,200	\$128,200	\$0	\$128,200
State	75,000	128,200	128,200	0	128,200
Federal	0	0	0	0	0
Other	117,000	0	0	0	0
329.98 Federal Construction Grants					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	584,700	15,310,000	15,310,000	0	15,310,000
Total	\$584,700	\$15,310,000	\$15,310,000	\$0	\$15,310,000
State	0	0	0	0	0
Federal	584,700	15,310,000	15,310,000	0	15,310,000
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.99 Sentencing Act of 1985					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	0	24,178,800	24,178,800	0	24,178,800
Total	\$0	\$24,178,800	\$24,178,800	\$0	\$24,178,800
State	0	24,171,300	24,171,300	0	24,171,300
Federal	0	0	0	0	0
Other	0	7,500	7,500	0	7,500

Tennessee Correction Academy

The Tennessee Correction Academy, located in Tullahoma, provides training to all departmental employees, as well as employees of the Department of Children's Services, the Board of Probation and Parole, and other law enforcement agencies. While some of the department's employee training is provided in a regional setting, most training is conducted on-site at the academy. New correctional officers complete 120 hours of pre-service training prior to working in an institution, and other institutional employees must complete up to 80 hours of pre-service training before beginning their assigned jobs. Upon completion of one year of employment, security and other professional level institutional staff are required to complete 40 hours of in-service training each year. In addition, specialized training programs are conducted at the academy as necessary to enhance correctional services and professional staff development.

329.06 Tennessee Correction Academy

Full-Time	79	79	79	0	79
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	79	79	79	0	79
Payroll	3,297,400	3,369,700	3,369,700	0	3,369,700
Operational	1,287,900	1,347,400	1,472,400	2,400	1,474,800
Total	\$4,585,300	\$4,717,100	\$4,842,100	\$2,400	\$4,844,500
State	4,508,800	4,652,200	4,777,200	2,400	4,779,600
Federal	0	0	0	0	0
Other	76,500	64,900	64,900	0	64,900

Institutional Operations

The Institutional Operations functional area is responsible for managing the inmate population committed to the department for incarceration. This functional area consists of classification centers and time-building institutions, special-purpose facilities, and contract-management institutions.

Classification centers evaluate inmates entering the correctional system. During the classification process, each inmate completes various evaluations that provide information concerning the inmate's physical and mental health, work and training experience, educational background,

religious affiliation, and family background. Based on these evaluations, decisions are made concerning the most appropriate institutional placement or special program requirements of each inmate. The department's classification centers are located at the Brushy Mountain Correctional Complex, Tennessee Prison for Women, Charles B. Bass Correctional Complex, and West Tennessee State Penitentiary.

Time-building institutions, where inmates serve out their sentences, range in security levels from death row and maximum security to minimum security and work release. These institutions provide educational, counseling, and treatment programs.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.11 Brushy Mountain Correctional Complex					
Full-Time	556	557	557	26	583
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	556	557	557	26	583
Payroll	23,313,100	24,163,000	24,163,000	826,100	24,989,100
Operational	11,644,000	11,747,900	11,418,800	1,573,700	12,992,500
Total	\$34,957,100	\$35,910,900	\$35,581,800	\$2,399,800	\$37,981,600
State	33,828,000	34,766,000	34,436,900	2,399,800	36,836,700
Federal	0	0	0	0	0
Other	1,129,100	1,144,900	1,144,900	0	1,144,900
329.13 Tennessee Prison for Women					
Full-Time	251	251	251	0	251
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	251	251	251	0	251
Payroll	9,627,800	10,251,300	10,251,300	0	10,251,300
Operational	7,108,900	7,832,400	9,276,600	187,900	9,464,500
Total	\$16,736,700	\$18,083,700	\$19,527,900	\$187,900	\$19,715,800
State	15,920,500	17,240,600	18,684,800	187,900	18,872,700
Federal	0	0	0	0	0
Other	816,200	843,100	843,100	0	843,100
329.14 Turney Center Industrial Prison and Farm					
Full-Time	327	328	328	0	328
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	327	328	328	0	328
Payroll	12,585,800	13,687,700	13,687,700	0	13,687,700
Operational	8,920,600	10,177,800	10,757,300	295,500	11,052,800
Total	\$21,506,400	\$23,865,500	\$24,445,000	\$295,500	\$24,740,500
State	20,538,200	22,881,000	23,460,500	295,500	23,756,000
Federal	0	0	0	0	0
Other	968,200	984,500	984,500	0	984,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.16 Mark Luttrell Correctional Facility					
Full-Time	199	199	199	0	199
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	199	199	199	0	199
Payroll	8,197,000	8,561,700	8,561,700	0	8,561,700
Operational	4,296,900	4,035,600	3,961,500	103,600	4,065,100
Total	\$12,493,900	\$12,597,300	\$12,523,200	\$103,600	\$12,626,800
State	12,008,600	12,055,300	11,981,200	103,600	12,084,800
Federal	0	0	0	0	0
Other	485,300	542,000	542,000	0	542,000
329.17 Charles B. Bass Correctional Complex					
Full-Time	391	391	391	0	391
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	391	391	391	0	391
Payroll	15,583,000	16,145,700	16,145,700	0	16,145,700
Operational	8,733,600	9,489,900	10,207,400	237,100	10,444,500
Total	\$24,316,600	\$25,635,600	\$26,353,100	\$237,100	\$26,590,200
State	23,326,500	24,503,800	25,221,300	237,100	25,458,400
Federal	0	0	0	0	0
Other	990,100	1,131,800	1,131,800	0	1,131,800
329.18 Southeastern Tennessee State Regional Correctional Facility					
Full-Time	321	321	321	0	321
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	321	321	321	0	321
Payroll	13,491,700	13,869,600	13,869,600	0	13,869,600
Operational	6,355,300	6,607,100	6,265,500	239,500	6,505,000
Total	\$19,847,000	\$20,476,700	\$20,135,100	\$239,500	\$20,374,600
State	18,958,700	19,688,600	19,347,000	239,500	19,586,500
Federal	0	0	0	0	0
Other	888,300	788,100	788,100	0	788,100
329.41 West Tennessee State Penitentiary					
Full-Time	713	772	772	0	772
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	713	772	772	0	772
Payroll	27,045,900	31,730,100	31,730,100	0	31,730,100
Operational	19,160,400	17,673,600	16,779,100	631,000	17,410,100
Total	\$46,206,300	\$49,403,700	\$48,509,200	\$631,000	\$49,140,200
State	44,810,700	48,083,500	47,189,000	631,000	47,820,000
Federal	0	0	0	0	0
Other	1,395,600	1,320,200	1,320,200	0	1,320,200

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.42 Riverbend Maximum Security Institution					
Full-Time	329	329	329	0	329
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	329	329	329	0	329
Payroll	13,751,600	13,906,600	13,906,600	0	13,906,600
Operational	6,139,300	7,542,000	8,492,600	158,200	8,650,800
Total	\$19,890,900	\$21,448,600	\$22,399,200	\$158,200	\$22,557,400
State	19,473,200	21,021,700	21,972,300	158,200	22,130,500
Federal	0	0	0	0	0
Other	417,700	426,900	426,900	0	426,900
329.43 Northeast Correctional Complex					
Full-Time	500	537	537	0	537
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	500	537	537	0	537
Payroll	18,719,800	21,261,300	21,261,300	0	21,261,300
Operational	14,855,800	13,462,200	12,396,500	846,300	13,242,800
Total	\$33,575,600	\$34,723,500	\$33,657,800	\$846,300	\$34,504,100
State	32,326,400	33,407,000	32,341,300	846,300	33,187,600
Federal	0	0	0	0	0
Other	1,249,200	1,316,500	1,316,500	0	1,316,500
329.45 Northwest Correctional Complex					
Full-Time	654	705	705	0	705
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	654	705	705	0	705
Payroll	24,181,000	28,412,700	28,412,700	0	28,412,700
Operational	17,444,800	15,729,900	14,415,000	524,100	14,939,100
Total	\$41,625,800	\$44,142,600	\$42,827,700	\$524,100	\$43,351,800
State	40,074,700	42,410,200	41,095,300	524,100	41,619,400
Federal	0	0	0	0	0
Other	1,551,100	1,732,400	1,732,400	0	1,732,400

Wayne County Boot Camp and the Lois M. DeBerry Special Needs Facility are the department's two special-purpose facilities. These facilities provide inmates with alternative rehabilitation methods and programs for mental health services, medical services, and sex offender treatment.

Wayne County Boot Camp is an alternative incarceration unit. Offenders convicted of specified felonies who are serving their first term of incarceration in a state or federal prison can participate in a 120-day program that is based on a strict, highly structured military style regimen designed to foster self-discipline and positive self-esteem. Offenders at the boot camp also participate in educational programming when they lack a high school diploma/GED, and perform community service work for state and local government agencies, as well as private, not-for-profit agencies in

the area. Other special-purpose programs at the boot camp include a geriatrics program and a program which is designed to provide intensive work and educational programming for offenders who have violated their probation or parole without committing a new felony offense.

The Lois M. DeBerry Special Needs Facility is the department's primary medical and mental health treatment facility. As needed, inmates are transferred to this facility for medical services and both emergent and programmed mental health treatment. In addition, this facility provides geriatrics and sex offender treatment programs.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
329.08 Wayne County Boot Camp					
Full-Time	155	155	155	0	155
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	155	155	155	0	155
Payroll	5,971,000	6,273,300	6,273,300	0	6,273,300
Operational	2,831,700	3,398,800	3,461,400	103,000	3,564,400
Total	\$8,802,700	\$9,672,100	\$9,734,700	\$103,000	\$9,837,700
State	8,464,200	9,329,600	9,392,200	103,000	9,495,200
Federal	0	0	0	0	0
Other	338,500	342,500	342,500	0	342,500

329.46 Lois M. DeBerry Special Needs Facility

Full-Time	483	483	483	0	483
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	483	483	483	0	483
Payroll	19,936,100	21,907,100	21,907,100	0	21,907,100
Operational	9,186,300	9,445,600	9,789,000	196,700	9,985,700
Total	\$29,122,400	\$31,352,700	\$31,696,100	\$196,700	\$31,892,800
State	28,700,500	30,955,300	31,298,700	196,700	31,495,400
Federal	0	0	0	0	0
Other	421,900	397,400	397,400	0	397,400

The Institutional Operations functional area includes three contract-management facilities: Hardeman County Correctional Facility, Hardeman County Correctional Facility – Whiteville, and South Central Correctional Center. The Hardeman County Correctional Facility, owned by Hardeman County, and the Hardeman County Correctional Facility – Whiteville, a privately-owned facility, have been contracted by the department to house and manage adult male felons. The South Central Correctional Center is a state-owned facility that utilizes a private contractor to manage the inmate population.

329.21 Hardeman County Incarceration Agreement

Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	114,600	125,000	125,000	0	125,000
Operational	31,924,300	32,619,700	32,404,500	951,000	33,355,500
Total	\$32,038,900	\$32,744,700	\$32,529,500	\$951,000	\$33,480,500
State	32,027,800	32,725,800	32,510,600	951,000	33,461,600
Federal	0	0	0	0	0
Other	11,100	18,900	18,900	0	18,900

329.22 Hardeman County Agreement – Whiteville

Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	108,200	119,400	119,400	0	119,400
Operational	25,156,300	25,809,700	25,648,800	845,400	26,494,200
Total	\$25,264,500	\$25,929,100	\$25,768,200	\$845,400	\$26,613,600
State	25,248,200	25,910,400	25,749,500	845,400	26,594,900
Federal	0	0	0	0	0
Other	16,300	18,700	18,700	0	18,700

329.44 South Central Correctional Center

Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	117,000	139,400	139,400	0	139,400
Operational	23,807,800	24,927,800	24,907,500	1,054,100	25,961,600
Total	\$23,924,800	\$25,067,200	\$25,046,900	\$1,054,100	\$26,101,000
State	23,909,400	25,048,500	25,028,200	1,054,100	26,082,300
Federal	0	0	0	0	0
Other	15,400	18,700	18,700	0	18,700

329.00 Department Total

Full-Time	5,189	5,339	5,338	27	5,365
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5,189	5,339	5,338	27	5,365
Payroll	208,011,500	226,408,800	226,379,400	875,300	227,254,700
Operational	318,280,800	370,607,700	370,185,300	12,953,400	383,138,700
Total	\$526,292,300	\$597,016,500	\$596,564,700	\$13,828,700	\$610,393,400
State	509,304,000	565,667,600	565,437,300	13,828,700	579,266,000
Federal	1,543,800	15,541,800	15,541,800	0	15,541,800
Other	15,444,500	15,807,100	15,585,600	0	15,585,600

Statistical Data Correctional Institutions

	BMCC 329.11	TPW 329.13	TCIP 329.14	MLCF 329.16	CBCC 329.17
Annual Admissions					
1999-2000	1,915	547	481	414	2,586
2000-2001	1,048	455	521	212	3,613
2001-2002	1,915	522	477	213	3,477
2002-2003	1,908	583	527	175	2,288
2003-2004	1,908	575	515	204	3,534
2004-2005	1,902	556	503	205	2,248
2005-2006	1,900	600	503	220	3,000
2006-2007	1,900	600	503	220	3,000
Annual Releases					
1999-2000	1,907	123	480	203	2,557
2000-2001	525	261	523	197	3,756
2001-2002	1,907	384	471	169	3,771
2002-2003	1,911	342	538	130	2,725
2003-2004	1,911	550	519	210	2,394
2004-2005	1,915	421	503	204	2,557
2005-2006	1,900	600	503	220	3,000
2006-2007	1,900	600	503	220	3,000
Average Daily Census					
1999-2000	1,517	471	1,100	335	1,009
2000-2001	1,539	466	1,100	404	994
2001-2002	1,537	512	1,110	397	1,011
2002-2003	1,520	695	1,100	414	1,007
2003-2004	1,525	715	1,094	414	1,014
2004-2005	1,533	722	1,095	415	1,014
2005-2006	1,603	775	1,272	440	1,110
2006-2007	1,603	775	1,272	440	1,110
Cost Per Occupancy Day (Total Expenditures)*					
1999-2000	\$48.18	\$61.20	\$42.63	\$73.29	\$48.80
2000-2001	\$53.60	\$70.24	\$46.37	\$71.20	\$59.67
2001-2002	\$52.44	\$71.17	\$46.85	\$68.98	\$55.38
2002-2003	\$56.13	\$57.89	\$49.09	\$69.47	\$58.76
2003-2004	\$57.54	\$59.91	\$50.68	\$72.14	\$59.58
2004-2005	\$62.47	\$63.51	\$53.81	\$82.48	\$65.70
2005-2006	\$61.38	\$63.93	\$51.40	\$78.44	\$63.27
2006-2007	\$64.92	\$69.70	\$53.29	\$78.62	\$65.63

BMCC: Brushy Mountain Correctional Complex
 TPW: Tennessee Prison for Women
 TCIP: Turney Center Industrial Prison and Farm

MLCF: Mark Luttrell Correctional Facility
 CBCC: Charles B. Bass Correctional Complex

*FY 1999-00 to 2004-2005 are actual expenditures from all sources; 2005-06 to 2006-07 are estimates.

Statistical Data Correctional Institutions

	STRCF 329.18	WTSP 329.41	RMSI 329.42	NECC 329.43	NWCC 329.45
Annual Admissions					
1999-2000	376	2,112	300	741	935
2000-2001	353	2,587	418	741	1,090
2001-2002	362	2,234	360	621	1,007
2002-2003	389	3,024	365	657	1,276
2003-2004	437	2,970	322	750	1,077
2004-2005	395	3,112	415	694	1,036
2005-2006	400	2,600	420	464	1,050
2006-2007	400	2,600	420	464	1,050
Annual Releases					
1999-2000	376	1,866	300	750	970
2000-2001	376	2,416	381	750	914
2001-2002	357	2,289	365	582	962
2002-2003	298	3,068	371	657	1,254
2003-2004	415	2,943	313	750	1,050
2004-2005	385	3,069	421	641	1,044
2005-2006	400	2,600	420	464	1,050
2006-2007	400	2,600	420	464	1,050
Average Daily Census					
1999-2000	954	2,304	664	1,518	2,117
2000-2001	929	2,415	676	1,609	2,152
2001-2002	932	2,498	705	1,682	2,289
2002-2003	912	2,455	704	1,782	2,264
2003-2004	942	2,431	706	1,808	2,288
2004-2005	942	2,474	700	1,803	2,280
2005-2006	981	2,582	736	1,856	2,425
2006-2007	981	2,582	736	1,856	2,425
Cost Per Occupancy Day (Total Expenditures)*					
1999-2000	\$42.79	\$39.25	\$65.28	\$39.31	\$36.50
2000-2001	\$49.05	\$41.74	\$67.59	\$41.25	\$39.45
2001-2002	\$50.08	\$42.75	\$68.00	\$44.37	\$41.92
2002-2003	\$52.74	\$46.35	\$71.17	\$45.69	\$44.66
2003-2004	\$52.81	\$48.64	\$70.51	\$46.49	\$45.31
2004-2005	\$57.72	\$51.17	\$77.85	\$51.02	\$50.02
2005-2006	\$57.19	\$52.42	\$79.84	\$51.26	\$49.87
2006-2007	\$56.90	\$52.14	\$83.97	\$50.93	\$48.98

STRCF: Southeastern TN State Regional Corr. Facility
 WTSP: West Tennessee State Penitentiary
 RMSI: Riverbend Maximum Security Institution

NECC: Northeast Correctional Complex
 NWCC: Northwest Correctional Complex

*FY 1999-00 to 2004-2005 are actual expenditures from all sources; 2005-06 to 2006-07 are estimates.

Statistical Data Correctional Institutions

	<u>WCBC</u> 329.08	<u>DSNF</u> 329.46	<u>HCCF</u> 329.21	<u>HCCF-W</u> 329.22	<u>SCCC</u> 329.44	<u>Total*</u>
Annual Admissions						
1999-2000	536	420	943	N/A	656	8,484
2000-2001	576	420	867	N/A	624	8,808
2001-2002	473	388	824	N/A	759	8,882
2002-2003	599	383	873	1,756	788	8,758
2003-2004	578	388	873	750	788	9,518
2004-2005	576	336	869	754	790	9,842
2005-2006	600	400	850	750	750	9,826
2006-2007	600	400	850	750	750	9,960
Annual Releases						
1999-2000	336	413	963	N/A	680	4,711
2000-2001	570	372	800	N/A	600	5,145
2001-2002	346	354	675	N/A	657	4,675
2002-2003	351	360	799	257	713	5,003
2003-2004	416	395	799	700	713	5,680
2004-2005	584	385	863	752	783	5,862
2005-2006	600	400	850	750	750	6,329
2006-2007	600	400	850	750	750	6,476
Average Daily Census						
1999-2000	393	715	1,965	N/A	1,485	16,547
2000-2001	409	696	1,990	N/A	1,541	16,920
2001-2002	385	664	1,993	N/A	1,657	17,372
2002-2003	416	710	1,963	594	1,634	18,170
2003-2004	413	738	1,947	1,474	1,608	19,117
2004-2005	405	714	1,953	1,476	1,615	19,141
2005-2006	450	800	2,016	1,536	1,676	20,258
2006-2007	450	800	2,016	1,536	1,676	20,258
Cost Per Occupancy Day (Total Expenditures)**						
1999-2000	\$45.82	\$133.09	\$40.87	N/A	\$35.49	\$47.16
2000-2001	\$49.13	\$105.50	\$41.13	N/A	\$36.37	\$49.00
2001-2002	\$51.94	\$99.58	\$41.82	N/A	\$37.12	\$49.24
2002-2003	\$52.65	\$97.78	\$42.83	\$43.53	\$37.85	\$50.91
2003-2004	\$54.96	\$99.08	\$44.15	\$45.64	\$39.16	\$51.99
2004-2005	\$59.55	\$111.75	\$44.95	\$46.90	\$40.59	\$55.87
2005-2006	\$58.89	\$107.37	\$44.50	\$46.25	\$40.98	\$55.59
2006-2007	\$59.89	\$109.22	\$45.50	\$47.47	\$42.67	\$56.74

WCBC: Wayne County Boot Camp

DSNF: Lois DeBerry Special Needs Facility

HCCF-W: Hardeman Co. Correctional Facility - Whiteville

N/A = Indicates facilities were not in existence during the reporting period.

HCCF: Hardeman Co. Correctional Facility

SCCC: South Central Correctional Center

*Total admissions and releases are department wide and will not equal the sum of the columns due to double counting caused by movement of inmates among the facilities.

**FY 1999-00 to 2004-2005 are actual expenditures from all sources; 2005-06 to 2006-07 are estimates.

Military Department

The Military Department provides leadership, direction, and organization for the state's Army and Air National Guard and the Tennessee Emergency Management Agency. The department is organized into three functional areas:

- Administration
- National Guard
- Emergency Management.

Administration

Administration performs all fiscal and administrative duties for the department, maintains war records of all soldiers from Tennessee, and oversees the maintenance of Tennessee Army National Guard armories. The Office of the Adjutant General and the Tennessee Defense Force also operate within this division.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
341.01 Administration					
Full-Time	34	35	35	0	35
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	34	35	35	0	35
Payroll	1,854,900	2,019,200	2,019,200	290,000	2,309,200
Operational	759,200	825,400	825,400	70,000	895,400
Total	\$2,614,100	\$2,844,600	\$2,844,600	\$360,000	\$3,204,600
State	2,610,500	2,165,200	2,164,500	360,000	2,524,500
Federal	0	667,500	568,300	0	568,300
Other	3,600	11,900	111,800	0	111,800
341.10 Armories Utilities					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	3,027,000	3,166,900	3,166,900	200,000	3,366,900
Total	\$3,027,000	\$3,166,900	\$3,166,900	\$200,000	\$3,366,900
State	1,049,200	1,764,800	1,764,800	200,000	1,964,800
Federal	1,870,200	1,295,900	1,295,900	0	1,295,900
Other	107,600	106,200	106,200	0	106,200

National Guard

The National Guard's primary objective is to be prepared as a first-line reserve for the active duty Army and Air Force. The National Guard is composed of full-time and part-time personnel. At the request of the Governor, the National Guard can be called upon to assist in emergency situations such as riots, rescues, and disasters.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
341.02 Tennessee Army National Guard					
Full-Time	84	87	87	0	87
Part-Time	0	0	0	0	0
Seasonal	12	4	4	0	4
Total	96	91	91	0	91
Payroll	4,131,100	5,225,400	5,278,100	0	5,278,100
Operational	1,780,100	3,068,100	2,267,000	0	2,267,000
Total	\$5,911,200	\$8,293,500	\$7,545,100	\$0	\$7,545,100
State	1,140,700	1,167,200	1,167,200	0	1,167,200
Federal	4,312,400	6,314,200	5,697,900	0	5,697,900
Other	458,100	812,100	680,000	0	680,000

341.03 Tennessee Air National Guard

Full-Time	208	211	211	0	211
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	208	211	211	0	211
Payroll	6,774,300	8,721,000	8,689,000	0	8,689,000
Operational	3,463,100	4,245,000	4,232,400	1,091,600	5,324,000
Total	\$10,237,400	\$12,966,000	\$12,921,400	\$1,091,600	\$14,013,000
State	1,495,900	1,595,400	1,596,100	367,800	1,963,900
Federal	8,735,400	11,365,900	11,320,600	723,800	12,044,400
Other	6,100	4,700	4,700	0	4,700

341.07 Armories Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,862,500	3,869,000	3,869,000	0	3,869,000
Total	\$1,862,500	\$3,869,000	\$3,869,000	\$0	\$3,869,000
State	594,300	736,600	736,600	0	736,600
Federal	1,013,700	2,604,800	2,604,800	0	2,604,800
Other	254,500	527,600	527,600	0	527,600

Emergency Management

The Tennessee Emergency Management Agency (TEMA) is responsible for directing and assisting state and local governments in times of man-made or natural disasters. Its purpose is to warn of possible disasters and to protect the lives and property of Tennessee citizens and visitors should such an event occur.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
341.04 Tennessee Emergency Management Agency					
Full-Time	101	101	101	0	101
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	101	101	101	0	101
Payroll	5,087,100	5,410,800	5,410,800	0	5,410,800
Operational	5,182,500	6,832,800	5,811,800	0	5,811,800
Total	\$10,269,600	\$12,243,600	\$11,222,600	\$0	\$11,222,600
State	2,065,000	3,672,800	2,651,800	0	2,651,800
Federal	6,581,200	7,641,700	7,641,700	0	7,641,700
Other	1,623,400	929,100	929,100	0	929,100
341.08 Homeland Security Grants					
Full-Time	6	6	6	0	6
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	6	6	6	0	6
Payroll	251,300	316,200	316,200	0	316,200
Operational	26,148,100	63,466,500	63,466,500	0	63,466,500
Total	\$26,399,400	\$63,782,700	\$63,782,700	\$0	\$63,782,700
State	0	0	0	0	0
Federal	26,275,100	63,782,700	63,782,700	0	63,782,700
Other	124,300	0	0	0	0
341.09 TEMA Disaster Relief Grants					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	3,100	0	0	0	0
Operational	35,364,600	105,000,000	5,000,000	0	5,000,000
Total	\$35,367,700	\$105,000,000	\$5,000,000	\$0	\$5,000,000
State	799,900	0	0	0	0
Federal	34,315,400	105,000,000	5,000,000	0	5,000,000
Other	252,400	0	0	0	0
341.00 Department Total					
Full-Time	433	440	440	0	440
Part-Time	0	0	0	0	0
Seasonal	12	4	4	0	4
Total	445	444	444	0	444
Payroll	18,101,800	21,692,600	21,713,300	290,000	22,003,300
Operational	77,587,100	190,473,700	88,639,000	1,361,600	90,000,600
Total	\$95,688,900	\$212,166,300	\$110,352,300	\$1,651,600	\$112,003,900
State	9,755,500	11,102,000	10,081,000	927,800	11,008,800
Federal	83,103,400	198,672,700	97,911,900	723,800	98,635,700
Other	2,830,000	2,391,600	2,359,400	0	2,359,400

Tennessee Bureau of Investigation

The Tennessee Bureau of Investigation (TBI) is responsible for assisting the District Attorneys General and local law enforcement agencies in the investigation and prosecution of criminal offenses. The bureau's operations are organized into five divisions:

- Administrative Services
- Criminal Investigations
- Drug Investigations
- Forensic Services
- Information Systems.

The Administrative Services division provides overall direction and support for the bureau. This area performs legal, personnel, payroll, fiscal, and administrative support services for the agency.

The Criminal Investigation division was created to provide expertise in investigative support to district attorneys and state and local law enforcement agencies. The division serves as an independent investigative body for investigating public corruption and misconduct at all levels of government, as well as provider fraud and patient abuse within the TennCare system. Additionally, the division is responsible for gathering and disseminating intelligence on criminal activity, including terrorism, fugitives, and drug trafficking.

The Drug Investigations division has original jurisdiction to investigate violations of Tennessee's drug control laws. The division's special agents are each assigned to one of four regional investigative units. Each unit initiates and investigates their own cases, targeting upper- and mid-level drug violators and drug distribution organizations. In addition, the Drug Investigations division works with state and local government agencies, the U.S. Drug Enforcement Administration, and the Federal Bureau of Investigation to ensure that all agencies are mutually supportive.

Forensic Services provides forensic examinations for the law enforcement community and medical examiners statewide. These examinations are performed at laboratories located in Nashville, Knoxville, and Memphis. The main laboratory in Nashville specializes in DNA/serology, toxicology, latent fingerprint examination, firearms identification analysis, and microanalysis testing. Drug chemistry and blood alcohol analysis are performed at all TBI labs.

The Information Systems division provides support to investigative activities through records management, systems operations, fingerprint identification, and uniform crime reporting. The operation of these services is housed in the Tennessee Crime Information Center, along with various computer systems for criminal, investigative, and forensic information.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
348.00 Tennessee Bureau of Investigation					
Full-Time	465	468	458	18	476
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	465	468	458	18	476
Payroll	26,134,700	28,980,600	28,648,600	910,300	29,558,900
Operational	24,411,500	24,943,200	22,014,200	341,000	22,355,200
Total	\$50,546,200	\$53,923,800	\$50,662,800	\$1,251,300	\$51,914,100
State	28,303,000	30,723,600	30,670,800	1,251,300	31,922,100
Federal	8,895,300	7,878,100	7,878,100	0	7,878,100
Other	13,347,900	15,322,100	12,113,900	0	12,113,900

Department of Safety

The Department of Safety works to provide safe highways for Tennessee's citizens and visitors by strictly enforcing the laws governing the use of state and federal roads. The department also provides services to motorists including drivers license issuance, titling and registration, public safety education, and training assistance to local law enforcement officers. Responsibilities of the department focus on the following areas:

- Administrative and support services
- Driver license issuance
- Enforcement
- Education
- Titling and registration
- Technical services.

Administrative and Support Services

The Administrative and Support Services area is responsible for the overall administration of the department and for providing basic support services for departmental operations. The legal section provides general legal counsel and administers asset forfeiture cases generated from the Drug Control Act. This area also provides fiscal, personnel, supply, and internal audit functions.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
349.01 Administration					
Full-Time	89	90	90	0	90
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	89	90	90	0	90
Payroll	4,587,100	4,723,100	4,723,100	14,400	4,737,500
Operational	1,928,400	1,718,900	1,718,900	0	1,718,900
Total	\$6,515,500	\$6,442,000	\$6,442,000	\$14,400	\$6,456,400
State	5,930,900	5,946,000	5,946,000	14,400	5,960,400
Federal	0	0	0	0	0
Other	584,600	496,000	496,000	0	496,000
349.07 Motor Vehicle Operations					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	7,382,100	8,533,000	8,533,000	0	8,533,000
Total	\$7,382,100	\$8,533,000	\$8,533,000	\$0	\$8,533,000
State	7,251,500	8,473,000	8,473,000	0	8,473,000
Federal	0	0	0	0	0
Other	130,600	60,000	60,000	0	60,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
349.12 Major Maintenance					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	59,000	199,600	199,600	0	199,600
Total	\$59,000	\$199,600	\$199,600	\$0	\$199,600
State	59,000	199,600	199,600	0	199,600
Federal	0	0	0	0	0
Other	0	0	0	0	0

Driver License Issuance

Driver License Issuance has the responsibility of issuing drivers licenses to all persons who qualify under the Classified and Commercial Driver's License Act. The handgun permit program is also administered through this division.

349.02 Driver License Issuance

Full-Time	287	299	299	0	299
Part-Time	13	13	13	0	13
Seasonal	0	0	0	0	0
Total	300	312	312	0	312
Payroll	9,954,100	10,757,800	10,757,800	2,300	10,760,100
Operational	10,080,400	10,751,400	10,742,400	425,000	11,167,400
Total	\$20,034,500	\$21,509,200	\$21,500,200	\$427,300	\$21,927,500
State	2,845,100	3,406,100	3,397,100	427,300	3,824,400
Federal	326,700	1,276,100	1,276,100	0	1,276,100
Other	16,862,700	16,827,000	16,827,000	0	16,827,000

Enforcement

The department's enforcement efforts focus on roadway safety, criminal investigation, and other safety-related functions.

The Tennessee Highway Patrol (THP) enforces all motor vehicle and driver license laws, investigates accidents, provides assistance to motorists, and assists other police organizations in unusual assignments. THP is also responsible for enforcing commercial vehicle laws regarding size, weight, and safety requirements for commercial motor vehicles. The Capitol Security division of THP is responsible for the security of the State Capitol, Legislative Plaza, War Memorial Building, and other state office buildings in Davidson County. The Executive Protection Detail of THP provides security for the First Family, Lieutenant Governor, Speaker of the House, and Attorney General.

The pupil transportation section is responsible for the inspection of all school buses and day care vans, and for the training of school bus drivers. THP also maintains radio contact between all

field officers and dispatch centers in the state, thereby providing emergency service to motorists and enabling officers to request support when needed.

The Criminal Investigations Division (C.I.D.) is charged with investigating, preventing, and prosecuting violations of Tennessee's auto theft laws, and provides investigative support on felony cases. This is accomplished through auto theft investigations, odometer fraud investigations, and the inspection of rebuilt motor vehicles. It also trains local law enforcement agencies in identifying and investigating such crimes.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
349.03 Highway Patrol					
Full-Time	1,086	1,088	1,088	0	1,088
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	1,086	1,088	1,088	0	1,088
Payroll	66,434,300	70,142,500	70,142,500	2,917,900	73,060,400
Operational	15,993,300	21,514,800	17,499,100	250,000	17,749,100
Total	\$82,427,600	\$91,657,300	\$87,641,600	\$3,167,900	\$90,809,500
State	70,647,900	76,866,400	76,866,400	3,167,900	80,034,300
Federal	6,491,100	6,347,700	6,347,700	0	6,347,700
Other	5,288,600	8,443,200	4,427,500	0	4,427,500
349.06 Auto Theft Investigations					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	76,700	350,100	350,100	0	350,100
Total	\$76,700	\$350,100	\$350,100	\$0	\$350,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	76,700	350,100	350,100	0	350,100
349.14 C.I.D. Anti-Theft Unit					
Full-Time	10	10	10	0	10
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	10	10	10	0	10
Payroll	654,000	787,600	787,600	42,200	829,800
Operational	32,700	60,300	60,300	0	60,300
Total	\$686,700	\$847,900	\$847,900	\$42,200	\$890,100
State	686,700	847,900	847,900	42,200	890,100
Federal	0	0	0	0	0
Other	0	0	0	0	0

Education

The Driver and Motorcycle Rider Education programs use the news media, pamphlets, films, videotapes, and other instructional materials to educate the motoring public regarding the safe operation of their vehicles.

The Tennessee Law Enforcement Training Academy provides training for all state and local enforcement recruits, excluding those in the four major metropolitan areas. Specialized training for graduated officers is offered in all areas of law enforcement, including topics such as criminal investigations, drug trafficking, traffic control, officer management training, survival techniques, gang enforcement, domestic violence, school violence management, and school officer training.

The Academy staffs the Tennessee Peace Officers Standards and Training (P.O.S.T.) Commission which is responsible for enforcing standards and training for all local police officers. This commission also administers the police officer salary supplement program to all eligible police officers.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
349.04 Motorcycle Rider Education					
Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	96,500	106,700	106,700	0	106,700
Operational	232,500	344,600	85,100	0	85,100
Total	\$329,000	\$451,300	\$191,800	\$0	\$191,800
State	329,000	191,800	191,800	0	191,800
Federal	0	0	0	0	0
Other	0	259,500	0	0	0
349.08 Driver Education					
Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2
Payroll	131,300	151,600	151,600	4,000	155,600
Operational	63,300	164,700	101,700	0	101,700
Total	\$194,600	\$316,300	\$253,300	\$4,000	\$257,300
State	194,600	253,300	253,300	4,000	257,300
Federal	0	0	0	0	0
Other	0	63,000	0	0	0

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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349.09 Tennessee Law Enforcement Training Academy

Full-Time	25	27	27	0	27
Part-Time	1	1	1	0	1
Seasonal	0	0	0	0	0
Total	26	28	28	0	28

Payroll	1,360,800	1,523,900	1,531,400	29,200	1,560,600
Operational	1,991,800	2,187,800	2,118,800	0	2,118,800
Total	\$3,352,600	\$3,711,700	\$3,650,200	\$29,200	\$3,679,400

State	2,423,300	2,638,300	2,638,300	29,200	2,667,500
Federal	0	0	0	0	0
Other	929,300	1,073,400	1,011,900	0	1,011,900

349.10 P.O.S.T. Commission

Full-Time	2	2	2	0	2
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	2	2	2	0	2

Payroll	90,500	94,300	94,300	0	94,300
Operational	6,181,600	6,266,800	6,266,800	104,300	6,371,100
Total	\$6,272,100	\$6,361,100	\$6,361,100	\$104,300	\$6,465,400

State	6,272,100	6,361,100	6,361,100	104,300	6,465,400
Federal	0	0	0	0	0
Other	0	0	0	0	0

Titling and Registration

Titling and Registration is responsible for issuing, recording, and enforcing ownership titles; regulating the sale and distribution of vehicle license plates; and regulating vehicle registration renewals through the county clerks. This division's responsibilities also include the requirement to register and enforce interstate motor carriers with respect to licensing, fuel taxes, and insurance filings.

349.11 Titling and Registration

Full-Time	222	216	216	0	216
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	222	216	216	0	216

Payroll	7,495,000	8,245,600	8,748,800	0	8,748,800
Operational	13,847,200	28,859,200	23,411,600	500,000	23,911,600
Total	\$21,342,200	\$37,104,800	\$32,160,400	\$500,000	\$32,660,400

State	13,931,900	24,728,800	24,584,400	500,000	25,084,400
Federal	0	0	0	0	0
Other	7,410,300	12,376,000	7,576,000	0	7,576,000

Technical Services

Technical Services is responsible for supporting the general record and data needs arising from legislative mandates, as well as the specific public safety need to protect the public from financially irresponsible and hazardous drivers. This division is divided into four service areas: financial responsibility, information systems, driver improvement, and crash analysis. Through the financial responsibility program, the driving privileges of drivers convicted of statutory offenses are revoked or suspended. Statutory offenses include failure to appear in court, and failure to pay fines and court costs after conviction. This division also certifies the financial responsibility of drivers convicted of certain offenses or involved in accidents.

Responsibilities of Information Systems include the installation and maintenance of computer hardware; design and development of new computer systems; management of departmental databases for driver license and title and registration transactions; and for researching, acquiring, and implementing new technologies.

Driver improvement evaluates the driving records of Tennessee drivers in order to identify high-risk drivers and to establish procedures for their rehabilitation. The crash analysis section processes traffic crash reports for THP and all other public agencies that investigate traffic crashes occurring in Tennessee.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
349.13 Technical Services					
Full-Time	162	172	172	0	172
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	162	172	172	0	172
Payroll	5,924,600	7,043,300	7,043,300	6,200	7,049,500
Operational	2,846,900	3,839,100	3,706,200	0	3,706,200
Total	\$8,771,500	\$10,882,400	\$10,749,500	\$6,200	\$10,755,700
State	649,400	2,743,300	2,610,400	6,200	2,616,600
Federal	0	0	0	0	0
Other	8,122,100	8,139,100	8,139,100	0	8,139,100
349.00 Department Total					
Full-Time	1,887	1,908	1,908	0	1,908
Part-Time	14	14	14	0	14
Seasonal	0	0	0	0	0
Total	1,901	1,922	1,922	0	1,922
Payroll	96,728,200	103,576,400	104,087,100	3,016,200	107,103,300
Operational	60,715,900	84,790,300	74,793,600	1,279,300	76,072,900
Total	\$157,444,100	\$188,366,700	\$178,880,700	\$4,295,500	\$183,176,200
State	111,221,400	132,655,600	132,369,300	4,295,500	136,664,800
Federal	6,817,800	7,623,800	7,623,800	0	7,623,800
Other	39,404,900	48,087,300	38,887,600	0	38,887,600

Resources and Regulation

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Resources and Regulation

Recommended Budget, Fiscal Year 2006 – 2007

The Resources and Regulation functional group includes eight agencies that promote and protect the state's natural, historical, and cultural resources and its consumers and workers.

Three departments promote consumer protection and safety in the work place:

- Department of Commerce and Insurance
- Department of Financial Institutions
- Department of Labor and Workforce Development.

These departments regulate and promote education in businesses and occupations to ensure professionalism and consumer safety; regulate insurance, commercial banking, and money-lending industries to ensure soundness and protect the interests of depositors and policy-holders; and regulate the work-place to ensure worker health and safety, fair wages, and compensation for work-related injuries.

Three agencies promote and protect cultural and historical resources:

- Tennessee Arts Commission
- Tennessee State Museum
- Tennessee Historical Commission.

Together, these agencies promote interest, education, and participation in the arts through financial support to artists and supporters of the arts; protect and preserve artifacts that are significant to our natural and cultural history; and promote the preservation of and public access to historical sites across the state through purchase and financial support.

The following two agencies promote and ensure the conservation of Tennessee's agricultural, environmental, and natural resources:

- Department of Environment and Conservation
- Tennessee Wildlife Resources Agency.

These agencies promote preservation of the state's environmental resources, protection from hazardous waste and radiation exposure, and reclamation of abandoned lands; promote recreation on public and private lands, including the state's geological, archaeological, and park resources; protect and conserve all species of wildlife native to the state; administer hunting and boating safety laws; enforce the litter control laws; stabilize river banks; and maintain drainage patterns to conserve agricultural land in West Tennessee.

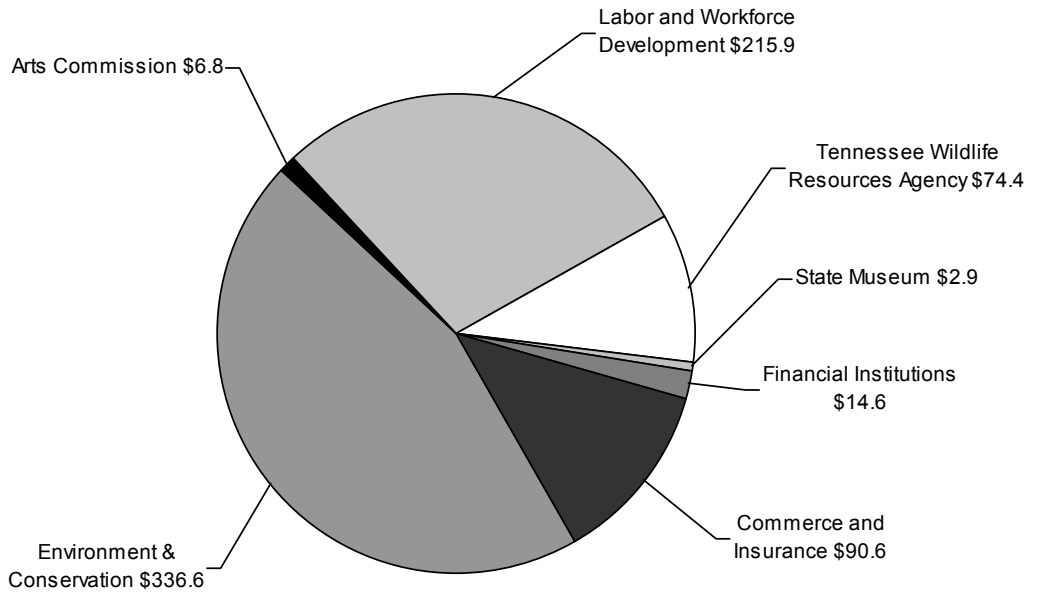
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government; (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year, compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among the departments within the functional group. Funding mixes within each department vary, as

some are exclusively state funded, while others represent state, federal, and other sources of funding.

Resources and Regulation FY 2006- 2007 Recommended



In Millions

\$741,866,000 Total

Resources and Regulation Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel			
Full Time	5,527	5,673	5,694
Part Time	878	970	982
Seasonal	464	340	400
TOTAL	<u>6,869</u>	<u>6,983</u>	<u>7,076</u>
Expenditures			
Payroll	\$255,855,200	\$295,290,600	\$299,625,600
Operational	393,699,900	449,042,900	442,240,400
TOTAL	<u>\$649,555,100</u>	<u>\$744,333,500</u>	<u>\$741,866,000</u>
Funding			
State	\$277,460,600	\$317,323,800	\$324,991,500
Federal	202,391,000	248,948,300	243,730,000
Other	169,703,500	178,061,400	173,144,500

Resources and Regulation Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Arts Commission					
• Grant Monitoring					
To provide funds for travel costs in order to improve grant monitoring. These funds will assist the Arts Commission in conducting 155 on-site grant monitoring visits.					
316.25 Arts Commission	\$20,000	\$0	\$0	\$20,000	0
Sub-total	\$20,000	\$0	\$0	\$20,000	0
Total Arts Commission	\$20,000	\$0	\$0	\$20,000	0

State Museum

• Fiscal Control					
To provide funds for one administrative position to support the current staff in personnel operations, records management, purchasing, and property administration. In addition, this position will assist the agency in maintaining the necessary level of segregation of fiscal duties.					
316.27 State Museum	\$32,500	\$0	\$0	\$32,500	1
Sub-total	\$32,500	\$0	\$0	\$32,500	1
Total State Museum	\$32,500	\$0	\$0	\$32,500	1

Environment & Conservation

• Heritage Conservation Trust - Land Acquisition					
To provide non-recurring funds to the Heritage Conservation Trust Fund for land purchases needed for land conservation and protection.					
327.50 Tennessee Heritage Conservation Trust Fund	\$10,000,000	\$0	\$0	\$10,000,000	0
Sub-total	\$10,000,000	\$0	\$0	\$10,000,000	0
• Land Acquisition Funds					
To provide funds for state lands acquisition and local parks land acquisition. These appropriations are from an additional \$12 million allocation (\$6 million recurring and \$6 million non-recurring) of the real estate transfer tax. This, along with the \$12 million base budget allocation, will provide a total allocation from the tax of \$24 million for the four land acquisition and soil conservation programs. Thus, total acquisition fund and soil conservation program funding from this tax in 2006-2007 is \$18 million recurring and \$6 million non-recurring. The improvement for each program is a pro-rata share of the 8 cents stated in law. The Local Parks Acquisition Fund receives a 1.75-cent share and the State Lands Acquisition Fund receives a 1.5-cent share of the 8 cents.					
327.19 Local Parks Acquisition Fund	\$2,624,400	\$0	\$0	\$2,624,400	0
327.20 State Lands Acquisition Fund	\$2,250,000	\$0	\$0	\$2,250,000	0
Sub-total	\$4,874,400	\$0	\$0	\$4,874,400	0

Resources and Regulation

Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Access Fees at State Parks - Eliminate					
To eliminate existing access fees at State Parks, effective July 1, 2006, and replace them with recurring state appropriations. Non-recurring funds of \$140,000 are included to allow a refund of half of annual fees, which are paid on a calendar-year basis.					
327.12 Tennessee State Parks	\$1,064,000	\$0	(\$924,000)	\$140,000	0
Sub-total	\$1,064,000	\$0	(\$924,000)	\$140,000	0
• Youth Conservation Corps					
To provide funds for a Tennessee Youth Conservation Corps in order to promote principles of conservation and environmental management among Tennesseans of high school and college age. Students in the program will participate in research, resource management, construction, and educational activities and will provide support for other projects. One full-time coordinator position is recommended to manage the program, 12 part-time positions to serve as group leaders, and 60 seasonal positions to staff the program.					
327.12 Tennessee State Parks	\$350,000	\$0	\$0	\$350,000	73
Sub-total	\$350,000	\$0	\$0	\$350,000	73
• Environmental Tests					
To fund environmental testing capabilities in Health Department laboratories. This will continue environmental quality assurance for water and air monitoring.					
327.31 Air Pollution Control	\$1,000,000	\$0	\$0	\$1,000,000	0
Sub-total	\$1,000,000	\$0	\$0	\$1,000,000	0
• Housing Policy - State Parks					
To provide funds to address inconsistencies in the current State Parks housing policy. Funds will provide for salary adjustments, elimination of housing allowances, and charging of rent for occupying State Parks housing. This revised policy will be phased in, and this recommendation funds one-third of the eventual cost.					
327.12 Tennessee State Parks	\$251,000	\$0	\$123,400	\$374,400	0
Sub-total	\$251,000	\$0	\$123,400	\$374,400	0
• Tims Ford State Park					
To provide funding for operational costs at the Tims Ford State Park, which manages the former Elk River Development Agency lands. This appropriation will replace non-recurring funds which were transferred from the development agency, pursuant to a 1996 law.					
327.12 Tennessee State Parks	\$100,000	\$0	\$0	\$100,000	0
Sub-total	\$100,000	\$0	\$0	\$100,000	0
• Natural Heritage - Federal Fund Decline					
To provide appropriations to offset declining federal funds used for the conservation of endangered and threatened plant and wildlife species.					
327.14 Natural Heritage	\$100,000	\$0	\$0	\$100,000	0
Sub-total	\$100,000	\$0	\$0	\$100,000	0

Resources and Regulation Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Historical Commission					
To provide funds for historic site operation (\$233,300) and maintenance (\$100,000) and for the purchase of historical markers (\$35,100).					
327.04 Historical Commission	\$268,400	\$0	\$0	\$268,400	0
327.18 Maintenance of Historic Sites	\$100,000	\$0	\$0	\$100,000	0
Sub-total	\$368,400	\$0	\$0	\$368,400	0
Total Environment & Conservation	\$18,107,800	\$0	(\$800,600)	\$17,307,200	73

Tennessee Wildlife Resources Agency

• Wetlands Acquisition

To provide funds for wetlands acquisition. These appropriations are from an additional \$12 million allocation (\$6 million recurring and \$6 million non-recurring) of the real estate transfer tax. This, along with the \$12 million base budget allocation, will provide a total allocation from the tax of \$24 million for the four land acquisition and soil conservation programs. Thus, total acquisition fund and soil conservation program funding from this tax in 2006-2007 is \$18 million recurring and \$6 million non-recurring. The improvement for each program is a pro-rata share of the 8 cents stated in law. The Wetlands Acquisition Fund receives a 3.25-cent share of the 8 cents.

328.03 Wetlands Acquisition Fund	\$4,875,600	\$0	\$0	\$4,875,600	0
Sub-total	\$4,875,600	\$0	\$0	\$4,875,600	0

• Salary Survey Pay Raise

To provide funds for salary increases for the agency's officers, biologists, and other unique positions, as authorized by TCA 70-1-309. The appropriation is from dedicated agency revenues.

328.01 Wildlife Resources Agency	\$1,232,000	\$0	\$0	\$1,232,000	0
328.02 Boating Safety	\$167,900	\$0	\$0	\$167,900	0
Sub-total	\$1,399,900	\$0	\$0	\$1,399,900	0

Total Tennessee Wildlife Resources Agency	\$6,275,500	\$0	\$0	\$6,275,500	0
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Commerce and Insurance

• Fire Prevention

To provide funds for six positions related to reviewing, approving, and inspecting public and private construction projects. In addition, these positions will provide continual maintenance to the state modular program. Specifically, two construction specialists will review and approve construction plans, two fire safety specialists will perform building inspections, and two secretarial positions will assist in handling increased workloads. The appropriation is from dedicated fees assessed on the regulated structures.

335.03 Fire Prevention	\$0	\$0	\$393,400	\$393,400	6
Sub-total	\$0	\$0	\$393,400	\$393,400	6

Resources and Regulation Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Fire and Codes Academy					
To provide funds for two instructor positions for additional fire apparatus classes and officer development classes. This improvement will enable the Fire Service and Codes Enforcement Academy to administer 1,800 instructional hours and 10,000 student hours.					
335.07 Fire Service and Codes Enforcement Academy	\$61,600	\$0	\$26,400	\$88,000	2
Sub-total	\$61,600	\$0	\$26,400	\$88,000	2
• Administrative Support					
To provide funds for three administrative positions to assist in managing and coordinating professional service contracts, processing online license renewals, and expediting postal services. Funding is from dedicated fees and interdepartmental revenues.					
335.01 Administration	\$0	\$0	\$146,800	\$146,800	3
335.02 Insurance	\$0	\$0	\$23,200	\$23,200	0
335.03 Fire Prevention	\$0	\$0	\$31,700	\$31,700	0
335.04 TennCare Oversight	\$0	\$0	\$3,300	\$3,300	0
335.05 Securities	\$0	\$0	\$6,600	\$6,600	0
335.08 911 Emergency Communications Fund	\$19,900	\$0	\$0	\$19,900	0
335.10 Regulatory Boards	\$62,100	\$0	\$0	\$62,100	0
Sub-total	\$82,000	\$0	\$211,600	\$293,600	3
• Internal Audit					
To provide funds for two audit positions to ensure the proper collection and expenditure of departmental funds. In addition, these positions will serve as liaisons on audits and develop policies to prevent fiscal waste and fraud. Funding is from dedicated fees and interdepartmental revenues.					
335.01 Administration	\$0	\$0	\$143,700	\$143,700	2
335.02 Insurance	\$0	\$0	\$22,700	\$22,700	0
335.03 Fire Prevention	\$0	\$0	\$31,000	\$31,000	0
335.04 TennCare Oversight	\$0	\$0	\$3,200	\$3,200	0
335.05 Securities	\$0	\$0	\$6,500	\$6,500	0
335.08 911 Emergency Communications Fund	\$19,500	\$0	\$0	\$19,500	0
335.10 Regulatory Boards	\$60,800	\$0	\$0	\$60,800	0
Sub-total	\$80,300	\$0	\$207,100	\$287,400	2

Resources and Regulation Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Legal Services					
To provide funding for one administrative position for litigation-related support and the development and implementation of document and information management systems. In addition, funding is provided for rent expenses resulting from transfer of the legal division to the Davy Crockett Tower. Funding is from dedicated fees and interdepartmental revenues.					
335.01 Administration	\$0	\$0	\$166,500	\$166,500	1
335.02 Insurance	\$0	\$0	\$26,300	\$26,300	0
335.03 Fire Prevention	\$0	\$0	\$36,000	\$36,000	0
335.04 TennCare Oversight	\$0	\$0	\$3,700	\$3,700	0
335.05 Securities	\$0	\$0	\$7,500	\$7,500	0
335.08 911 Emergency Communications Fund	\$22,600	\$0	\$0	\$22,600	0
335.10 Regulatory Boards	\$70,400	\$0	\$0	\$70,400	0
Sub-total	\$93,000	\$0	\$240,000	\$333,000	1
Total Commerce and Insurance	\$316,900	\$0	\$1,078,500	\$1,395,400	14

Financial Institutions

• Regulatory Board System

To provide funding for the Department of Financial Institutions' share of the regulatory boards information system upgrade to the Multi-Agency Regulatory System (MARS). The new MARS system will allow the department to ensure compliance by depository and non-depository financial institutions. The appropriation is from dedicated fees assessed on the regulated institutions.

336.00 Financial Institutions	\$128,800	\$0	\$300,600	\$429,400	0
Sub-total	\$128,800	\$0	\$300,600	\$429,400	0

• Bank and Compliance Examiners

To provide funding for five positions to meet an increased examination workload. Two examiners will be assigned to perform bank examinations in East Tennessee. Three compliance examiners will enable the department to examine a greater number of non-depository institutions, including title pledge lenders. The appropriation is from dedicated fees assessed on the regulated institutions.

336.00 Financial Institutions	\$135,000	\$0	\$258,100	\$393,100	5
Sub-total	\$135,000	\$0	\$258,100	\$393,100	5

Total Financial Institutions	\$263,800	\$0	\$558,700	\$822,500	5
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Labor and Workforce Development

• Second Injury Fund

To provide funding for the Second Injury Fund in order to pay benefits to workers who have received injuries totaling in excess of 100% permanent disability to the body as a whole, as required by law. This additional funding is necessary because of a projected 20% increase in the amount of payments required next year.

337.08 Second Injury Fund	\$6,700,300	\$0	\$100,000	\$6,800,300	0
Sub-total	\$6,700,300	\$0	\$100,000	\$6,800,300	0

**Resources and Regulation
Improvements for Fiscal Year 2006-2007**

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
Total Labor and Workforce Development	\$6,700,300	\$0	\$100,000	\$6,800,300	0
Total Resources and Regulation	\$31,716,800	\$0	\$936,600	\$32,653,400	93

Tennessee Arts Commission

The Tennessee Arts Commission promotes interest and participation in the performing, visual, and literary arts by providing financial support to artists, arts organizations, and arts supporters. This financial support includes:

- Supporting not-for-profit organizations and events through various grant programs
- Matching private contributions with federal funds to provide technical assistance and other services.

The commission increases public awareness of arts opportunities by producing newsletters and special publications. It also provides program and operational support to the Tennessee State Museum.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.25 Tennessee Arts Commission					
Full-Time	18	18	18	0	18
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	18	18	18	0	18
Payroll	944,600	1,006,800	1,006,800	0	1,006,800
Operational	5,407,500	6,037,400	5,737,400	20,000	5,757,400
Total	\$6,352,100	\$7,044,200	\$6,744,200	\$20,000	\$6,764,200
State	4,099,100	5,715,800	5,615,800	20,000	5,635,800
Federal	514,700	613,500	613,500	0	613,500
Other	1,738,300	714,900	514,900	0	514,900

Tennessee State Museum

The Tennessee State Museum collects, preserves, interprets, and exhibits artifacts that are significant to the natural and cultural history of Tennessee. The museum's primary duties include:

- Conserving, storing, and securing the museum's collections
- Sponsoring national and regional exhibits of significance
- Providing technical assistance in conserving and restoring artifacts for the development of new museums
- Providing Tennessee citizens with cultural enrichments, educational programs and services
- Maintaining administrative oversight of the National Civil Rights Museum.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.27 Tennessee State Museum					
Full-Time	33	35	35	1	36
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	33	35	35	1	36
Payroll	1,508,200	1,711,500	1,711,500	32,500	1,744,000
Operational	1,086,200	1,422,600	1,197,600	0	1,197,600
Total	\$2,594,400	\$3,134,100	\$2,909,100	\$32,500	\$2,941,600
State	2,443,400	3,084,100	2,884,100	32,500	2,916,600
Federal	0	0	0	0	0
Other	151,000	50,000	25,000	0	25,000

Department of Environment and Conservation

The Department of Environment and Conservation enhances the quality of life for all Tennesseans by protecting, preserving, and improving the quality of Tennessee’s air, land, and water; providing an understandable and responsive regulatory system; conserving and promoting Tennessee’s natural and cultural resources; and providing a variety of quality recreational experiences. The department operates under the following three bureaus:

- Administration
- Tennessee State Parks and Conservation Services
- Environment.

Administration

Administration provides overall support services, including policy, fiscal services, human resources, information systems, internal audit, legal services, marketing development, and public information to all areas of the department.

Administration publishes the *Tennessee Conservationist* magazine to educate the public about the preservation, protection, and wise use of the state’s natural and cultural resources.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.01 Administrative Services					
Full-Time	207	211	211	0	211
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	207	211	211	0	211
Payroll	10,163,700	11,552,100	11,552,100	0	11,552,100
Operational	2,677,300	3,483,700	2,983,700	0	2,983,700
Total	\$12,841,000	\$15,035,800	\$14,535,800	\$0	\$14,535,800
State	4,921,000	5,384,900	5,384,900	0	5,384,900
Federal	3,188,700	3,073,700	2,573,700	0	2,573,700
Other	4,731,300	6,577,200	6,577,200	0	6,577,200

Tennessee State Parks and Conservation Services

Recreation Educational Services facilitates the development of local parks and recreation activities by providing technical, financial, and planning resources.

Administrative assistance to the Tennessee Historical Commission is also provided through the Bureau of Tennessee State Parks and Conservation Services.

Conservation Services works to identify and preserve significant historical sites, as well as Tennessee's rich diversity of natural resources.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.03 Recreation Educational Services					
Full-Time	12	14	14	0	14
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	12	14	14	0	14
Payroll	659,200	761,400	761,400	0	761,400
Operational	762,700	4,380,200	4,380,200	0	4,380,200
Total	\$1,421,900	\$5,141,600	\$5,141,600	\$0	\$5,141,600
State	588,000	697,200	697,200	0	697,200
Federal	813,600	4,342,400	2,326,400	0	2,326,400
Other	20,300	102,000	2,118,000	0	2,118,000
327.04 Historical Commission					
Full-Time	15	15	15	0	15
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	15	15	15	0	15
Payroll	708,500	758,700	758,700	0	758,700
Operational	1,242,300	1,459,100	1,349,100	268,400	1,617,500
Total	\$1,950,800	\$2,217,800	\$2,107,800	\$268,400	\$2,376,200
State	1,089,800	1,547,700	1,477,700	268,400	1,746,100
Federal	735,700	625,100	625,100	0	625,100
Other	125,300	45,000	5,000	0	5,000
327.06 Land and Water Conservation Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	353,100	750,000	750,000	0	750,000
Total	\$353,100	\$750,000	\$750,000	\$0	\$750,000
State	0	0	0	0	0
Federal	353,100	750,000	750,000	0	750,000
Other	0	0	0	0	0
327.18 Maintenance of Historic Sites					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	82,300	185,000	185,000	100,000	285,000
Total	\$82,300	\$185,000	\$185,000	\$100,000	\$285,000
State	82,300	185,000	185,000	100,000	285,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Natural Heritage division identifies and protects the state's natural areas to promote the conservation of rare or endangered species of plants and animals.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.14 Natural Heritage					
Full-Time	12	13	13	0	13
Part-Time	0	0	0	0	0
Seasonal	2	1	1	0	1
Total	14	14	14	0	14
Payroll	624,100	705,900	705,900	0	705,900
Operational	230,600	409,600	309,600	100,000	409,600
Total	\$854,700	\$1,115,500	\$1,015,500	\$100,000	\$1,115,500
State	680,700	731,700	731,700	100,000	831,700
Federal	66,300	261,300	161,300	0	161,300
Other	107,700	122,500	122,500	0	122,500

Tennessee State Parks preserve unique examples of natural, cultural and scenic areas and provide a variety of quality outdoor experiences for Tennessee's citizens and visitors.

327.12 Tennessee State Parks

Full-Time	993	1,080	1,080	1	1,081
Part-Time	169	264	264	12	276
Seasonal	456	334	334	60	394
Total	1,618	1,678	1,678	73	1,751
Payroll	38,036,900	40,838,300	42,031,600	752,400	42,784,000
Operational	25,470,600	26,353,900	25,860,200	212,000	26,072,200
Total	\$63,507,500	\$67,192,200	\$67,891,800	\$964,400	\$68,856,200
State	31,455,600	33,365,000	32,522,200	1,765,000	34,287,200
Federal	35,200	0	0	0	0
Other	32,016,700	33,827,200	35,369,600	(800,600)	34,569,000

327.15 Tennessee State Parks Maintenance

Full-Time	29	29	29	0	29
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	29	29	29	0	29
Payroll	1,508,600	1,518,800	1,518,800	0	1,518,800
Operational	2,866,900	4,439,300	2,874,300	0	2,874,300
Total	\$4,375,500	\$5,958,100	\$4,393,100	\$0	\$4,393,100
State	3,391,800	4,108,500	4,108,500	0	4,108,500
Federal	425,900	1,315,000	150,000	0	150,000
Other	557,800	534,600	134,600	0	134,600

The Elk River Resource Management division was established to administer programs of the former Tennessee Elk River Development Agency. These include the completion of Tennessee Valley Authority contractual obligations and agreements, disposition of real property, and distribution of funds to ten counties in the Elk River watershed.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.17 Elk River Resource Management					
Full-Time	5	0	0	0	0
Part-Time	1	0	0	0	0
Seasonal	0	0	0	0	0
Total	6	0	0	0	0
Payroll	212,500	0	0	0	0
Operational	82,000	0	0	0	0
Total	\$294,500	\$0	\$0	\$0	\$0
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	294,500	0	0	0	0

The Local Parks Acquisition Fund and the State Lands Acquisition Fund are used to purchase land for parks, natural areas, and state forests, and are used for trail development and other eligible projects. The State Lands Compensation Fund is used to reimburse local governments for lost property taxes resulting from the purchase of land by the state, rendering the land tax exempt.

327.19 Local Parks Acquisition Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,777,500	3,936,900	2,624,700	2,624,400	5,249,100
Total	\$2,777,500	\$3,936,900	\$2,624,700	\$2,624,400	\$5,249,100
State	2,548,400	3,936,900	2,624,700	2,624,400	5,249,100
Federal	0	0	0	0	0
Other	229,100	0	0	0	0

327.20 State Lands Acquisition Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,618,300	3,375,000	2,250,000	2,250,000	4,500,000
Total	\$1,618,300	\$3,375,000	\$2,250,000	\$2,250,000	\$4,500,000
State	1,290,300	3,375,000	2,250,000	2,250,000	4,500,000
Federal	90,000	0	0	0	0
Other	238,000	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.22 State Lands Compensation Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	92,600	42,000	42,000	0	42,000
Total	\$92,600	\$42,000	\$42,000	\$0	\$42,000
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	92,600	42,000	42,000	0	42,000

Environment

The environmental programs in the department are responsible for the preservation and enhancement of the state's environmental resources and for compliance with state and federal regulations. Environment Administration provides coordination of environmental activities in state policy development and technical assistance as well as management and support services for eight environmental assistance centers.

327.30 Environment Administration

Full-Time	77	84	84	0	84
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	77	84	84	0	84
Payroll	3,315,000	4,184,900	4,184,900	0	4,184,900
Operational	619,000	998,300	998,300	0	998,300
Total	\$3,934,000	\$5,183,200	\$5,183,200	\$0	\$5,183,200
State	1,155,400	1,336,100	1,336,100	0	1,336,100
Federal	0	0	0	0	0
Other	2,778,600	3,847,100	3,847,100	0	3,847,100

Geology programs identify and preserve significant prehistoric and historic sites.

327.08 Archaeology

Full-Time	9	9	9	0	9
Part-Time	0	0	0	0	0
Seasonal	6	5	5	0	5
Total	15	14	14	0	14
Payroll	499,500	592,100	592,100	0	592,100
Operational	178,300	248,700	248,700	0	248,700
Total	\$677,800	\$840,800	\$840,800	\$0	\$840,800
State	594,300	673,200	673,200	0	673,200
Federal	0	0	0	0	0
Other	83,500	167,600	167,600	0	167,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.11 Geology					
Full-Time	16	16	16	0	16
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	16	16	16	0	16
Payroll	1,053,100	930,400	930,400	0	930,400
Operational	228,300	293,200	293,200	0	293,200
Total	\$1,281,400	\$1,223,600	\$1,223,600	\$0	\$1,223,600
State	1,117,400	1,068,000	1,068,000	0	1,068,000
Federal	43,400	81,100	81,100	0	81,100
Other	120,600	74,500	74,500	0	74,500

The Used Oil Collection Program promotes education and public awareness and provides financial assistance for used oil disposal.

327.23 Used Oil Collection Program

Full-Time	4	4	4	0	4
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	4	4	4	0	4
Payroll	216,000	224,300	224,300	0	224,300
Operational	569,900	1,301,300	1,301,300	0	1,301,300
Total	\$785,900	\$1,525,600	\$1,525,600	\$0	\$1,525,600
State	661,500	1,291,600	1,291,600	0	1,291,600
Federal	0	0	0	0	0
Other	124,400	234,000	234,000	0	234,000

The West Tennessee River Basin Authority preserves the natural flow and function of the Hatchie, Obion, and Forked Deer river basins through environmentally sensitive stream maintenance and appropriate conservation practices in upland settings.

327.26 West Tennessee River Basin Authority

Full-Time	15	15	15	0	15
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	15	15	15	0	15
Payroll	656,500	749,600	749,600	0	749,600
Operational	305,000	330,800	330,800	0	330,800
Total	\$961,500	\$1,080,400	\$1,080,400	\$0	\$1,080,400
State	675,400	764,800	764,800	0	764,800
Federal	0	0	0	0	0
Other	286,100	315,600	315,600	0	315,600

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.24 West Tennessee River Basin Authority Maintenance					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	277,600	500,000	500,000	0	500,000
Total	\$277,600	\$500,000	\$500,000	\$0	\$500,000
State	277,600	500,000	500,000	0	500,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Tennessee Dry Cleaners Environmental Response Fund is used to:

- Reimburse dry cleaner owners or operators, property owners, and impacted third parties for the investigation and remediation of sites contaminated by dry cleaning solvents
- Provide oversight of use and disposal of dry cleaning solvents used in dry cleaning operations.

327.28 Tennessee Dry Cleaners Environmental Response Fund

Full-Time	5	5	5	0	5
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	5	5	5	0	5
Payroll	172,900	417,900	417,900	0	417,900
Operational	733,700	2,056,600	2,056,600	0	2,056,600
Total	\$906,600	\$2,474,500	\$2,474,500	\$0	\$2,474,500
State	799,400	2,474,500	2,474,500	0	2,474,500
Federal	0	0	0	0	0
Other	107,200	0	0	0	0

Air Pollution Control ensures compliance with applicable state and federal air standards. The Small Business Clean Air Assistance program assists small businesses in voluntarily complying with air pollution regulations.

327.31 Air Pollution Control

Full-Time	165	163	163	0	163
Part-Time	12	12	12	0	12
Seasonal	0	0	0	0	0
Total	177	175	175	0	175
Payroll	7,570,900	9,417,600	9,417,600	0	9,417,600
Operational	2,931,000	4,097,600	3,044,700	1,000,000	4,044,700
Total	\$10,501,900	\$13,515,200	\$12,462,300	\$1,000,000	\$13,462,300
State	1,056,600	2,152,900	1,152,900	1,000,000	2,152,900
Federal	2,102,400	1,523,800	1,523,800	0	1,523,800
Other	7,342,900	9,838,500	9,785,600	0	9,785,600

Radiological Health regulates the possession, use, transportation, and disposition of radiation-producing machines and radioactive materials.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.32 Radiological Health					
Full-Time	67	67	67	0	67
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	67	67	67	0	67
Payroll	3,292,400	3,750,300	3,750,300	0	3,750,300
Operational	1,160,500	1,508,400	1,508,400	0	1,508,400
Total	\$4,452,900	\$5,258,700	\$5,258,700	\$0	\$5,258,700
State	387,100	602,600	602,600	0	602,600
Federal	132,000	72,900	72,900	0	72,900
Other	3,933,800	4,583,200	4,583,200	0	4,583,200

The Clean Water and Drinking Water State Revolving Fund provides assistance to local governments through low interest loans for wastewater and drinking water facilities.

327.33 Clean Water and Drinking Water State Revolving Fund

Full-Time	20	17	17	0	17
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	20	17	17	0	17
Payroll	855,500	1,061,800	1,061,800	0	1,061,800
Operational	30,608,000	48,692,800	48,692,800	0	48,692,800
Total	\$31,463,500	\$49,754,600	\$49,754,600	\$0	\$49,754,600
State	5,388,700	5,107,600	5,107,600	0	5,107,600
Federal	26,074,800	44,647,000	44,647,000	0	44,647,000
Other	0	0	0	0	0

Water Pollution Control protects water quality by abating existing pollution, reclaiming polluted waters, and working to prevent future pollution.

327.34 Water Pollution Control

Full-Time	178	204	204	0	204
Part-Time	8	8	8	0	8
Seasonal	0	0	0	0	0
Total	186	212	212	0	212
Payroll	9,834,800	11,796,700	11,796,700	0	11,796,700
Operational	6,436,500	6,073,700	5,828,700	0	5,828,700
Total	\$16,271,300	\$17,870,400	\$17,625,400	\$0	\$17,625,400
State	5,603,400	7,626,000	7,626,000	0	7,626,000
Federal	4,076,700	3,391,400	3,391,400	0	3,391,400
Other	6,591,200	6,853,000	6,608,000	0	6,608,000

Solid Waste Management assists in the identification, prevention, and correction of solid and hazardous waste problems by enforcement of the Solid Waste Disposal Act and the Hazardous Waste Management Act.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.35 Solid Waste Management					
Full-Time	139	137	137	0	137
Part-Time	8	8	8	0	8
Seasonal	0	0	0	0	0
Total	147	145	145	0	145
Payroll	7,875,700	8,401,200	8,401,200	0	8,401,200
Operational	1,816,600	2,319,500	1,919,500	0	1,919,500
Total	\$9,692,300	\$10,720,700	\$10,320,700	\$0	\$10,320,700
State	2,395,100	2,079,100	1,679,100	0	1,679,100
Federal	1,850,000	2,864,500	2,310,000	0	2,310,000
Other	5,447,200	5,777,100	6,331,600	0	6,331,600

Department of Energy (DOE) Oversight ensures the environmental impacts associated with past and present activities of the DOE Oak Ridge Reservation are investigated and appropriately cleaned up.

327.36 DOE Oversight

Full-Time	53	53	53	0	53
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	53	53	53	0	53
Payroll	2,429,700	3,133,200	3,133,200	0	3,133,200
Operational	784,900	3,224,900	3,224,900	0	3,224,900
Total	\$3,214,600	\$6,358,100	\$6,358,100	\$0	\$6,358,100
State	0	0	0	0	0
Federal	3,132,800	6,358,100	6,358,100	0	6,358,100
Other	81,800	0	0	0	0

The Abandoned Lands program provides for the reclamation of coal mining sites for which bonds have been forfeited. In addition, the program inventories and reclaims land abandoned by phosphate, clay, dirt, sand, and gravel operations.

327.37 Abandoned Lands

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	109,800	500,000	500,000	0	500,000
Total	\$109,800	\$500,000	\$500,000	\$0	\$500,000
State	32,400	500,000	500,000	0	500,000
Federal	0	0	0	0	0
Other	77,400	0	0	0	0

The Hazardous Waste Remedial Action Fund supports activities for the identification, investigation, and remediation of inactive hazardous substance sites.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
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327.38 Hazardous Waste Remedial Action Fund

Full-Time	65	64	64	0	64
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	65	64	64	0	64
Payroll	3,119,200	3,747,300	3,747,300	0	3,747,300
Operational	3,154,000	7,562,600	7,562,600	0	7,562,600
Total	\$6,273,200	\$11,309,900	\$11,309,900	\$0	\$11,309,900
State	1,000,000	1,000,000	1,000,000	0	1,000,000
Federal	1,667,200	2,007,100	2,007,100	0	2,007,100
Other	3,606,000	8,302,800	8,302,800	0	8,302,800

Water Supply ensures compliance with state and federal public drinking water supply standards.

327.39 Water Supply

Full-Time	81	81	81	0	81
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	81	81	81	0	81
Payroll	4,269,200	4,695,500	4,695,500	0	4,695,500
Operational	1,166,300	1,878,200	1,868,200	0	1,868,200
Total	\$5,435,500	\$6,573,700	\$6,563,700	\$0	\$6,563,700
State	872,400	821,900	821,900	0	821,900
Federal	2,303,100	2,465,000	2,465,000	0	2,465,000
Other	2,260,000	3,286,800	3,276,800	0	3,276,800

Groundwater Protection protects, preserves, and improves the quality of Tennessee's groundwater by assuring the proper disposal of domestic wastewaters.

327.40 Groundwater Protection

Full-Time	149	137	137	0	137
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	149	137	137	0	137
Payroll	7,389,000	7,727,000	7,727,000	0	7,727,000
Operational	1,567,400	1,816,500	1,816,500	0	1,816,500
Total	\$8,956,400	\$9,543,500	\$9,543,500	\$0	\$9,543,500
State	4,311,400	4,116,700	4,116,700	0	4,116,700
Federal	0	0	0	0	0
Other	4,645,000	5,426,800	5,426,800	0	5,426,800

The Underground Storage Tanks program regulates the installation, inspection, and possible leakage of underground storage tanks. In addition, the program issues certificates, collects fees, and reimburses allowable environmental investigation costs to eligible underground storage tank owners and operators.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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327.41 Underground Storage Tanks

Full-Time	81	87	87	0	87
Part-Time	8	8	8	0	8
Seasonal	0	0	0	0	0
Total	89	95	95	0	95
Payroll	4,074,000	4,581,900	4,581,900	0	4,581,900
Operational	31,884,600	19,462,700	19,462,700	0	19,462,700
Total	\$35,958,600	\$24,044,600	\$24,044,600	\$0	\$24,044,600
State	34,160,600	21,956,900	21,956,900	0	21,956,900
Federal	1,351,500	2,087,700	2,087,700	0	2,087,700
Other	446,500	0	0	0	0

The Solid Waste Assistance Fund assists in the implementation of the Solid Waste Management Act of 1991, to help plan for future waste disposal needs. The division provides financial assistance and special statewide services to local governments to ensure their compliance with the law.

327.42 Solid Waste Assistance Fund

Full-Time	20	20	20	0	20
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	20	20	20	0	20
Payroll	853,300	1,075,300	1,075,300	0	1,075,300
Operational	9,464,000	8,251,100	8,251,100	0	8,251,100
Total	\$10,317,300	\$9,326,400	\$9,326,400	\$0	\$9,326,400
State	9,314,500	9,326,400	9,326,400	0	9,326,400
Federal	22,100	0	0	0	0
Other	980,700	0	0	0	0

The Environmental Protection Fund's purpose is to improve performance in permitting, monitoring, investigating, enforcing, and administrating the department's function under each regulatory program.

327.43 Environmental Protection Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	34,264,300	40,270,800	40,270,800	0	40,270,800
Total	\$34,264,300	\$40,270,800	\$40,270,800	\$0	\$40,270,800
State	34,036,500	40,270,800	40,270,800	0	40,270,800
Federal	0	0	0	0	0
Other	227,800	0	0	0	0

The Fleming Training Center in Murfreesboro assists and trains operators in the water and wastewater industry. Personnel at the center also administer the operator certification program

under the authority of the Water and Wastewater Operator Certification Board, mandated by TCA 68-221-902. The certification process includes application, examination, certificate issuance, annual renewal, and continuing education.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
327.44 Fleming Training Center					
Full-Time	10	10	10	0	10
Part-Time	4	4	4	0	4
Seasonal	0	0	0	0	0
Total	14	14	14	0	14
Payroll	532,000	512,800	512,800	0	512,800
Operational	353,900	341,500	341,500	0	341,500
Total	\$885,900	\$854,300	\$854,300	\$0	\$854,300
State	419,000	424,000	424,000	0	424,000
Federal	303,600	248,600	248,600	0	248,600
Other	163,300	181,700	181,700	0	181,700

The Office of Environmental Assistance provides non-regulatory assistance to businesses, schools, government agencies, industries, organizations, and individuals. Program staff inform and advise these groups to minimize potentially adverse effects on the environment; encourage business compliance efforts; notify affected industries of regulatory requirements; publish information; provide training; conduct inspections; and promote outreach activities.

327.45 Office of Environmental Assistance

Full-Time	19	19	19	0	19
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	19	19	19	0	19
Payroll	922,300	1,151,200	1,151,200	0	1,151,200
Operational	133,300	146,600	146,600	0	146,600
Total	\$1,055,600	\$1,297,800	\$1,297,800	\$0	\$1,297,800
State	633,600	832,000	832,000	0	832,000
Federal	52,000	62,400	62,400	0	62,400
Other	370,000	403,400	403,400	0	403,400

The Tennessee Heritage Conservation Trust Fund preserves lands for the purpose of promoting tourism and recreation, including activities such as hunting, fishing, horseback riding, and hiking. The fund supports efforts to protect, conserve, and restore the state's physical, cultural, archaeological, and historical resources, as well as preserving working landscapes throughout the state.

327.50 Tennessee Heritage Conservation Trust Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	0	9,900,000	0	10,000,000	10,000,000
Total	\$0	\$9,900,000	\$0	\$10,000,000	\$10,000,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	0	9,900,000	0	10,000,000	10,000,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Conservation Compensation Fund compensates cities and counties for lost property tax revenue following the state's purchase of land pursuant to the Tennessee Heritage Conservation Trust Fund Act of 2005.

327.51 Conservation Compensation Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	0	100,000	0	0	0
Total	\$0	\$100,000	\$0	\$0	\$0
State	0	100,000	0	0	0
Federal	0	0	0	0	0
Other	0	0	0	0	0

327.00 Department Total

Full-Time	2,446	2,554	2,554	1	2,555
Part-Time	210	304	304	12	316
Seasonal	464	340	340	60	400
Total	3,120	3,198	3,198	73	3,271
Payroll	110,844,500	124,286,200	125,479,500	752,400	126,231,900
Operational	167,003,100	210,690,500	193,776,700	16,554,800	210,331,500
Total	\$277,847,600	\$334,976,700	\$319,256,200	\$17,307,200	\$336,563,400
State	150,940,200	168,257,000	153,507,000	18,107,800	171,614,800
Federal	48,820,100	76,177,100	71,841,600	0	71,841,600
Other	78,087,300	90,542,600	93,907,600	(800,600)	93,107,000

Tennessee Wildlife Resources Agency

The Tennessee Wildlife Resources Agency (TWRA) is charged with preserving and managing all species of wildlife in Tennessee. This agency is also responsible for administering hunting and boating safety laws and enforcing state litter control laws.

The agency is governed by the Tennessee Wildlife Resources Commission. The commission establishes the agency's objectives; promulgates rules, regulations and proclamations; approves the agency's budget; and hires the agency's Executive Director. TWRA generates revenue from a variety of sources including:

- Hunting and fishing licenses and permits
- Boat registration fees
- Excise taxes on arms, ammunition, bows and arrows, and fishing equipment
- Fines for violations of wildlife, hunting, and boating regulations.

Program responsibilities are divided between the central office and regional offices. Administrative and support services are provided by the central office and include:

- Coordinating the agency's comprehensive planning system
- Coordinating the Geographic Information System
- Administering federal aid programs
- Publishing *Tennessee Wildlife* magazine, hunting and fishing guides, and news releases
- Coordinating hunting and boating education programs
- Administering license sales and boat registration
- Conducting wildlife and fisheries research and coordinating wildlife, fisheries, non-game and endangered species management
- Coordinating law enforcement activities and training
- Coordinating equipment crews and engineering activities; building and maintaining boat access areas and levees; and building forestry logging roads on agency property
- Investigating, reporting, and testifying on environmental issues
- Identifying and acquiring wetlands properties.

Regional office responsibilities include:

- Law enforcement
- Non-game and endangered species management
- Information and news releases
- Sponsoring hunting and boating safety workshops and classes
- Providing technical assistance to farm pond and small lake owners
- Developing, maintaining, and operating the wildlife management areas, state lakes, and fish hatcheries
- Wildlife and fish data collection.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
328.01 Wildlife Resources Agency					
Full-Time	604	620	620	0	620
Part-Time	17	15	15	0	15
Seasonal	0	0	0	0	0
Total	621	635	635	0	635

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	31,014,900	32,780,000	32,776,800	1,232,000	34,008,800
Operational	21,569,700	29,733,200	21,985,300	0	21,985,300
Total	\$52,584,600	\$62,513,200	\$54,762,100	\$1,232,000	\$55,994,100
State	31,515,000	32,915,100	31,619,400	1,232,000	32,851,400
Federal	15,660,600	14,931,000	15,060,100	0	15,060,100
Other	5,409,000	14,667,100	8,082,600	0	8,082,600

328.02 Boating Safety

Full-Time	33	33	33	0	33
Part-Time	59	59	59	0	59
Seasonal	0	0	0	0	0
Total	92	92	92	0	92
Payroll	3,937,200	4,298,800	4,265,800	167,900	4,433,700
Operational	4,335,700	5,834,600	4,237,300	0	4,237,300
Total	\$8,272,900	\$10,133,400	\$8,503,100	\$167,900	\$8,671,000
State	5,366,000	6,164,200	5,052,900	167,900	5,220,800
Federal	2,449,000	2,260,000	3,420,000	0	3,420,000
Other	457,900	1,709,200	30,200	0	30,200

328.03 Wetlands Acquisition Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	3,666,200	7,478,100	4,480,300	4,875,600	9,355,900
Total	\$3,666,200	\$7,478,100	\$4,480,300	\$4,875,600	\$9,355,900
State	3,329,800	6,913,100	4,475,300	4,875,600	9,350,900
Federal	160,000	560,000	0	0	0
Other	176,400	5,000	5,000	0	5,000

328.04 Wetlands Compensation Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	334,300	400,000	400,000	0	400,000
Total	\$334,300	\$400,000	\$400,000	\$0	\$400,000
State	331,400	400,000	400,000	0	400,000
Federal	0	0	0	0	0
Other	2,900	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
328.00 Department Total					
Full-Time	637	653	653	0	653
Part-Time	76	74	74	0	74
Seasonal	0	0	0	0	0
Total	713	727	727	0	727
Payroll	34,952,100	37,078,800	37,042,600	1,399,900	38,442,500
Operational	29,905,900	43,445,900	31,102,900	4,875,600	35,978,500
Total	\$64,858,000	\$80,524,700	\$68,145,500	\$6,275,500	\$74,421,000
State	40,542,200	46,392,400	41,547,600	6,275,500	47,823,100
Federal	18,269,600	17,751,000	18,480,100	0	18,480,100
Other	6,046,200	16,381,300	8,117,800	0	8,117,800

Department of Commerce and Insurance

The Department of Commerce and Insurance serves as a regulatory agency in state government through four functional areas: administration, consumer protection, 911 wireless communications, and fire prevention.

Administration

The Administration Division includes the office of the commissioner, fiscal services, management information services, personnel, legal services, and audit consulting and oversight.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
335.01 Administration					
Full-Time	71	71	71	6	77
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	71	71	71	6	77
Payroll	3,647,800	4,256,000	4,001,800	286,400	4,288,200
Operational	1,116,200	1,391,600	712,700	170,600	883,300
Total	\$4,764,000	\$5,647,600	\$4,714,500	\$457,000	\$5,171,500
State	0	0	0	0	0
Federal	330,800	956,800	23,700	0	23,700
Other	4,433,200	4,690,800	4,690,800	457,000	5,147,800

Consumer Protection

The Department of Commerce and Insurance strives to ensure Tennesseans' safety in the marketplace and supports education and awareness programs. Services provided include:

- Regulating insurance companies and agents and approving individual and group self-insurance proposals
- Protecting Tennessee's investors by maintaining the integrity of the securities market
- Enforcing the Tennessee Consumer Protection Act, promoting fair consumer practices and consumer education, and regulating health clubs
- Granting payments to consumers who are awarded judgments against real estate and auctioneer licensees.

335.02 Insurance

Full-Time	139	141	141	0	141
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	139	141	141	0	141
Payroll	5,924,000	7,779,400	7,779,400	0	7,779,400
Operational	3,899,400	4,371,000	4,361,600	72,200	4,433,800
Total	\$9,823,400	\$12,150,400	\$12,141,000	\$72,200	\$12,213,200
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	9,823,400	12,150,400	12,141,000	72,200	12,213,200

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
335.05 Securities					
Full-Time	24	24	24	0	24
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	24	24	24	0	24
Payroll	1,008,700	1,241,500	1,241,500	0	1,241,500
Operational	575,800	632,000	632,000	20,600	652,600
Total	\$1,584,500	\$1,873,500	\$1,873,500	\$20,600	\$1,894,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	1,584,500	1,873,500	1,873,500	20,600	1,894,100
335.06 Consumer Affairs					
Full-Time	10	10	10	0	10
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	10	10	10	0	10
Payroll	471,100	511,100	511,100	0	511,100
Operational	211,100	282,400	282,400	0	282,400
Total	\$682,200	\$793,500	\$793,500	\$0	\$793,500
State	680,600	772,300	772,300	0	772,300
Federal	0	0	0	0	0
Other	1,600	21,200	21,200	0	21,200
335.15 Real Estate Education and Recovery Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	83,400	280,300	280,300	0	280,300
Total	\$83,400	\$280,300	\$280,300	\$0	\$280,300
State	0	280,300	280,300	0	280,300
Federal	0	0	0	0	0
Other	83,400	0	0	0	0
335.16 Auctioneer Education and Recovery Fund					
Full-Time	1	1	1	0	1
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	1	1	1	0	1
Payroll	40,400	40,900	40,900	0	40,900
Operational	33,900	44,500	44,500	0	44,500
Total	\$74,300	\$85,400	\$85,400	\$0	\$85,400
State	68,300	85,400	85,400	0	85,400
Federal	0	0	0	0	0
Other	6,000	0	0	0	0

The TennCare Oversight Division has the authority to promulgate new or additional rules and regulations and to perform the oversight, examination, and compliance monitoring functions regarding managed care organizations that provide TennCare services.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
335.04 TennCare Oversight					
Full-Time	21	20	20	0	20
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	21	20	20	0	20
Payroll	1,169,400	1,633,100	1,633,100	0	1,633,100
Operational	440,000	1,136,800	1,136,800	10,200	1,147,000
Total	\$1,609,400	\$2,769,900	\$2,769,900	\$10,200	\$2,780,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	1,609,400	2,769,900	2,769,900	10,200	2,780,100

The Division of Regulatory Boards provides licensing and regulation of professions and businesses in addition to administering disciplinary action. The following professions and businesses are overseen by the Division of Regulatory Boards:

- Cosmetologists
- Funeral directors and embalmers
- Land surveyors
- Engineers
- Boxing and auto racing
- Polygraph examiners
- Real estate agents and brokers
- Accountants
- Alarm contractors
- Interior designers
- Pharmacists and pharmacies
- Barbers
- Contractors
- Collection services
- Private investigators
- Burial services
- Home improvement
- Real estate appraisers
- Private protective services
- Automotive manufacturers, dealers, and salesmen
- Geologists
- Auctioneers
- Architects and landscape architects
- Employee leasing.

335.10 Regulatory Boards

Full-Time	196	201	201	0	201
Part-Time	122	122	122	0	122
Seasonal	0	0	0	0	0
Total	318	323	323	0	323
Payroll	8,241,200	9,123,000	9,256,800	0	9,256,800
Operational	5,670,800	8,435,000	8,061,600	193,300	8,254,900
Total	\$13,912,000	\$17,558,000	\$17,318,400	\$193,300	\$17,511,700
State	13,526,800	16,663,900	16,824,300	193,300	17,017,600
Federal	0	400,000	0	0	0
Other	385,200	494,100	494,100	0	494,100

911 Wireless Communications

The 911 Emergency Communications Fund promotes statewide wireless enhanced 911 service through the activities of the Emergency Communications Board. The board is empowered to:

- Provide advisory technical assistance to emergency communications districts
- Establish technical operating standards for emergency communications districts
- Review and revise wireless-enhanced 911 standards
- Review and approve reimbursements for expenditures related to implementation, operations, maintenance, or improvements to statewide wireless-enhanced 911 service.

	<u>Actual</u> <u>2004-2005</u>	<u>Estimated</u> <u>2005-2006</u>	<u>Base</u> <u>2006-2007</u>	<u>Improvement</u> <u>2006-2007</u>	<u>Recommended</u> <u>2006-2007</u>
335.08 911 Emergency Communications Fund					
Full-Time	9	9	9	0	9
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	9	9	9	0	9
Payroll	377,100	618,800	618,800	0	618,800
Operational	55,603,800	25,825,200	25,825,200	62,000	25,887,200
Total	\$55,980,900	\$26,444,000	\$26,444,000	\$62,000	\$26,506,000
State	26,419,000	26,444,000	26,444,000	62,000	26,506,000
Federal	0	0	0	0	0
Other	29,561,900	0	0	0	0

Fire Prevention

The Division of Fire Prevention provides services to promote fire safety education and fire prevention. These efforts include:

- Inspecting institutional facilities and electrical installations
- Investigating arson
- Reviewing construction plans
- Maintaining the Tennessee Fire Incident Reporting System
- Registering electricians
- Administering fireworks and explosive user permits
- Licensing and regulating sprinkler contractors, liquid petroleum gas distributors, and fire extinguisher dealers
- Regulating the mobile home industry.

335.03 Fire Prevention

Full-Time	146	153	153	6	159
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	146	153	153	6	159
Payroll	6,428,200	6,915,200	6,915,200	278,500	7,193,700
Operational	8,037,000	9,162,600	8,830,400	213,600	9,044,000
Total	\$14,465,200	\$16,077,800	\$15,745,600	\$492,100	\$16,237,700

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	0	93,600	93,600	0	93,600
Federal	258,600	288,400	210,000	0	210,000
Other	14,206,600	15,695,800	15,442,000	492,100	15,934,100

The Fire and Codes Enforcement Academy's objective is to provide effective training to all volunteer and career fire fighters, fire and building code enforcement personnel, and other related service professionals in the State of Tennessee. The Academy develops and teaches current methods and practices in fire fighting, fire and building code enforcement, fire prevention, public safety, fire investigation, and related subjects.

335.07 Fire and Codes Enforcement Academy

Full-Time	36	36	36	2	38
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	36	36	36	2	38
Payroll	1,659,300	1,868,800	1,868,800	103,100	1,971,900
Operational	2,455,600	3,119,000	2,958,200	(15,100)	2,943,100
Total	\$4,114,900	\$4,987,800	\$4,827,000	\$88,000	\$4,915,000
State	3,037,200	3,378,900	3,378,900	61,600	3,440,500
Federal	28,300	32,400	25,000	0	25,000
Other	1,049,400	1,576,500	1,423,100	26,400	1,449,500

The Commission on Fire Fighting Personnel Standards and Education administers the salary supplement to eligible firefighters, sets criteria for performance standards, and trains firefighters.

335.28 Fire Fighting Personnel Standards and Education

Full-Time	3	3	3	0	3
Part-Time	9	9	9	0	9
Seasonal	0	0	0	0	0
Total	12	12	12	0	12
Payroll	136,700	140,600	140,600	0	140,600
Operational	2,045,700	2,085,300	2,085,300	0	2,085,300
Total	\$2,182,400	\$2,225,900	\$2,225,900	\$0	\$2,225,900
State	2,182,400	2,225,900	2,225,900	0	2,225,900
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
335.00 Department Total					
Full-Time	656	669	669	14	683
Part-Time	131	131	131	0	131
Seasonal	0	0	0	0	0
Total	787	800	800	14	814
Payroll	29,103,900	34,128,400	34,008,000	668,000	34,676,000
Operational	80,172,700	56,765,700	55,211,000	727,400	55,938,400
Total	\$109,276,600	\$90,894,100	\$89,219,000	\$1,395,400	\$90,614,400
State	45,914,300	49,944,300	50,104,700	316,900	50,421,600
Federal	617,700	1,677,600	258,700	0	258,700
Other	62,744,600	39,272,200	38,855,600	1,078,500	39,934,100

Department of Financial Institutions

The Department of Financial Institutions provides the citizens of Tennessee a supervised and sound system of state-chartered and licensed financial institutions. These include:

- Commercial banks
- Trust companies
- Savings institutions
- Credit unions
- Industrial loan and thrift companies
- Business and industrial development corporations
- Deferred presentment and check cashing companies
- Mortgage lenders, brokers, servicers, and originators
- Insurance premium finance companies
- Money transmitters.

The mission of the Department of Financial Institutions is to provide for and encourage the development of depository financial institutions while restricting their activities to the extent necessary to safeguard the interests of depositors. In addition, the department seeks to ensure compliance by both depository and non-depository financial institutions with governing laws and regulations. None of the department's operating expenditures are funded with general state tax dollars. Revenue is derived solely from supervision, examination, and license fees assessed to those financial institutions regulated by the department.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
336.00 Financial Institutions					
Full-Time	155	165	165	5	170
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	155	165	165	5	170
Payroll	7,836,500	10,589,600	10,628,600	308,600	10,937,200
Operational	2,550,500	3,207,500	3,187,100	513,900	3,701,000
Total	\$10,387,000	\$13,797,100	\$13,815,700	\$822,500	\$14,638,200
State	3,737,200	7,461,700	7,461,700	263,800	7,725,500
Federal	0	0	0	0	0
Other	6,649,800	6,335,400	6,354,000	558,700	6,912,700

Department of Labor and Workforce Development

The Department of Labor and Workforce Development’s vision includes protecting the rights of workers and assisting employers in maintaining those rights throughout Tennessee. The Department of Labor and Workforce Development has six functional areas:

- Administration
- Safety and Health
- Workers’ Compensation
- Labor Standards
- Employment and Workforce Development
- Employment Security.

Administration

These services include the overall administration of the department and its programs. Included in this area is the office of the commissioner, which is responsible for formulating policies, procedures, and long-range plans to carry out the mission of the department.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
337.01 Administration					
Full-Time	108	109	109	0	109
Part-Time	5	5	5	0	5
Seasonal	0	0	0	0	0
Total	113	114	114	0	114
Payroll	5,987,400	6,520,300	6,518,300	0	6,518,300
Operational	2,949,700	3,034,900	2,511,900	0	2,511,900
Total	\$8,937,100	\$9,555,200	\$9,030,200	\$0	\$9,030,200
State	2,688,500	2,914,100	2,914,100	0	2,914,100
Federal	5,691,200	6,077,900	6,077,900	0	6,077,900
Other	557,400	563,200	38,200	0	38,200

Safety and Health

This functional area administers and enforces safety and health programs in Tennessee workplaces. The divisions provide training and technical assistance to employers and employees by conducting compliance inspections and by providing consulting services to employers. Some responsibilities include:

- Ensuring the safety and health of Tennessee workers, administering training programs, and providing consultant services to employers
- Promoting effective safety and health management through the Voluntary Protection Program
- Promoting the safety and welfare of miners through training and licensing of mine operators
- Employing mine rescue workers
- Performing safety inspections of boilers and elevators across the state.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
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337.02 Tennessee Occupational Safety and Health Administration (TOSHA)

Full-Time	102	102	102	0	102
Part-Time	3	3	3	0	3
Seasonal	0	0	0	0	0
Total	105	105	105	0	105
Payroll	5,765,100	6,165,900	6,165,900	0	6,165,900
Operational	1,746,700	1,856,100	1,856,100	0	1,856,100
Total	\$7,511,800	\$8,022,000	\$8,022,000	\$0	\$8,022,000
State	3,457,000	4,107,600	4,107,600	0	4,107,600
Federal	4,014,900	3,879,800	3,879,800	0	3,879,800
Other	39,900	34,600	34,600	0	34,600

337.04 Mines

Full-Time	7	7	7	0	7
Part-Time	18	18	18	0	18
Seasonal	0	0	0	0	0
Total	25	25	25	0	25
Payroll	327,900	414,100	410,600	0	410,600
Operational	162,000	212,600	216,100	0	216,100
Total	\$489,900	\$626,700	\$626,700	\$0	\$626,700
State	304,500	359,400	359,400	0	359,400
Federal	126,300	150,300	150,300	0	150,300
Other	59,100	117,000	117,000	0	117,000

337.05 Boilers and Elevators

Full-Time	53	53	53	0	53
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	53	53	53	0	53
Payroll	2,237,500	2,449,800	2,474,600	0	2,474,600
Operational	648,300	895,900	871,100	0	871,100
Total	\$2,885,800	\$3,345,700	\$3,345,700	\$0	\$3,345,700
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	2,885,800	3,345,700	3,345,700	0	3,345,700

Workers' Compensation

The division of Workers' Compensation administers the workers' compensation program in Tennessee, promotes the benefits and responsibilities of the Workers' Compensation Act, and makes available the services provided in the Act. To achieve these objectives, the division:

- Administers the Benefit Review Program which determines compensation eligibility and provides mediation services in disputed claims
- Administers the Drug Free Workplace Program which discourages drug use and abuse in the workplace

- Approves proposed settlements in disputed claims when the parties have reached agreement on all disputed issues
- Administers programs for medical case management and utilization review of claims which require medical services
- Administers the Tennessee Second Injury Fund
- Administers safety programs established by the workers' compensation law
- Maintains the official record for workers' compensation coverage and claims
- Informs workers of their rights under the law and ensures benefits paid to injured employees are within statutory requirements
- Maintains a statistical and historical database for the workers' compensation program
- Provides administrative support for the Advisory Council on Workers' Compensation
- Provides assistance to the Tennessee Bureau of Investigation in the investigation of workers' compensation fraud and conducts public awareness programs on issues of fraud
- Collects and analyzes relevant statistical data and other information necessary to evaluate the workers' compensation system and to assess the impact of the reform acts of 1992 and 1996 on the system.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
337.03 Workers' Compensation					
Full-Time	166	168	168	0	168
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	166	168	168	0	168
Payroll	6,713,600	9,118,600	9,166,300	0	9,166,300
Operational	2,606,300	2,689,700	2,642,000	0	2,642,000
Total	\$9,319,900	\$11,808,300	\$11,808,300	\$0	\$11,808,300
State	8,991,700	11,776,300	11,776,300	0	11,776,300
Federal	0	0	0	0	0
Other	328,200	32,000	32,000	0	32,000

The Second Injury Fund provides funding for judgments against the State of Tennessee and for legal costs awarded by the state. The Second Injury Fund encourages employers to hire workers with prior injuries or disabilities.

337.08 Second Injury Fund

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	10,731,800	12,885,600	8,570,900	6,800,300	15,371,200
Total	\$10,731,800	\$12,885,600	\$8,570,900	\$6,800,300	\$15,371,200
State	10,403,300	12,710,600	8,395,900	6,700,300	15,096,200
Federal	0	0	0	0	0
Other	328,500	175,000	175,000	100,000	275,000

Labor Standards

This division is responsible for the enforcement of several labor laws throughout the state. Included in the jurisdiction of the division are:

- The Wage Regulation Act which protects wage earners from unfair practices
- The Child Labor Act which regulates the number of hours a school-aged child can work
- The Prevailing Wage Act which protects workers regarding pay on construction projects involving state funds
- Administration of statistical research programs regarding work-related injuries, illnesses, and fatalities
- Administration of the Employee Assistance Professional Program
- Labor standards customer service.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
337.06 Labor Standards					
Full-Time	23	23	23	0	23
Part-Time	5	5	5	0	5
Seasonal	0	0	0	0	0
Total	28	28	28	0	28
Payroll	925,500	1,013,900	1,026,400	0	1,026,400
Operational	235,600	283,000	270,500	0	270,500
Total	\$1,161,100	\$1,296,900	\$1,296,900	\$0	\$1,296,900
State	988,500	1,103,400	1,103,400	0	1,103,400
Federal	171,700	182,500	182,500	0	182,500
Other	900	11,000	11,000	0	11,000

Employment and Workforce Development

This functional area administers the Workforce Investment Act, Tennessee Career Centers, Families First services, veterans services, and the Job Service programs. The Workforce Investment Act attempts to return many of the responsibilities formerly held by the federal government for workforce development to state and local authorities. The Tennessee Career Centers can be used by employers seeking workers and anyone seeking job training, job placement, Families First services, unemployment insurance, and any other activity related to employment and training needs. The primary goal of this program is to be more responsive to the needs of geographical areas, labor markets, and individual industries. The Employment and Training division is a key partner in working with other state agencies such as Economic and Community Development, Education, Human Services, and the Board of Regents, to implement the workforce development system in the state. The Adult Basic Education Division administers funds to assist the adult population in obtaining GED diplomas and education necessary to return to the workforce.

337.07 Employment and Training

Full-Time	38	38	38	0	38
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	38	38	38	0	38

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	2,497,200	3,421,900	3,421,900	0	3,421,900
Operational	54,468,600	65,320,700	65,320,700	0	65,320,700
Total	\$56,965,800	\$68,742,600	\$68,742,600	\$0	\$68,742,600
State	0	0	0	0	0
Federal	56,965,800	68,664,600	68,664,600	0	68,664,600
Other	0	78,000	78,000	0	78,000

337.09 Adult Basic Education

Full-Time	12	12	12	0	12
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	12	12	12	0	12
Payroll	636,200	789,900	789,900	0	789,900
Operational	18,507,500	19,941,100	19,941,100	0	19,941,100
Total	\$19,143,700	\$20,731,000	\$20,731,000	\$0	\$20,731,000
State	2,950,700	3,497,100	3,497,100	0	3,497,100
Federal	11,994,700	13,213,500	13,033,000	0	13,033,000
Other	4,198,300	4,020,400	4,200,900	0	4,200,900

Employment Security

The Employment Security division administers the unemployment insurance program and provides job availability data to the general public. The division's primary programs are Unemployment Insurance, Job Service, and labor market information.

The Unemployment Insurance Program is administered in accordance with the provisions of the Tennessee Employment Security Act. This program determines eligibility and pays unemployment insurance benefits to workers who are unemployed through no fault of their own, and collects appropriate premiums from liable employers.

The Job Service Program has administrative responsibility for providing a basic labor exchange system, job placement, and development services to special applicant groups such as:

- Veterans
- Families First recipients
- Job Training Partnership Act applicants
- Senior citizens
- Food stamp recipients
- Temporary Assistance for Needy Families recipients.

The Employment Security division collects, analyzes, and maintains data on the economic and demographic characteristics of the labor force in Tennessee. This labor market information assists in promoting better decisions by federal, state, and local government policy makers, employers, and individual citizens.

The division also administers the Uninsured Employers Fund, which protects workers from employers who fail to comply with the coverage requirements of the state's workers' compensation insurance laws.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
337.10 Employment Security					
Full-Time	1,073	1,067	1,067	0	1,067
Part-Time	430	430	430	0	430
Seasonal	0	0	0	0	0
Total	1,503	1,497	1,497	0	1,497
Payroll	45,575,000	56,594,900	56,613,300	0	56,613,300
Operational	15,517,500	20,353,700	20,335,300	0	20,335,300
Total	\$61,092,500	\$76,948,600	\$76,948,600	\$0	\$76,948,600
State	0	0	0	0	0
Federal	55,204,300	60,560,500	60,548,000	0	60,548,000
Other	5,888,200	16,388,100	16,400,600	0	16,400,600
337.00 Department Total					
Full-Time	1,582	1,579	1,579	0	1,579
Part-Time	461	461	461	0	461
Seasonal	0	0	0	0	0
Total	2,043	2,040	2,040	0	2,040
Payroll	70,665,400	86,489,300	86,587,200	0	86,587,200
Operational	107,574,000	127,473,300	122,535,700	6,800,300	129,336,000
Total	\$178,239,400	\$213,962,600	\$209,122,900	\$6,800,300	\$215,923,200
State	29,784,200	36,468,500	32,153,800	6,700,300	38,854,100
Federal	134,168,900	152,729,100	152,536,100	0	152,536,100
Other	14,286,300	24,765,000	24,433,000	100,000	24,533,000

Transportation, Business, and Economic Development

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Transportation, Business, and Economic Development

Recommended Budget, Fiscal Year 2006 – 2007

The Transportation, Business, and Economic Development functional group is a diverse collection of agencies responsible for the development of economic activity in Tennessee. This group consists of the following agencies and departments:

- Tennessee Housing Development Agency
- Department of Agriculture
- Department of Tourist Development
- Department of Economic and Community Development
- Department of Transportation.

The common goal among these agencies is the development and promotion of economic activity and improvement of the livelihood of all Tennesseans. This is accomplished through various programs and activities, including creating an environment conducive to the operation of business and industry and the construction and maintenance of sound public infrastructure.

In addition to the above general activities, this functional group also concentrates on promotion of job growth through development of industrial infrastructure and job training investments; regulation and maintenance of the state agricultural and forest industries; and marketing of the state as a vacation destination.

The Housing Development Agency helps low and moderate income Tennesseans secure affordable housing.

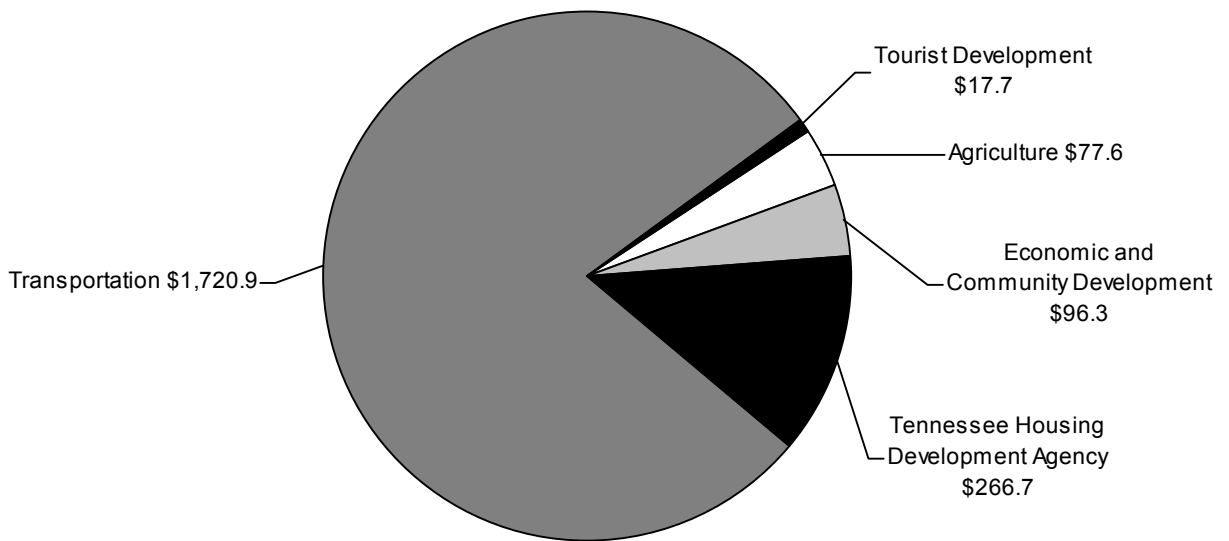
Improvements and Program Statements

The following section includes: (1) a table on personnel and funding for all agencies in this functional area of state government; (2) a statement of recommended improvements for the ensuing fiscal year; (3) departmental program statements, indicating recommended funding and staffing for the ensuing year, compared with actual amounts for the last year and the amounts budgeted for the current year; and (4) program performance measures and other program information.

The following graph depicts the manner in which funds are divided among the departments within this functional group. Funding mixes within each department may

vary. Some are exclusively state funded, while others represent state, federal, and other funding.

Transportation, Business and Economic Development FY 2006 - 2007 Recommended



In Millions

\$2,179,139,400 Total

Transportation, Business, and Economic Development Total Personnel and Funding

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Recommended 2006-2007</u>
Personnel			
Full Time	6,114	6,160	6,171
Part Time	5	14	14
Seasonal	225	225	225
TOTAL	<u>6,344</u>	<u>6,399</u>	<u>6,410</u>
Expenditures			
Payroll	\$260,212,800	\$283,754,100	\$289,482,200
Operational	1,464,635,700	2,048,853,500	1,889,657,200
TOTAL	<u>\$1,724,848,500</u>	<u>\$2,332,607,600</u>	<u>\$2,179,139,400</u>
Funding			
State	\$861,836,400	\$955,135,800	\$886,220,800
Federal	797,738,500	1,294,460,000	1,199,068,900
Other	65,273,600	83,011,800	93,849,700

Transportation, Business and Economic Development Improvements for Fiscal Year 2006-2007

	State	Federal	Other	Total	Positions
Agriculture					
• Farm Program					
To provide additional recurring funds for the farm improvement program. Current funding for the farm program is used for the state component of the National Animal Identification System (NAIS); to provide grants to animal producers for herd health activities; to support animal diagnostic laboratories; and to promote alternative crop production, agribusiness, agritourism, and other marketing activities. Together with the recurring base appropriation, this will provide a recurring appropriation of \$4 million for the program.					
325.05 Regulatory Services	\$1,000,000	\$0	\$0	\$1,000,000	0
Sub-total	\$1,000,000	\$0	\$0	\$1,000,000	0
• Agricultural Conservation					
To provide funds to the Agricultural Resources Conservation Fund. These appropriations are from an additional \$12 million allocation (\$6 million recurring and \$6 million non-recurring) of the real estate transfer tax. This, along with the \$12 million base budget allocation, will provide a total allocation from the tax of \$24 million for the four land acquisition and soil conservation programs. Thus, total acquisition fund and soil conservation program funding from this tax in 2006-2007 is \$18 million recurring and \$6 million non-recurring. The improvement for each program is a pro-rata share of the 8 cents stated in law. The Agricultural Resources Conservation Fund receives a 1.5-cent share of the 8 cents.					
325.08 Agricultural Resources Conservation Fund	\$2,250,000	\$0	\$0	\$2,250,000	0
Sub-total	\$2,250,000	\$0	\$0	\$2,250,000	0
Total Agriculture	\$3,250,000	\$0	\$0	\$3,250,000	0

Tourist Development

• Marketing

To provide non-recurring funds for the continuation of Tennessee's advertising campaign, "Tennessee, The Stage is Set for You!" The campaign will continue to target markets with the highest potential for increasing tourism to the state. These funds will provide additional marketing support to rural and small communities for various heritage, cultural, and other outdoor recreational activities.

326.01 Administration and Marketing	\$4,750,000	\$0	\$0	\$4,750,000	0
Sub-total	\$4,750,000	\$0	\$0	\$4,750,000	0

Transportation, Business and Economic Development Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
• Welcome Centers					
To provide funding for increased operational expenses in the statewide welcome centers. Funds also are provided for the start-up of the new I-26 welcome center scheduled to open in the spring of 2007. The Welcome Centers program is funded by departmental revenues from the highway fund.					
326.03 Welcome Centers	\$0	\$0	\$245,200	\$245,200	11
Sub-total	\$0	\$0	\$245,200	\$245,200	11
Total Tourist Development	\$4,750,000	\$0	\$245,200	\$4,995,200	11

Economic and Community Development

• Jobs Package

To continue the state's investment in creating new opportunities for Tennessee's workforce in the new 21st century economy and to support the growth and retention of the state's base of traditional jobs by providing additional non-recurring funds. The \$14 million for the FastTrack Infrastructure Development program is non-recurring and is provided for job training and infrastructure projects. The Community Development program will receive \$700,000 in non-recurring funds to continue the efforts of the Tennessee Leadership Center (TLC), to assist rural communities in acquiring professional assistance for economic development, and to address other community and environmental needs. The TLC was created to complement the Three-Star Program by offering training and development opportunities for community leaders so that they can more effectively help their communities compete for jobs and business investment in a quickly changing economy. The Community Development funds include a recurring \$84,600 for Three-Star community grants.

330.06 FastTrack Infrastructure Development Program	\$14,000,000	\$0	\$0	\$14,000,000	0
330.07 Community Development	\$784,600	\$0	\$0	\$784,600	0
Sub-total	\$14,784,600	\$0	\$0	\$14,784,600	0

• Nissan Headquarters

To provide non-recurring funds to support the relocation of the Nissan headquarters to Tennessee.

330.06 FastTrack Infrastructure Development Program	\$6,000,000	\$0	\$0	\$6,000,000	0
Sub-total	\$6,000,000	\$0	\$0	\$6,000,000	0

• Business Diversity - Federal Funds Loss

To maintain the current level of services provided to small, rural, minority and women-owned businesses through the Business Services Division. Funding will replace the loss of the Federal Manufacturing Extension Program. The services provided include technical, financial, and management assistance.

330.05 Business Services	\$185,600	\$0	\$0	\$185,600	1
Sub-total	\$185,600	\$0	\$0	\$185,600	1

Transportation, Business and Economic Development Improvements for Fiscal Year 2006-2007

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Positions</u>
<ul style="list-style-type: none"> • Delta Regional Authority Dues To provide funding for the increase in membership dues to the Delta Regional Authority, which provides transportation and infrastructure improvements in distressed counties and parishes in eight delta region states. In order for the 21 counties in west Tennessee to be eligible to apply for these grants, states must pay their assessed dues. 					
330.04 Regional Grants Management	\$29,800	\$0	\$0	\$29,800	0
Sub-total	<u>\$29,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,800</u>	<u>0</u>
Total Economic and Community Development	<u>\$21,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,000,000</u>	<u>1</u>
Total Transportation, Business and Economic Development	<u>\$29,000,000</u>	<u>\$0</u>	<u>\$245,200</u>	<u>\$29,245,200</u>	<u>12</u>

Tennessee Housing Development Agency

The Tennessee Housing Development Agency (THDA) provides opportunities for decent, affordable housing to low and moderate income Tennesseans. THDA was created in response to a need for housing initiatives in rural areas, but it also performs activities in the major urban centers. The agency is authorized to sell tax-exempt revenue notes and bonds to provide funds for making below-market interest rate mortgage loans. Through the U.S. Department of Housing and Urban Development's Section 8 program, THDA provides rental subsidies to assist renters in need and administers project-based contracts. THDA also administers the HOME program, a federally funded grant program that assists local housing providers in implementing affordable housing plans.

The Low Income Housing Tax Credit program, administered by THDA, supports acquisition, rehabilitation and new construction of rental units for low-income tenants. THDA has a governing board composed of state officials and gubernatorial and legislative appointees that are active and knowledgeable in their respective industries.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
316.20 Tennessee Housing Development Agency					
Full-Time	192	202	202	0	202
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	192	202	202	0	202
Payroll	9,709,500	10,783,100	10,858,100	0	10,858,100
Operational	155,432,400	255,942,600	255,867,600	0	255,867,600
Total	\$165,141,900	\$266,725,700	\$266,725,700	\$0	\$266,725,700
State	0	0	0	0	0
Federal	162,175,100	252,023,800	250,619,300	0	250,619,300
Other	2,966,800	14,701,900	16,106,400	0	16,106,400

Department of Agriculture

The Tennessee Department of Agriculture (TDA) was the very first state agency, established in 1854, to promote agriculture through fairs and livestock expositions. This tradition continues today as the department helps expand markets for farm and forest products through promotions and industry development activities. TDA provides an array of valuable consumer services from food safety and product quality assurance to pesticide regulation and environmental monitoring. Forestry services include landowner assistance, wildfire suppression, and state forest management. Water quality programs encourage and promote wise stewardship of our natural resources. The department's mission is performed within the following four major areas:

- Administration and Grants
- Market Development
- Regulatory Services
- Forestry.

Administration and Grants

Administration and Grants coordinates various duties including policy and strategic planning, budgeting, personnel administration, legal, and information services. The division also monitors grant-based programs in the areas of soil conservation and water quality, pesticide pollution and abatement, commodity distribution assistance to eligible recipients, forestry incentives, and volunteer fire department assistance. Overseeing the distribution of donated surplus USDA food is also an important function of this area. The department cooperates with the National Agricultural Statistics Service to collect, analyze, and publish reliable data for producers and decision makers in agriculture.

TDA administers programs to help reduce soil erosion on Tennessee farms and forestlands and to improve water quality. Through the Agricultural Resources Conservation Fund, cost-share grants are provided to farmers and other landowners who install best management practices to achieve these goals.

The Tennessee Grain Indemnity Fund protects grain producers against the financial failure of a commodity dealer or warehouseman. The program is funded from interest income and grain producers' self-imposed assessments.

Funds deposited in the Certified Cotton Growers Organizational Fund are used for the Boll Weevil Eradication Program. The purpose of this program is to destroy, suppress, and eradicate boll weevils.

Administration and Grants also provides staff support and data management services for the Tennessee Tobacco Farmers Certifying Board. The board is responsible for certifying tobacco farmers eligible to receive a share of the (Phase II) National Tobacco Growers Settlement Trust.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
325.01 Administration and Grants					
Full-Time	80	79	79	0	79
Part-Time	0	0	0	0	0
Seasonal	1	1	1	0	1
Total	81	80	80	0	80
Payroll	4,600,500	4,795,100	4,699,600	0	4,699,600
Operational	9,328,700	9,417,300	9,340,300	0	9,340,300
Total	\$13,929,200	\$14,212,400	\$14,039,900	\$0	\$14,039,900
State	8,786,600	9,203,900	9,108,400	0	9,108,400
Federal	4,733,400	4,596,400	4,635,200	0	4,635,200
Other	409,200	412,100	296,300	0	296,300
325.08 Agricultural Resources Conservation Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	1,973,200	3,375,000	2,250,000	2,250,000	4,500,000
Total	\$1,973,200	\$3,375,000	\$2,250,000	\$2,250,000	\$4,500,000
State	1,921,800	3,375,000	2,250,000	2,250,000	4,500,000
Federal	0	0	0	0	0
Other	51,400	0	0	0	0
325.12 Tennessee Grain Indemnity Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	138,500	126,700	126,700	0	126,700
Total	\$138,500	\$126,700	\$126,700	\$0	\$126,700
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	138,500	126,700	126,700	0	126,700
325.14 Certified Cotton Growers' Organization Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	4,965,500	3,992,500	3,992,500	0	3,992,500
Total	\$4,965,500	\$3,992,500	\$3,992,500	\$0	\$3,992,500

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	3,992,500	3,992,500	3,992,500	0	3,992,500
Federal	0	0	0	0	0
Other	973,000	0	0	0	0

Market Development

The Market Development division works to develop domestic and foreign markets for Tennessee agricultural and forest products, and to attract agriculture and forest industry to the state. Marketing efforts promote a variety of products including horticultural material, livestock, fruits and vegetables, value-added products, aquaculture, Tennessee wines, and other products. Market Development also encourages local non-profit agricultural fairs and livestock shows throughout the state by providing financial assistance.

325.06 Market Development

Full-Time	26	27	27	0	27
Part-Time	2	2	2	0	2
Seasonal	0	0	0	0	0
Total	28	29	29	0	29
Payroll	1,418,200	1,462,200	1,462,200	0	1,462,200
Operational	1,046,600	4,176,300	3,205,600	0	3,205,600
Total	\$2,464,800	\$5,638,500	\$4,667,800	\$0	\$4,667,800
State	2,242,300	5,276,000	4,434,800	0	4,434,800
Federal	88,500	170,000	78,000	0	78,000
Other	134,000	192,500	155,000	0	155,000

Regulatory Services

Regulatory Services is dedicated to the two main objectives of production quality and consumer protection. Responsibilities of the division encompass various activities such as sampling the quality of feeds, seeds, and fertilizers; protecting animal and plant health; registering pesticides; ensuring food safety; and inspecting processing establishments. A state of the art laboratory supports other regulatory efforts by providing quality analytical data.

325.05 Regulatory Services

Full-Time	218	222	222	0	222
Part-Time	0	9	9	0	9
Seasonal	3	3	3	0	3
Total	221	234	234	0	234
Payroll	10,941,300	11,610,300	11,663,800	0	11,663,800
Operational	4,764,200	7,928,800	6,603,000	1,000,000	7,603,000
Total	\$15,705,500	\$19,539,100	\$18,266,800	\$1,000,000	\$19,266,800
State	8,961,900	12,644,700	11,581,400	1,000,000	12,581,400
Federal	1,472,200	1,585,000	1,573,700	0	1,573,700
Other	5,271,400	5,309,400	5,111,700	0	5,111,700

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
325.16 Agricultural Regulatory Fund					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	2,858,500	2,474,400	2,474,400	0	2,474,400
Total	\$2,858,500	\$2,474,400	\$2,474,400	\$0	\$2,474,400
State	2,354,400	2,354,400	2,354,400	0	2,354,400
Federal	0	0	0	0	0
Other	504,100	120,000	120,000	0	120,000

Forestry

The Forestry division provides operational support and maintenance to Tennessee's abundant public and private forest resources. Forestry's programs and services include fire suppression, water quality protection, insect and disease control, land owner assistance, tree improvement and seedling production, product utilization and promotion, urban forestry, and state forest management. The Forestry Maintenance division provides maintenance and support of forestry facilities and equipment.

325.10 Forestry

Full-Time	330	330	330	0	330
Part-Time	3	3	3	0	3
Seasonal	221	221	221	0	221
Total	554	554	554	0	554
Payroll	14,631,600	15,997,600	15,997,600	0	15,997,600
Operational	10,253,100	13,376,000	12,367,500	0	12,367,500
Total	\$24,884,700	\$29,373,600	\$28,365,100	\$0	\$28,365,100
State	15,580,100	21,473,800	20,708,800	0	20,708,800
Federal	6,688,900	5,000,000	5,026,600	0	5,026,600
Other	2,615,700	2,899,800	2,629,700	0	2,629,700

325.11 Forestry Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	218,400	208,500	158,500	0	158,500
Total	\$218,400	\$208,500	\$158,500	\$0	\$158,500
State	158,500	158,500	158,500	0	158,500
Federal	0	0	0	0	0
Other	59,900	50,000	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
325.00 Department Total					
Full-Time	654	658	658	0	658
Part-Time	5	14	14	0	14
Seasonal	225	225	225	0	225
Total	884	897	897	0	897
Payroll	31,591,600	33,865,200	33,823,200	0	33,823,200
Operational	35,546,700	45,075,500	40,518,500	3,250,000	43,768,500
Total	\$67,138,300	\$78,940,700	\$74,341,700	\$3,250,000	\$77,591,700
State	43,998,100	58,478,800	54,588,800	3,250,000	57,838,800
Federal	12,983,000	11,351,400	11,313,500	0	11,313,500
Other	10,157,200	9,110,500	8,439,400	0	8,439,400

Department of Tourist Development

The Department of Tourist Development is responsible for planning and implementing marketing and service programs that increase the economic impact of tourism. These programs are designed to enhance Tennessee's image as a primary tourist destination, thus increasing the number of travelers and tourists coming to Tennessee. The department also helps in developing new tourism programs in smaller communities to positively impact local economic development. In addition, the department provides visitors to Tennessee's 13 welcome centers with a safe, positive impression of Tennessee. To achieve these and other program activities, the department is organized into two divisions: Administration and Marketing and Welcome Centers.

Administration and Marketing

This division is responsible for the overall administration of the department including financial services, information system services, and support services. In addition, the management and implementation of the department's marketing programs and services are accomplished in this division. Some of the specific marketing programs include:

- Creating, producing, and placing broadcast and print media campaigns
- Developing direct sales programs that target group tour companies, travel agents, and international tour operators
- Promoting Tennessee to the media and national travel press by writing and distributing camera-ready travel articles and sponsoring travel writer press trips to Tennessee locations
- Developing promotional brochures and travel literature for distribution to customers
- Collecting travel data and developing marketing research information
- Developing rural and heritage tourism promotional opportunities by directly working with local communities
- Providing co-op advertising, marketing, and promotional opportunities to businesses in the travel industry.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
326.01 Administration and Marketing					
Full-Time	22	28	28	0	28
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	22	28	28	0	28
Payroll	1,385,600	1,808,300	1,808,300	0	1,808,300
Operational	5,844,300	10,525,300	5,900,300	4,750,000	10,650,300
Total	\$7,229,900	\$12,333,600	\$7,708,600	\$4,750,000	\$12,458,600
State	7,110,000	11,823,600	7,198,600	4,750,000	11,948,600
Federal	0	0	0	0	0
Other	119,900	510,000	510,000	0	510,000

Welcome Centers

This division is responsible for the operation of the 13 welcome centers located on Tennessee's interstate highways. These centers are the initial contact point for many travelers entering

Tennessee. The staff at the welcome centers provide free travel information, brochures, literature, and reservations to the millions of visitors who stop at the centers each year.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
326.03 Welcome Centers					
Full-Time	117	117	117	11	128
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	117	117	117	11	128
Payroll	3,795,600	4,005,000	4,005,000	54,400	4,059,400
Operational	1,042,800	981,000	981,000	190,800	1,171,800
Total	\$4,838,400	\$4,986,000	\$4,986,000	\$245,200	\$5,231,200
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	4,838,400	4,986,000	4,986,000	245,200	5,231,200
326.00 Department Total					
Full-Time	139	145	145	11	156
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	139	145	145	11	156
Payroll	5,181,200	5,813,300	5,813,300	54,400	5,867,700
Operational	6,887,100	11,506,300	6,881,300	4,940,800	11,822,100
Total	\$12,068,300	\$17,319,600	\$12,694,600	\$4,995,200	\$17,689,800
State	7,110,000	11,823,600	7,198,600	4,750,000	11,948,600
Federal	0	0	0	0	0
Other	4,958,300	5,496,000	5,496,000	245,200	5,741,200

Department of Economic and Community Development

The Department of Economic and Community Development (ECD) encourages new job creation and better job opportunities throughout the state in an effort to improve the economic growth within the state. The philosophy of the Department of Economic and Community Development is to invest in Tennessee's greatest resources - the state's communities and people - through assistance in community-based infrastructure and training investments. ECD's top priorities are preparing local communities for economic development opportunities, training Tennessee's workers, recruiting new industries, and assisting existing firms.

The Department of Economic and Community Development has six functional areas:

- Administrative Services
- Business Development
- Business Services
- FastTrack Job Training Assistance Program and Job Skills
- Community Development
- Energy Division.

Administrative Services

Administrative Services performs and coordinates research, advertising, communications, and various administrative services. The Industrial Research Section provides statistical data in support of other divisions and services to existing industries. Specific services include maintaining a database of manufacturing companies in the state, conducting prospect feasibility studies, and preparing business cost comparisons. The Advertising and Communications Office serves the public affairs needs of each division, coordinates advertising needs, and produces informational publications. The Tennessee Technology Development Corporation promotes in-state technology development and the recruitment of high-technology industries.

The Tennessee Film, Entertainment and Music Commission is administratively attached to ECD. The commission attracts television, commercial, movie, and videotape projects to Tennessee and promotes the use of Tennessee locations and artists in those productions. Some activities include:

- Reading scripts and storyboards
- Acting as liaison with local communities
- Assisting with advance scouting and accommodations
- Matching scenes to Tennessee locations.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
330.01 Administrative Services					
Full-Time	50	56	56	0	56
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	50	56	56	0	56
Payroll	2,736,300	3,437,700	3,437,700	0	3,437,700
Operational	4,556,000	2,562,100	1,802,100	0	1,802,100
Total	\$7,292,300	\$5,999,800	\$5,239,800	\$0	\$5,239,800

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
State	4,519,800	5,267,500	4,867,500	0	4,867,500
Federal	247,100	133,100	133,100	0	133,100
Other	2,525,400	599,200	239,200	0	239,200

Business Development

Marketing services personnel, through the Business Development division, act as the state's sales force to recruit new industry from domestic and international markets. The Office of International Affairs, also within this division, serves to boost Tennessee's global business connections and elevate the state's image as a premier international business location and a source of quality products and services.

330.02 Business Development

Full-Time	32	28	28	0	28
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	32	28	28	0	28
Payroll	1,719,800	1,880,000	1,880,000	0	1,880,000
Operational	1,315,200	8,787,200	1,657,200	0	1,657,200
Total	\$3,035,000	\$10,667,200	\$3,537,200	\$0	\$3,537,200
State	2,833,600	10,417,200	3,417,200	0	3,417,200
Federal	4,000	0	0	0	0
Other	197,400	250,000	120,000	0	120,000

Business Services

Business Services addresses the needs of existing businesses. Specific programs include:

- Existing Industry Services
- Office of Small Business Services
- Office of Minority Business Enterprise.

330.05 Business Services

Full-Time	9	9	8	1	9
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	9	9	8	1	9
Payroll	715,100	592,100	531,500	60,600	592,100
Operational	495,800	655,800	530,800	125,000	655,800
Total	\$1,210,900	\$1,247,900	\$1,062,300	\$185,600	\$1,247,900
State	1,210,400	937,300	937,300	185,600	1,122,900
Federal	0	125,000	125,000	0	125,000
Other	500	185,600	0	0	0

FastTrack Job Training Assistance Program and Job Skills

The FastTrack Job Training Assistance Program provides customized training assistance to new and expanding business and industry in Tennessee. The training assistance is an incentive for these employers to locate or expand in Tennessee.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
330.09 FastTrack Job Training Assistance Program					
Full-Time	6	4	4	0	4
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	6	4	4	0	4
Payroll	304,300	250,500	250,500	0	250,500
Operational	43,600	45,700	45,700	0	45,700
Total	\$347,900	\$296,200	\$296,200	\$0	\$296,200
State	347,900	296,200	296,200	0	296,200
Federal	0	0	0	0	0
Other	0	0	0	0	0

The Tennessee Job Skills Program is a workforce development incentive program designed to enhance employment opportunities and to meet the needs of existing and new industries in Tennessee by providing training grants to eligible employers. Priority is given to employers who promote high-skill, high-wage jobs in advanced technology, emerging occupations, or skilled manufacturing.

330.13 Tennessee Job Skills Program

Full-Time	3	3	3	0	3
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	3	3	3	0	3
Payroll	218,500	298,700	298,700	0	298,700
Operational	619,300	9,207,400	9,207,400	0	9,207,400
Total	\$837,800	\$9,506,100	\$9,506,100	\$0	\$9,506,100
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	837,800	9,506,100	9,506,100	0	9,506,100

Community Development

Community Development works with communities to ensure they develop and maintain the leadership, organizations, and community facilities essential for economic growth. The FastTrack Infrastructure Development Program assists local communities with economic growth by providing grants for infrastructure improvements, industrial site preparation, and industrial training. Infrastructure improvements involve activities such as water, wastewater, and rail services. Industrial site preparation includes grading, leveling, and drainage projects. Other primary activities of Community Development Services include:

- Administering Community Development Block grants, Appalachian Regional Commission grants, and Delta Regional Authority grants
- Administering the Three-Star Community Economic Preparedness Program
- Providing local planning services to Tennessee cities and counties.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
330.04 Regional Grants Management					
Full-Time	17	17	17	0	17
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	17	17	17	0	17
Payroll	885,700	1,021,600	1,021,600	0	1,021,600
Operational	28,924,400	31,565,800	29,908,000	29,800	29,937,800
Total	\$29,810,100	\$32,587,400	\$30,929,600	\$29,800	\$30,959,400
State	815,100	925,100	925,100	29,800	954,900
Federal	28,914,600	31,592,300	29,936,600	0	29,936,600
Other	80,400	70,000	67,900	0	67,900
330.15 Economic Development District Grants					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	945,900	1,080,000	1,080,000	0	1,080,000
Total	\$945,900	\$1,080,000	\$1,080,000	\$0	\$1,080,000
State	945,900	1,080,000	1,080,000	0	1,080,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
330.06 FastTrack Infrastructure Development Program					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	21,374,000	40,627,000	15,627,000	20,000,000	35,627,000
Total	\$21,374,000	\$40,627,000	\$15,627,000	\$20,000,000	\$35,627,000
State	21,365,000	40,595,000	15,595,000	20,000,000	35,595,000
Federal	0	0	0	0	0
Other	9,000	32,000	32,000	0	32,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
330.07 Community Development					
Full-Time	80	80	80	0	80
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	80	80	80	0	80
Payroll	4,069,800	4,298,400	4,298,400	0	4,298,400
Operational	939,000	1,974,500	974,500	784,600	1,759,100
Total	\$5,008,800	\$6,272,900	\$5,272,900	\$784,600	\$6,057,500
State	3,179,300	4,380,300	3,380,300	784,600	4,164,900
Federal	224,100	214,100	224,100	0	224,100
Other	1,605,400	1,678,500	1,668,500	0	1,668,500

Energy Division

The Energy Division promotes efficient and economic use of energy by public and private sectors of the Tennessee economy. This division, through grants from the U. S. Department of Energy, renders technical and financial assistance to Tennessee's existing businesses, local governments, schools, and hospitals in order to reduce energy costs.

330.08 Energy Division

Full-Time	14	14	14	0	14
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	14	14	14	0	14
Payroll	781,500	887,000	887,000	0	887,000
Operational	910,200	1,836,100	1,836,100	0	1,836,100
Total	\$1,691,700	\$2,723,100	\$2,723,100	\$0	\$2,723,100
State	42,100	34,800	34,800	0	34,800
Federal	1,569,700	2,688,300	2,688,300	0	2,688,300
Other	79,900	0	0	0	0

330.00 Department Total

Full-Time	211	211	210	1	211
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	211	211	210	1	211
Payroll	11,431,000	12,666,000	12,605,400	60,600	12,666,000
Operational	60,123,400	98,341,600	62,668,800	20,939,400	83,608,200
Total	\$71,554,400	\$111,007,600	\$75,274,200	\$21,000,000	\$96,274,200
State	35,259,100	63,933,400	30,533,400	21,000,000	51,533,400
Federal	30,959,500	34,752,800	33,107,100	0	33,107,100
Other	5,335,800	12,321,400	11,633,700	0	11,633,700

Department of Transportation

The Department of Transportation plans, designs, constructs, and maintains the state's highway network. The department is also responsible for other modes of transportation such as aeronautics, public transit, railroads, and waterways. The Department of Transportation consists of four major program areas:

- Headquarters
- Bureau of Administration
- Bureau of Environment and Planning
- Bureau of Engineering.

Headquarters

Transportation Headquarters consists of the commissioner's office, staff, and the Aeronautics Division. This office also provides support functions as well as necessary liaison activities with other branches of state government to ensure compliance with all legal and policy requirements.

The Division of Insurance Premiums provides funding for claims payment when litigation requires payment to third parties.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
401 Headquarters					
Full-Time	108	112	115	0	115
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	108	112	115	0	115
Payroll	5,684,900	6,438,200	6,505,300	0	6,505,300
Operational	7,150,100	8,082,400	8,853,900	0	8,853,900
Reallocated	122,300	112,400	133,800	0	133,800
Total	\$12,957,300	\$14,633,000	\$15,493,000	\$0	\$15,493,000
State	12,957,300	14,633,000	15,493,000	0	15,493,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
414 Insurance Premiums					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	9,255,400	11,000,000	11,000,000	0	11,000,000
Reallocated	0	0	0	0	0
Total	\$9,255,400	\$11,000,000	\$11,000,000	\$0	\$11,000,000
State	9,255,400	11,000,000	11,000,000	0	11,000,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

Bureau of Administration

This bureau provides funding for the administrative activities of the department. Functions include Governor's Highway Safety Office, central services, finance, human resources, strategic planning, and information technology. These areas provide general management support to the department.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
402 Bureau of Administration					
Full-Time	271	282	282	0	282
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	271	282	282	0	282
Payroll	13,829,000	15,021,100	15,812,100	0	15,812,100
Operational	13,766,000	19,515,400	19,815,400	0	19,815,400
Reallocated	(261,500)	(212,500)	(282,500)	0	(282,500)
Total	\$27,333,500	\$34,324,000	\$35,345,000	\$0	\$35,345,000
State	27,333,500	34,324,000	35,345,000	0	35,345,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

Bureau of Environment and Planning

This bureau provides funding for the planning and environmental activities of the department. Functions include environmental compliance, environmental planning and permitting, transportation planning, mapping and statistics, functional design, highway beautification, public transit, waterways, and rail and railroad safety. Such activities include:

- Conducting studies and surveys required by various federal agencies
- Providing for rail-highway crossing safety and railroad safety
- Providing funds for mass transit projects including rideshare programs
- Monitoring affected environments
- Eliminating junkyards and control of outdoor advertising and easements.

405 Bureau of Environment and Planning

Full-Time	267	291	293	0	293
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	267	291	293	0	293
Payroll	13,599,200	15,535,900	16,286,800	0	16,286,800
Operational	570,800	1,114,700	1,242,400	0	1,242,400
Reallocated	(8,163,400)	(10,029,600)	(9,403,200)	0	(9,403,200)
Total	\$6,006,600	\$6,621,000	\$8,126,000	\$0	\$8,126,000
State	6,006,600	6,621,000	8,126,000	0	8,126,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
416 Mass Transit					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	56,092,800	87,976,000	117,762,000	0	117,762,000
Reallocated	0	0	1,000	0	1,000
Total	\$56,092,800	\$87,976,000	\$117,763,000	\$0	\$117,763,000
State	38,704,000	42,596,000	34,239,000	0	34,239,000
Federal	16,266,900	45,132,000	73,429,000	0	73,429,000
Other	1,121,900	248,000	10,095,000	0	10,095,000

440 Planning and Research

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	10,487,200	14,521,700	11,584,100	0	11,584,100
Reallocated	6,203,900	6,578,300	5,915,900	0	5,915,900
Total	\$16,691,100	\$21,100,000	\$17,500,000	\$0	\$17,500,000
State	3,338,200	5,900,000	5,100,000	0	5,100,000
Federal	13,352,900	15,200,000	12,400,000	0	12,400,000
Other	0	0	0	0	0

494 Air, Water, and Rail Transportation

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	34,236,800	47,234,500	56,839,500	0	56,839,500
Reallocated	58,300	165,500	60,500	0	60,500
Total	\$34,295,100	\$47,400,000	\$56,900,000	\$0	\$56,900,000
State	27,093,100	27,200,000	35,800,000	0	35,800,000
Federal	6,859,000	14,400,000	14,900,000	0	14,900,000
Other	343,000	5,800,000	6,200,000	0	6,200,000

Bureau of Engineering

The Bureau of Engineering is responsible for coordinating the construction, maintenance, and inspection of highways, bridges, and navigational equipment. Such activities include:

- Constructing, resurfacing, restoring, and rehabilitating Tennessee's interstate system
- Conducting studies and surveys required by various federal agencies

- Constructing industrial highways, national forest roads, connector routes, bridges, water port facilities, and rail short-lines
- Constructing or replacing plant facilities for the Bureau of Engineering
- Providing engineering and administrative support to other state agencies' construction not involving roads in the state highway system
- Providing high-hazard and roadside obstacle warnings, and pavement marking
- Operating a fleet management program to replace and purchase new mobile equipment
- Conducting a congestion mitigation and air quality program in Tennessee's non-attainment areas
- Maintaining the state's existing motorized equipment
- Building and maintaining bicycle trails
- Collecting travel data
- Bridge design
- Using Intelligent Transportation System (ITS) technology to minimize traffic congestion in urban areas.

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
403 Bureau of Engineering					
Full-Time	874	530	535	0	535
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	874	530	535	0	535
Payroll	30,500,400	32,077,600	33,024,500	0	33,024,500
Operational	1,110,000	3,452,400	3,837,900	0	3,837,900
Reallocated	(16,766,000)	(17,634,000)	(16,740,400)	0	(16,740,400)
Total	\$14,844,400	\$17,896,000	\$20,122,000	\$0	\$20,122,000
State	14,844,400	17,896,000	20,122,000	0	20,122,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
412 Field Engineering					
Full-Time	571	928	941	0	941
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	571	928	941	0	941
Payroll	39,146,800	43,546,100	46,348,500	0	46,348,500
Operational	3,668,300	4,945,900	6,520,600	0	6,520,600
Reallocated	(9,292,700)	(10,980,000)	(12,148,100)	0	(12,148,100)
Total	\$33,522,400	\$37,512,000	\$40,721,000	\$0	\$40,721,000
State	33,522,400	37,512,000	40,721,000	0	40,721,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
418 Field Construction					
Full-Time	960	952	926	0	926
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	960	952	926	0	926

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	38,207,200	41,527,400	41,009,200	0	41,009,200
Operational	35,800	0	0	0	0
Reallocated	(38,243,000)	(41,527,400)	(41,009,200)	0	(41,009,200)
Total	\$0	\$0	\$0	\$0	\$0
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	0	0	0	0	0

419 Field Maintenance Operations

Full-Time	1,597	1,579	1,578	0	1,578
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	1,597	1,579	1,578	0	1,578
Payroll	51,634,200	56,436,000	56,873,400	0	56,873,400
Operational	61,900	0	0	0	0
Reallocated	(51,696,100)	(56,436,000)	(56,873,400)	0	(56,873,400)
Total	\$0	\$0	\$0	\$0	\$0
State	0	0	0	0	0
Federal	0	0	0	0	0
Other	0	0	0	0	0

430 Equipment Purchases and Operations

Full-Time	270	270	274	0	274
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	270	270	274	0	274
Payroll	9,697,800	10,044,200	10,407,400	0	10,407,400
Operational	38,571,000	34,298,400	39,529,000	0	39,529,000
Reallocated	(25,738,700)	(23,322,600)	(23,916,400)	0	(23,916,400)
Total	\$22,530,100	\$21,020,000	\$26,020,000	\$0	\$26,020,000
State	22,530,100	21,020,000	26,020,000	0	26,020,000
Federal	0	0	0	0	0
Other	0	0	0	0	0

451 Highway Maintenance

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	152,217,800	155,447,600	151,219,900	0	151,219,900
Reallocated	79,538,200	83,080,400	93,204,100	0	93,204,100
Total	\$231,756,000	\$238,528,000	\$244,424,000	\$0	\$244,424,000
State	231,756,000	237,428,000	243,324,000	0	243,324,000
Federal	0	0	0	0	0
Other	0	1,100,000	1,100,000	0	1,100,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
453 Highway Betterments					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	7,264,000	5,599,400	4,967,200	0	4,967,200
Reallocated	873,600	800,600	832,800	0	832,800
Total	\$8,137,600	\$6,400,000	\$5,800,000	\$0	\$5,800,000
State	8,137,600	6,300,000	5,700,000	0	5,700,000
Federal	0	0	0	0	0
Other	0	100,000	100,000	0	100,000
455 State Aid					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	24,916,700	37,359,900	37,253,600	0	37,253,600
Reallocated	446,700	321,100	427,400	0	427,400
Total	\$25,363,400	\$37,681,000	\$37,681,000	\$0	\$37,681,000
State	18,515,300	28,922,000	28,922,000	0	28,922,000
Federal	0	0	0	0	0
Other	6,848,100	8,759,000	8,759,000	0	8,759,000
470 State Industrial Access					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	13,374,600	10,105,100	17,055,400	0	17,055,400
Reallocated	2,117,400	1,509,900	2,009,600	0	2,009,600
Total	\$15,492,000	\$11,615,000	\$19,065,000	\$0	\$19,065,000
State	15,492,000	11,415,000	18,865,000	0	18,865,000
Federal	0	0	0	0	0
Other	0	200,000	200,000	0	200,000
472 Interstate Construction					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
Payroll	0	0	0	0	0
Operational	161,753,000	178,022,200	156,601,100	0	156,601,100
Reallocated	4,934,300	5,377,800	4,698,900	0	4,698,900
Total	\$166,687,300	\$183,400,000	\$161,300,000	\$0	\$161,300,000
State	15,001,900	18,200,000	16,000,000	0	16,000,000
Federal	148,351,700	163,700,000	143,800,000	0	143,800,000
Other	3,333,700	1,500,000	1,500,000	0	1,500,000

475 Forest Highways

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	621,200	610,700	756,900	0	756,900
Reallocated	151,700	289,300	143,100	0	143,100
Total	\$772,900	\$900,000	\$900,000	\$0	\$900,000
State	154,600	200,000	200,000	0	200,000
Federal	618,300	700,000	700,000	0	700,000
Other	0	0	0	0	0

478 Local Interstate Connectors

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	7,319,900	3,949,200	16,072,400	0	16,072,400
Reallocated	396,300	200,800	377,600	0	377,600
Total	\$7,716,200	\$4,150,000	\$16,450,000	\$0	\$16,450,000
State	3,858,100	2,075,000	8,225,000	0	8,225,000
Federal	0	0	0	0	0
Other	3,858,100	2,075,000	8,225,000	0	8,225,000

480 State Highway Construction

Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	558,206,600	903,479,600	769,386,600	0	769,386,600
Reallocated	34,656,500	40,978,400	32,946,400	0	32,946,400
Total	\$592,863,100	\$944,458,000	\$802,333,000	\$0	\$802,333,000
State	266,788,400	277,558,000	197,983,000	0	197,983,000
Federal	308,288,800	650,500,000	591,800,000	0	591,800,000
Other	17,785,900	16,400,000	12,550,000	0	12,550,000

	<u>Actual 2004-2005</u>	<u>Estimated 2005-2006</u>	<u>Base 2006-2007</u>	<u>Improvement 2006-2007</u>	<u>Recommended 2006-2007</u>
481 Capital Improvements					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	4,254,800	6,908,400	6,996,600	0	6,996,600
Reallocated	19,500	191,600	18,400	0	18,400
Total	\$4,274,300	\$7,100,000	\$7,015,000	\$0	\$7,015,000
State	4,274,300	7,100,000	7,015,000	0	7,015,000
Federal	0	0	0	0	0
Other	0	0	0	0	0
488 Bridge Replacement					
Full-Time	0	0	0	0	0
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	0	0	0	0	0
Payroll	0	0	0	0	0
Operational	101,711,400	104,364,000	57,296,300	0	57,296,300
Reallocated	20,642,700	20,536,000	19,603,700	0	19,603,700
Total	\$122,354,100	\$124,900,000	\$76,900,000	\$0	\$76,900,000
State	15,906,000	13,000,000	6,700,000	0	6,700,000
Federal	97,883,300	106,700,000	67,000,000	0	67,000,000
Other	8,564,800	5,200,000	3,200,000	0	3,200,000
400 Department Total					
Full-Time	4,918	4,944	4,944	0	4,944
Part-Time	0	0	0	0	0
Seasonal	0	0	0	0	0
Total	4,918	4,944	4,944	0	4,944
Payroll	202,299,500	220,626,500	226,267,200	0	226,267,200
Operational	1,206,646,100	1,637,987,500	1,494,590,800	0	1,494,590,800
Reallocated	0	0	0	0	0
Total	\$1,408,945,600	\$1,858,614,000	\$1,720,858,000	\$0	\$1,720,858,000
State	775,469,200	820,900,000	764,900,000	0	764,900,000
Federal	591,620,900	996,332,000	904,029,000	0	904,029,000
Other	41,855,500	41,382,000	51,929,000	0	51,929,000

Glossary and Index

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Glossary of Budget Terms

A

Access Fees - Fees charged upon entry to various state parks to be used for operations and maintenance of the state parks system.

Accrual Basis of Accounting - Records revenues in the period in which they are earned and become measurable; expenses are recorded in the period incurred, if measurable.

Agency - Any department, commission, board, authority, government-owned corporation, or other independent governmental entity.

Allotment - Funds established for agency expenditure, in accordance with the appropriations made by the General Assembly.

Allotment Code - The five-digit number used to designate a program or programs for budgeting and accounting purposes.

Appropriation - The amount authorized by the General Assembly to be allocated from a fund to an allotment code. Also, in the context of funding type, the general state revenue allocated to an allotment code by the General Assembly.

Appropriations Bill - Annual legislation authorizing the allocation and expenditure of funds for a two-year period: the year of bill passage and the subsequent year. The bill also sets policies, assigns certain responsibilities, and at times specifies legislative intent on certain issues.

Authorized Positions - The maximum number of positions an agency may

establish at any given time; authorized positions must receive legislative approval by legislation, by expansion, or by inclusion in the Governor's recommended budget document.

B

Balanced Budget - A budget in which the expenditures incurred during a given period are matched by revenues.

Base Budget - The estimated expenditures and associated revenues or appropriation necessary to maintain the current level of service or activity.

BEP - The Basic Education Program is the formula that determines the funding level each school system needs in order to provide a basic level of service for all students.

BHO - Behavioral Health Organizations are responsible for managing the behavioral and substance abuse services for the TennCare program.

Bollard - One of a series of short posts used for diverting or excluding motor vehicles from an area.

Brian A. - A settlement agreement, signed in July 2001, which requires a four and one-half year reform of child welfare services provided by the Department of Children's Services.

Glossary of Budget Terms

Budget Request - The annual spending and revenue plan submitted by each agency for review by the Department of Finance and Administration, the State Comptroller, and the Fiscal Review Committee.

C

Capital Budget - The portion of the budget devoted to proposed additions or maintenance to capital assets and the means of financing those additions.

Capital Maintenance - Major non-routine repairs and replacements unrelated to new construction. Improvements of this type have a cost of \$100,000 or more.

Capital Outlay - Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings, and equipment related to construction).

Capital Projects Fund - The fund used to account for financial resources related to the acquisition, construction, or maintenance of major capital facilities.

Clean Air and Water Acts - Federal laws designed to restore and maintain the nation's air and water supply.

Component Unit - Entities for which the state is considered financially accountable.

ConnecTen - A Department of Education initiative to provide Internet access to all public schools in Tennessee.

Current Services Revenue - Program funds generated by a specific activity to support that activity. This includes fees and assessments, gifts, and interest from reserves or endowments (e.g., licenses, permit and certificate fees, inspection fees).

D

Debt Rating - A measure of a governmental entities ability to pay debt on bonds, etc.

Debt Service - Expenses for principal, interest, and discounts on bonds and other types of borrowed money.

Debt Service Fund - Funds used to retire bonds in an orderly process over the bonds life. Each year, the state sets aside a sum of money equal to a certain percentage of the total bond issue.

E

Earmarked Revenue - Funds that are legislatively limited in how they can be expended.

eCMATS - The Case Management Activity Tracking System is utilized by Labor and Workforce Development to track contacts between the agency and its customers.

Econometric Model - A quantitative forecasting method used to project revenues based on historical data and growth estimates for the economy.

Education Trust Fund - The fund into which all revenues earmarked and allocated exclusively for educational purposes are deposited.

EEO - Equal employment opportunity is a series of policies and procedures enacted by Department of Personnel to comply with federal laws governing fair employment practices as provided in the Equal Employment Opportunity Act.

Glossary of Budget Terms

EMS - Emergency medical services provide pre-hospital emergency medical care and medical transportation systems, primarily ambulatory services.

Encumbrance - Commitments related to unexecuted contracts for goods and services issues by the Division of Purchasing, Department of General Services.

Environmental Protection Fund (EPF) - A fund administered by the Department of Environment and Conservation whose purpose is to improve performance in permitting, monitoring, investigation, enforcement, and administration of the department's function under each regulatory program.

eTOMIS - A windows based version of TOMIS.

F

Facilities Revolving Fund - A self-perpetuating fund for the maintenance and renovation of state-owned buildings and the leasing of office space.

Families First - This program, administered by the Department of Human Services, replaces Aid to Families with Dependant Children (AFDC) and provides time-limited cash grants, education, job training, child care, employment assistance, and transitional benefits to poor or low income Tennesseans in order to reduce or eliminate welfare dependency.

FDIC - The Federal Deposit Insurance Corporation insures bank deposits up to \$100,000.

Federal Funds - Funds received from federal government agencies for the support of programs at state and local levels.

Federal funds are received by way of block grants, entitlement programs, and specific grants.

Federal Mandates - A provision of federal law or regulation which requires state government implementation. This includes the creation of new programs, changes in existing programs, and increases in state financial participation in jointly funded federal programs.

Fiscal Year - A 12-month accounting period; in Tennessee, July 1 through June 30.

Full-time Equivalent (FTE) Enrollment - A standard measure of student enrollment designed to equate part-time students to full-time students on the basis of total hours of course work for which they are registered.

Fund - A repository of money set aside for a specific purpose.

Fund Balance - Excess of the assets of a fund over its liabilities and reserves.

G

Gateway Tests - Tests for Algebra I, Biology, and English II required for high school graduation beginning in the 2001-2002 school year.

Geier Desegregation Settlement - In January 2001, a settlement agreement in the Geier higher education desegregation lawsuit was approved by the U.S. District Court in Nashville. Implementation of the agreement will result in the final resolution of the lawsuit that was filed in 1968.

General Fund - The fund maintained by the Treasurer into which revenues collected by the state, other than highway taxes, are

Glossary of Budget Terms

deposited for appropriation by the General Assembly to support the operation of state agencies.

Geographic Information System (GIS) - A computer-based system for managing spatial data and mapping applications. Spatial data includes roads, elevation data, streams and lakes, imagery, and parcel boundaries.

Guardian ad Litem - Program in which attorneys are appointed as guardians for dependent, neglected and abused children.

Governmental Accountability Act – Law enacted by the Public Acts of 2002, which requires the phase-in of strategic planning and performance based budgeting.

H

Highway Fund - The fund maintained by the Treasurer into which certain revenues collected by the state are deposited for appropriation by the General Assembly to the Department of Transportation. Revenues generated mostly from petroleum-related taxes comprise the Highway Fund.

HMO - Health Maintenance Organizations arrange basic health services to enrollees based on a prepaid basis. The TennCare Oversight program in Commerce and Insurance reconciles claims submitted by HMOs.

HUD - The federal Housing and Urban Development Agency provides income eligible individuals with resources to assist with their housing needs.

I

IGT - An intergovernmental transfer; specifically, revenue collected as state revenue from a city or county government.

Improvements - Increases in departmental budgets needed to implement mandated requirements, compensate for revenue reductions, initiate new programs, or enhance the base level.

Interdepartmental Revenue - Revenue received by one entity of state government from another entity of state government. These funds are received as reimbursement of shared costs, as a grant, or as some other inter-agency agreement.

L

LSTA - The federal Library Services and Technology Act provides for the sharing of resources among libraries to promote equal delivery of library services to the public.

LEA - Local education agencies, which are defined as any county, city, or special school district, unified school district, school district of any metropolitan form of government, or any other school system established by law.

Liability - An obligation that legally binds the state to settle a debt.

M

MCO - Managed Care Organizations are responsible for managing the distribution of medical services for the TennCare program.

Glossary of Budget Terms

Meth or Methamphetamine - A powerfully addictive stimulant that affects the central nervous system. Illegal methamphetamine is manufactured using certain common household products and medicine. The final product typically is consumed and distributed in the form of white powder that can be ingested by snorting or smoking, or dissolved in water to be injected. Recidivism rates are high in meth cases; as many as 90% of meth addicts will return to the drug versus much lower rates for other substances. Potential effects of methamphetamine use include psychotic behavior and brain damage. Chronic use can lead to violent behavior, delusions and paranoia. Brain damage caused by prolonged methamphetamine abuse is similar to the effects of Alzheimer's disease, stroke, and epilepsy. (Governor's Task Force on Methamphetamine Abuse, Final Report, September 1, 2004.)

Modified Accrual Basis of Accounting - Recognizes revenues in the period in which they become available and measurable; revenues are considered available when they will be collected either during the current period or soon enough after the end of the period to pay current year liabilities.

N

NAIS - The National Animal Identification System will register all premises involved with livestock production, and track each animal as it enters into interstate commerce.

NAIC - The National Association of Insurance Commissioners provides policy development and technical support to state insurance regulators.

NCUA - The National Credit Union Administration charters and supervises federal credit unions, and insures Tennessee's state-chartered credit union deposits up to \$100,000.

Ned McWherter Scholars Program - In-state scholarships offered to academically outstanding Tennessee high school students, to encourage them to attend college in Tennessee.

Non-Recurring Funds - Funds that are appropriated to be used for a one-time expense.

O

OBE - The Office of Business Enterprise, within the Department of Economic and Community Development, provides assistance to disadvantaged businesses to foster equal competition among businesses.

Operating Budget - That money which is necessary to maintain a program, excluding the cost of capital construction.

Other Revenue - A collection of funding sources, excluding state appropriations and federal funds. These funding sources are generally from local governments, current services, and interdepartmental activities.

Overappropriation - The anticipated savings resulting from position vacancies and other unexpended funds.

Overlaps - Term used when an appointing authority places more than one incumbent in a single position in an overlap status. This is subject to budgetary limits as well as approval of the Commissioner of Personnel.

Glossary of Budget Terms

P

Performance-Based Budgeting - Process to identify objectives, activities, and performance indicators for each budget unit. This process is being phased in, with all agencies included by FY 2012.

Performance Measure - A quantitative or qualitative indicator that is used to assess performance.

Performance Standard - A desired level of performance of a program, measured by outcome or output.

PLHSO - Prepaid Limited Health Service Organizations arrange limited health care services, such as vision or dental services, for enrollees on a prepaid basis. The TennCare Oversight program in Commerce and Insurance reconciles claims submitted by Prepaid Limited Health Service Organizations.

Program - Any of the major activities of an agency expressed as a primary function.

R

Rainy Day Fund - A fund established to ensure stability in the event of an extended economic downturn (also referred to as the Revenue Fluctuation Reserve Fund).

RDA - The Records Disposition Authority is the primary record management agency for state government and directs the disposition of all records including electronic processed records and computer output microfilm records.

Reappropriation - The extension of the termination date for the availability of appropriated money.

Reclassification - A change in the duties and responsibilities of a state employee's job.

Recommended Funds - The funds proposed by the Governor for legislative approval, including the base budget and improvements.

Recurring Funds - Funds that are appropriated on an ongoing basis.

Reserve Funds - Funds held for future needs or a special purpose.

Reversion - The return of the unused portion of an appropriation to the fund from which the appropriation was made.

Revolving Fund - A fund provided to carry out a cycle of operations. The amounts expended from a fund of this type are restored by earnings from operations or by transfer from other funds. Thus, the fund is always intact in the form of cash, receivables, inventory, or other assets.

S

Second Injury Fund - A fund providing money for judgements against the State of Tennessee and for legal costs awarded by the state in order to encourage employers to hire workers with prior injuries or disabilities.

Section 8 - A federally funded rental subsidy program offered through the Tennessee Housing Development Agency for individuals and families with very low income.

Sinking Fund - See **Debt Service Fund**.

Special Schools - Schools operated by the state Department of Education to provide educational opportunities in residential

Glossary of Budget Terms

settings for legally blind, deaf, and multi-disabled children ages preschool to 21, and to provide a model rural high school.

State Taxpayers Budget - The section of the budget that includes only state appropriations and state revenues from general tax sources. The State Taxpayers Budget section excludes appropriations from dedicated taxes and fees which are narrowly levied and earmarked for specific purposes, federal revenues, and all other departmental revenues.

Supervision Fees - Fees collected from felons under the supervision of the Board of Probation and Parole, used to defray the costs of supervision and rehabilitation.

Supplemental Appropriation - Additional appropriations to the original allotment authorized by the General Assembly after the beginning of the fiscal year.

T

TANF - Temporary Assistance for Needy Families is a federal program administered by the Department of Human Services and provides cash grants for families with financial need and dependent children deprived of support or care.

Taxpayers Budget - See **State Taxpayers Budget**.

TCAP - The Tennessee Comprehensive Assessment Program is used to assess academic progress of Tennessee students at specified points in their academic career.

Three-Star Program - Comprehensive plan developed and administered by the Department of Economic and Community Development to assist local communities in their development efforts.

TLDA - The Tennessee Local Development Authority is given the responsibility of issuing bonds and notes to provide funds to local governments and certain other entities for projects related to economic development and specific environmental and public health concerns.

TMDL - The total maximum daily load is a calculation of the maximum amount of a pollutant that a body of water can receive while still meeting federal water quality standards.

TNKids - Internet initiative to coordinate data from various state departments dealing with children and youth.

TOMIS - The Tennessee Online Management Information System is a Correction Department database of information on convicted felons.

TOPS - The Tennessee On-line Purchasing System is an automated purchasing system used by state departments.

TPA - Third Party Administrators contract with life and health insurance companies to collect premiums and adjust or settle claims relative to Tennessee resident's insurance coverage. The TennCare Oversight program in Commerce and Insurance reconciles claims submitted by Trading Partner Agreements.

TRICOR - The Tennessee Rehabilitative Initiative in Correction administers the prison industry and farm program.

TRUST - The Title and Registration User System of Tennessee automates title processing between county clerks, the general public, and the Department of Safety.

Glossary of Budget Terms

U

USDOE - The U.S. Department of Energy is a federal agency charged with oversight of the distribution of funds for various energy-related initiatives.

W

West Tennessee River Basin Authority - Preserves the natural flow and function of the Hatchie, Obion, and Forked Deer river basins.

Workers' Compensation Reform Act - Legislation that revised the state workers' compensation program.

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State of Tennessee

The Budget

Fiscal Year 2006 - 2007

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