

TENNESSEE STATE BUDGET PRIMER: NOTES ABOUT OUR METHODS

These notes are a companion piece to the Sycamore Institute's [Tennessee State Budget Primer](#) and are not an exhaustive listing of our methods. The Primer includes explanations of general methods and data sources. These notes provide a more detailed explanation of specific categories and analyses used in the Primer - particularly where they may differ from the Budget document.

About "State Taxes" vs. "State Appropriation"

In the *Primer*, we often categorize revenue sources by state taxes, federal funding, and all other revenues where we are able. The Budget, however, categorizes them as state appropriation, federal, current services, tuition, and student fees. **State taxes are a subset of state appropriation.** We use the state tax number where we can when the information is available to do so because we feel it is more meaningful to policymakers and taxpayers.

- The Budget distinguishes between the following funding sources:
 - State Appropriation - includes state revenues *and* reserves (i.e. prior year balances and reversions); includes taxes, licenses, and fees
 - Federal Funding - includes funds from the federal government
 - Current Services and Other Revenue - includes revenues collected directly by a department (including payments from one department to another)
 - Tuition and Student Fees - includes collections by state universities
 - Bonds - includes borrowed funds for transportation and capital costs
- The Budget document uses these categories throughout from top-line numbers all the way down to program-level activities.
- The *Tennessee State Budget Primer* categorizes these funding sources using the following terms:
 - State Revenues/State Dollars - aligns with the state appropriation amounts from the Budget
 - Federal Funding/Federal Dollars - aligns with federal amounts from the Budget
 - All Other Revenues - includes current service and other revenue, tuition and student fees, and bonds
- **Whenever the term "state's own dollars" is used in the *Primer*, it is referring to the Budget's appropriations number.**

About Spending Categories

The list below includes the expenditure categories used in the *Primer* followed by the specific departments and agencies listed in the Budget document that are included in each category throughout the *Primer*.

- **Education:** K-12 Education, Higher Education
- **General Government:** Legislature, Fiscal Review Committee, Secretary of State, Comptroller, Treasury, Claims & Compensation, Executive Department, Alcoholic Beverage Commission, TN Human Rights Commission, TN Regulatory Authority, TN Advisory Commission on Intergovernmental Relations (TACIR), Finance & Administration, Human Resources, General Services, Veterans Services, Department of Revenue, Miscellaneous Appropriations, Emergency & Contingency Fund, State Building Commission, Debt Service Requirements, Capital Outlay Program, Facilities Revolving Fund,
 - The Budget allocates the Miscellaneous Appropriation and Capital Outlay Programs to the appropriate programmatic area. These allocation amounts, however, are not available to distribute in our analysis.
- **Health & Social Services:** TN Commission on Children & Youth, TN Commission on Aging & Disability, TN Health Services & Development Agency/Health Facilities Commission, TN Council on Developmental Disabilities, TennCare, Department of Mental Health & Substance Abuse Services, Department of Health,

Department of Intellectual & Developmental Disabilities, Department of Human Services, Strategic Healthcare Programs, Department of Children's Services

- **Law, Safety, & Corrections:** Court System, Attorney General & Reporter, District Attorney Generals, District Public Defenders, Post-Conviction Defender, TN Corrections Institute, TRICOR, Board of Parole, Department of Correction, Military, Tennessee Bureau of Investigation, Department of Safety
- **Transportation, Tourism, & Economic Development:** Tennessee Housing Development Agency, Department of Agriculture, Tourist Development, Economic and Community Development, Employment Security, Department of Transportation
- **Taxes Shared with Cities & Counties:** State Taxes to Cities & Counties

About State Tax Revenue Categories

The list below includes the state tax revenue category used in the *Primer* followed by the specific taxes listed in the Budget document that are included in each category throughout the *Primer*.

- **Sales Taxes:** Sales and Use Tax
- **Corporate Taxes:** Franchise Tax, Excise Tax
- **Gas, Fuel, & Motor Vehicle Taxes and Fees:** Gasoline Tax, Motor Fuel Tax, Gasoline Inspection Tax, Motor Vehicle Registration Tax, Motor Vehicle Title Fees
- **Selective Sales and Gross Receipts Taxes:** Gross Receipts Tax - TVA, Gross Receipts Tax - Other, Beer Tax, Alcoholic Beverage Tax, Tobacco Tax, Mixed Drink Tax, Coin-Operated Amusement Tax
- **Individual Income Tax:** Hall Income Tax
- **Other Taxes:** Privilege Tax, Inheritance and Estate Tax, Business Tax, Severance Tax, Unauthorized Substance Tax, Other State Tax Revenue (e.g. taxes collected by specific departments)

About Revenue Estimation Analysis

- As a matter of background, revenues are re-estimated by the executive branch several times:
 - Recommended: An estimate of revenues for the recommended Budget (i.e. the recommended column in the Budget)
 - Enacted: A re-estimate of revenues at the time of the appropriations bill is passed by the legislature
 - Budgeted: Official July 1 revenue estimate by the Department of Finance & Administration. This is the budgeted amount on the F&A monthly revenue collections reports.
 - Estimated: Mid-year revenue re-estimate. This is the middle, current year estimated column in the Budget document.
 - Final/Actual: A final estimate of actual collections on an accrual basis. This is included as the actual, prior year column in the Budget document.
- Notes about the revenue estimation display on page 14 of the *Primer*:
 - The actual amount for FY 2018 is from the July 2018 monthly collection report published by the Department of Finance & Administration. All other years are from the actual column of the Budget document.
 - The data used to create the display includes only Department of Revenue collections because those are the collections included on the monthly collections reports.
 - The year-to-date information on each July collections report represents the full fiscal year as collections are recorded on an accrual basis - that is, collections in July reflect economic activity that occurred in June.

About Rainy Day Fund Analysis

The calculation of the number of days that the state government could operate is based on total FY General/Education Fund funding from state appropriations divided by 365 for a daily state funding amount. The combined projected balance of the Reserve for Revenue Fluctuations and the TennCare Reserve for each fiscal year was divided by this number to arrive at the number of days the state government could operate on these balances alone.

To access the full Tennessee State Budget Primer, visit our website.

SycamoreInstituteTN.org/TN-Budget/Primer/