

HOW STATE POLICY SHAPES LOCAL GOVERNANCE IN TENNESSEE



THE SYCAMORE INSTITUTE

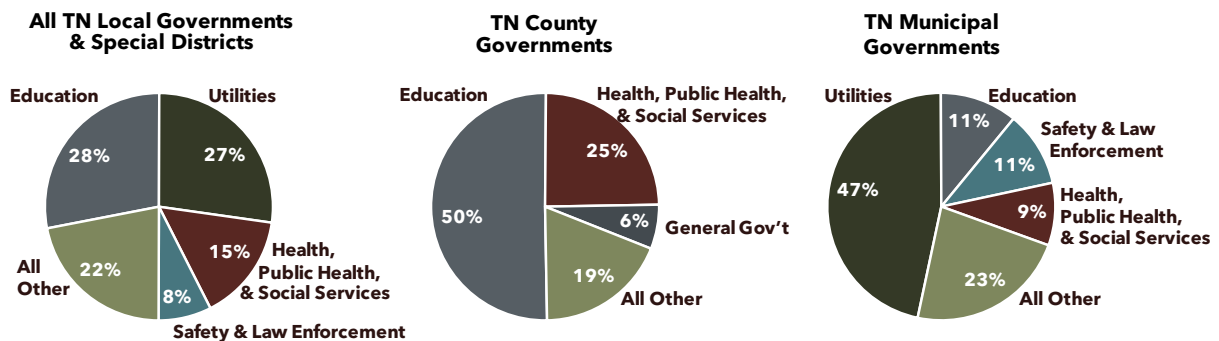
Public policy at every level affects the opportunities and environments that influence Tennesseans' health and prosperity. This report discusses the role of local governments in Tennessee and some of the ways state-level policy shapes their decisions. It is the first of many reports that will explore different aspects of the relationship between state and local government in Tennessee.

KEY TAKEAWAYS

- County and municipal governments operate much of the public infrastructure that most directly affects Tennesseans' daily lives, health, and prosperity.
- From a legal standpoint, local governments are an extension of the state government. As a result, state policy shapes the options, decisions, and priorities of Tennessee's local governments. For example:
 - State law creates the framework for what local governments do and how.
 - State law limits how local governments can raise money.
 - About one-fifth of local government funding comes directly from the state.
 - State policy can indirectly shape local governments' opportunities and challenges.
 - The state monitors local governments' finances.
- Tennessee has 95 counties, over 300 municipalities, and more than 400 special districts authorized by the state to raise revenue and/or provide services.

Figure 1. Tennessee Local Governments' Largest Expenses Are Education, Utilities, Health, and Public Safety

Total Tennessee Local Government Expenditures by Program/Service Area (FY 2017)



Note: Represents aggregate spending across all relevant government entities in Tennessee. The state's three consolidated governments are counted as municipal governments. See the **Appendix** for more information on definitions, methodology, limitations, and considerations.

Source: The Sycamore Institute's analysis of data from the U.S. Census Bureau via the Government Finance Database (1)

Local Policy Affects Health and Prosperity

Local governments operate much of the public infrastructure that most directly affects Tennesseans’ daily lives, health, and prosperity. The programs, services, and policies of counties, municipalities, and other local entities play a role in whether or not people and communities thrive. For example, local governments in Tennessee spent nearly 80% of their FY 2017 budgets to educate children, provide utilities like water and electricity, and look after residents’ health and safety (**Figure 1**). (1) The remaining funds go to things like road construction and maintenance, parks and playgrounds, libraries, and protecting natural resources.

5 Ways State Policy Shapes Local Governance in Tennessee

From a legal standpoint, local governments are an extension of the state government. In fact, with few exceptions, local governments only have the powers given to them by state governments – a concept known as “Dillon’s Rule” that the U.S. and state supreme courts have upheld multiple times. (2) (3) (4)

As a result, state policy shapes the options, decisions, and priorities of Tennessee’s local governments. Our urban, suburban, and rural areas face many of the same issues but have unique local contexts. Here are five ways state policy can affect the ability of local governments to tackle challenges and exploit opportunities.

1. State law creates the framework for what local governments do and how.

State law specifies how locals govern themselves and the types of services they provide. For example, Tennessee code explicitly defines the services that county governments must and may provide (**Table 1**). (5) State law also establishes the rules for creating a city charter, the document that spells out a municipal government’s specific functions and services. Except for in 14 cities with home rule, amending a charter requires the state legislature’s approval. (6)

The state can also prevent local governments from adopting certain policies. For example, state law restricts locals from broadly regulating tobacco use, firearms, or disposable food containers (e.g. plastic bags, cups). (7) (8) (9) Any exemptions from these types of restrictions require a new state law.

Table 1. Tennessee State Law Mandates the Services County Governments Offer

Examples of Required County Services	Examples of Optional County Services
Education	Ambulance
Courts	Animal Control
Law Enforcement	Mass Transit
Jail	Fire Protection
Roads and Bridges	Recreation
Medical Examiner	Water System

Source: University of Tennessee County Technical Assistance Service (5)

2. State law limits how local governments can raise money.

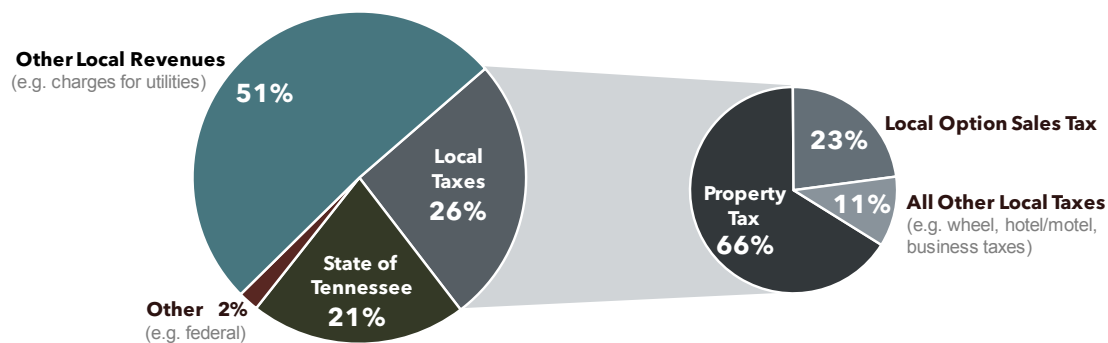
Tennessee gives local governments the authority to collect revenue, but only in specific ways.

Our state constitution gives the General Assembly the power to create and define the revenue levers available to county and municipal governments. (12)

Property taxes and local sales taxes are the largest of these local revenue sources. In FY 2017, for example, about 66% of all local government and special districts' own tax revenues came from property taxes and 23% came from the local option sales tax (**Figure 2**). (1)

Figure 2. Property Taxes Are the Largest Source of Local Tax Revenue in Tennessee

Total Tennessee Local Government & Special District Revenues by Type (FY 2017)



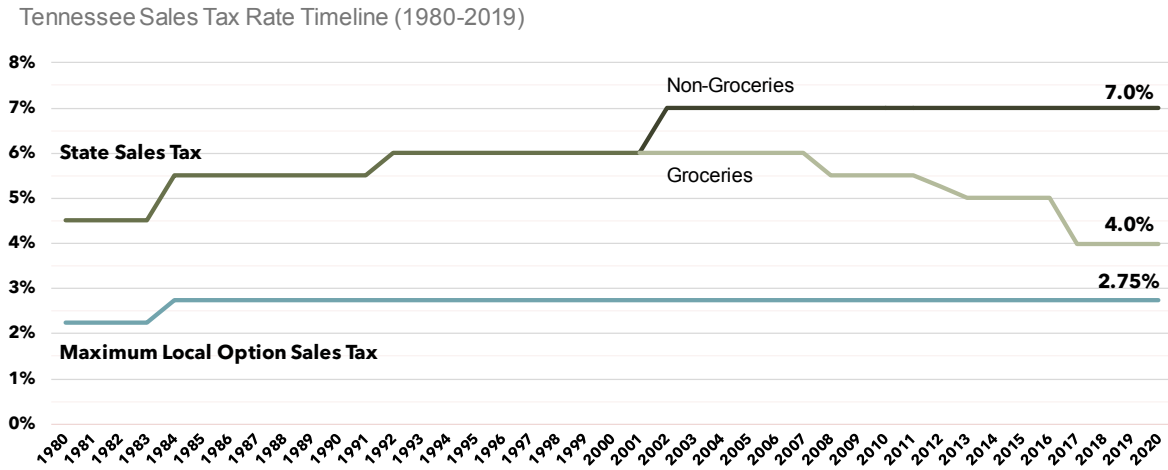
Note: Represents aggregate revenues across all local government entities (i.e. county, municipal, and special districts). See the **Appendix** for more information on definitions, methodology, limitations, and considerations. Source: The Sycamore Institute's analysis of data from the U.S. Census Bureau via the Government Finance Database (1)

Property Tax – The state constitution lays out broad parameters for how local governments can tax property. While there are no limits on property tax rates or amounts, local governments do have to follow certain rules to administer the tax. For example, the state constitution dictates that property taxes apply to 40% of the value of industrial and commercial properties and 25% of the value of residential and farm properties. (12)

Sales Tax – State law allows local governments to levy their own sales tax of up to 2.75% on top of the state's 4% tax on food and 7% tax on other items (**Figure 3**). The current maximum local sales tax rate took effect in 1984. (13) As of July 1, 2019, 50 counties levied the maximum 2.75%, as did another 31 municipalities in counties with lower rates. (14)

Tennessee also sets other parameters for local sales tax. For example, state law defines what items are taxed (i.e. the sales tax base) and any exemptions. (15) Local sales taxes only apply to the first \$1,600 of any single item, and local voters must approve local rate increases. (16) (17)

Figure 3. Tennessee Caps the Local Sales Tax Rate at 2.75%



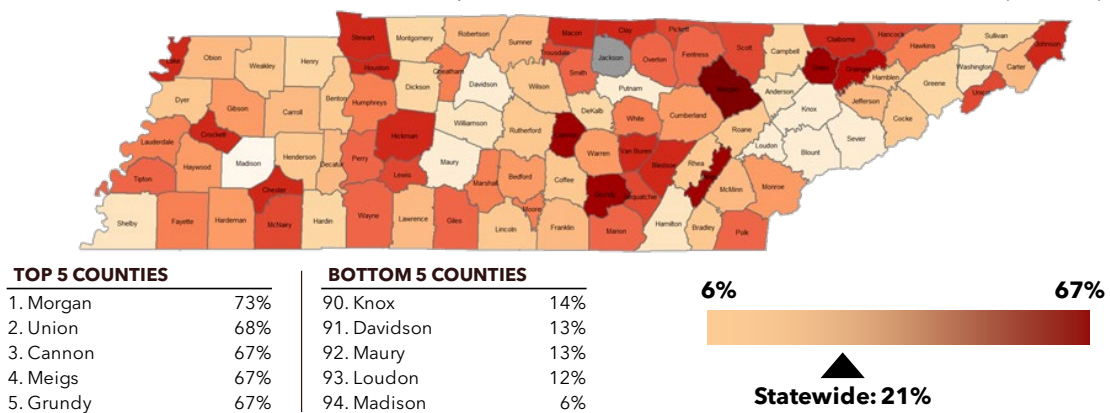
Source: Tennessee Advisory Commission on Intergovernmental Affairs (13)

3. About one-fifth of local government funding comes directly from the state.

Revenues provided by the state account for a significant portion of local government budgets in Tennessee. These revenues include both categorical aid and state tax collections shared with cities and counties. In total, Tennessee’s local governments and special districts got about 21% of their combined revenues from the state in FY 2017. Within each county, state funding to all local government and special districts combined ranged from 6% of total revenues in Madison County to 67% in Grundy (Figure 4). (1)

Figure 4. One-Fifth of Local Government Revenues in Tennessee Come from the State

Percent of Tennessee Local Government & Special District Revenues from the State of Tennessee (FY 2017)



Note: Includes both categorical aid and state-shared taxes received by all relevant government entities within each TN county (i.e. county, municipal, and special districts). See the **Appendix** for more information on definitions, methodology, limitations, and considerations.

The Sycamore Institute’s analysis of data from the U.S. Census Bureau via the Government Finance Database (1)

State Aid

State categorical aid includes grants, contracts, and reimbursements targeted for specific purposes. Local governments receive state categorical aid for things like education, public health, and [housing state prisoners in local jails](#). In FY 2018, the state distributed \$4.9 billion for local K-12 education, which accounted for 48% of education spending by Tennessee’s 136 local school districts. (10)

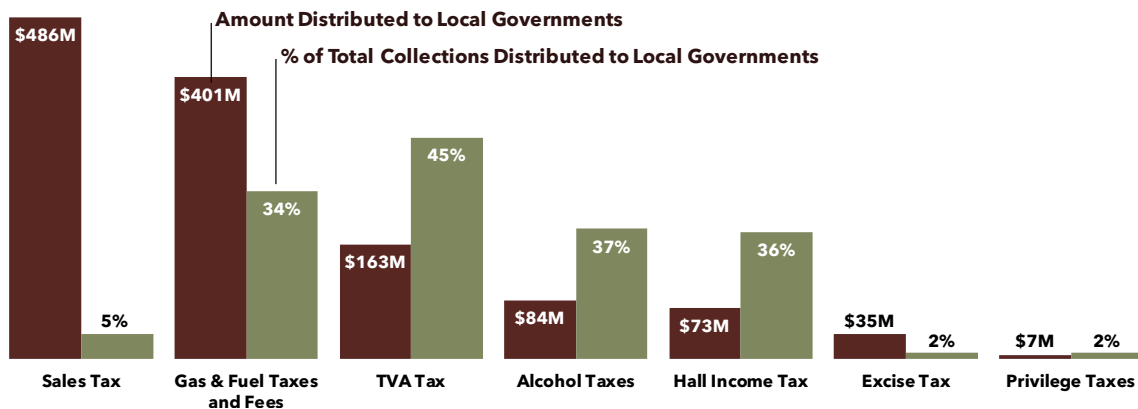
State-Shared Taxes

Tennessee shares a portion of many state taxes with local governments. In FY 2019, the state shared over \$1.2 billion (or 8%) of its tax collections with local governments. The largest were \$486 million of state sales tax collections and \$401 million in gas and fuel taxes (**Figure 5**). (11)

Each individual tax is divvied up among local governments in different ways. For example, of the state’s \$0.26/gallon gas tax, about 62% goes to the state budget, while 25% goes to counties and 13% to cities for road construction and maintenance. Each city or town’s share of that money depends on its population. Counties split half of their allocation equally, while the state distributes the other half based on each county’s population and land area. (11) The state laws that create each tax spell out the distribution of its revenues.

Figure 5. Sales Tax Is the Largest Source of Tennessee State Taxes Shared with Local Governments

State Tax Collections Shared with Local Governments by Tax Type (FY 2019)



Source: FY 2021 Tennessee State Budget (11)

4. State policy can indirectly shape local governments’ opportunities and challenges.

State policies not directly related to local government can still affect local policymakers’ priorities, opportunities, and challenges. Two examples:

- Criminal Justice:** The state decides criminal law, but state and local governments share the responsibility of housing people convicted of violating those laws. As incarceration rates have risen in recent years, Tennessee has increasingly [relied on local jails to house felony offenders](#) as a way to manage overcrowding in state facilities. While [the state reimburses local jails](#) for

housing these inmates, those funds may not fully cover every county's costs. Any shortfall or surplus could affect local budget priorities.

- **Economic Development:** The state's economic development spending in a community may help that area grow and prosper. Downstream effects like more workers, higher incomes, population growth, and increased property values may affect both the demand for local services and the resources available to fund those services. Locals may also decide to shift limited resources from other priorities to activities that bring in state funds.

State law requires local governments to maintain their spending in certain areas in order to receive state funds. "Maintenance of effort" rules require that local governments sustain their funding from one year to the next for education, law enforcement, roads and infrastructure, public libraries, and election commissions. Locals who don't meet these requirements risk losing state funds. (18) (19) (20) These requirements are meant to keep locals from cutting their own investments when state funding grows. They can also affect the incentives behind local government spending decisions.

5. The state monitors local governments' finances.

Tennessee's state government has broad authority to monitor local budgets. In fact, Tennessee has one of nation's most robust state systems for monitoring local finance, according to a 2016 analysis. (21) For example, the state's comptroller reviews local budgets and financial statements, conducts audits, and – in extraordinary circumstances – can dictate corrective actions to ensure local financial stability. (22) (23) (24) (25) (26) (27) (28) (29)

Local Governments in Tennessee

Tennessee has 95 counties, over 300 municipalities, and more than 400 special districts authorized by the state government to raise revenue and/or provide services. (1)

County Governments

Counties have been described as Tennessee's "default" level of government, providing at minimum a set of basic services to every resident. (30) About 40% of Tennesseans live in unincorporated areas that receive services from a county government only – ranging from 92% in Morgan County to zero in the state's three counties with consolidated governments (**Figure 6**). (31)

Municipal Governments

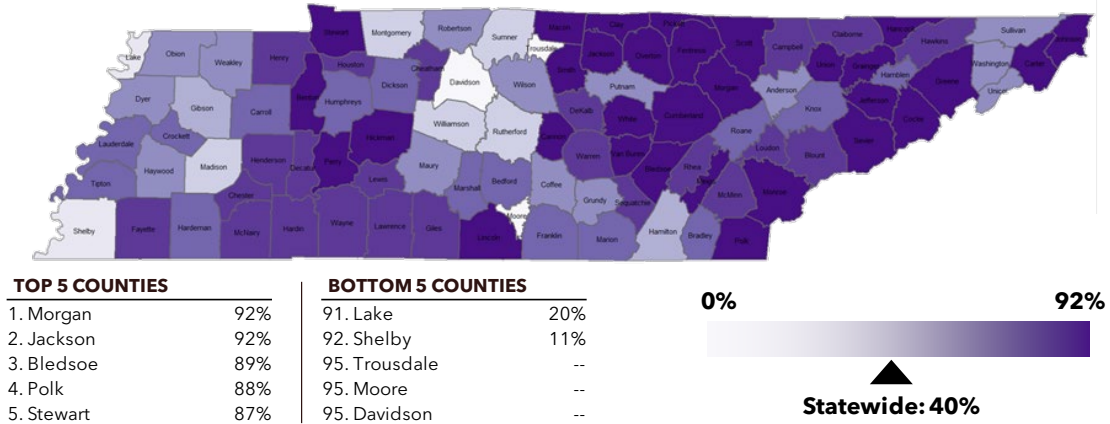
Tennessee's 345 municipal governments tailor services otherwise provided by the county for their citizens (Figure 7). Residents in part of a county may seek to form a municipality if they want more services than their county offers or believe they can deliver them more efficiently. Municipalities include both cities and towns, which have no legal difference in Tennessee.

Consolidated Governments

Tennessee has three consolidated governments that combine the roles of county and municipality. In Hartsville (Trousdale County), Lynchburg (Moore County), and Nashville (Davidson County), a single entity is responsible for all of the services that a county and municipal government would otherwise provide separately.

Figure 6. 40% of Tennesseans Live in Unincorporated Areas Where County Governments Provide All Local Services

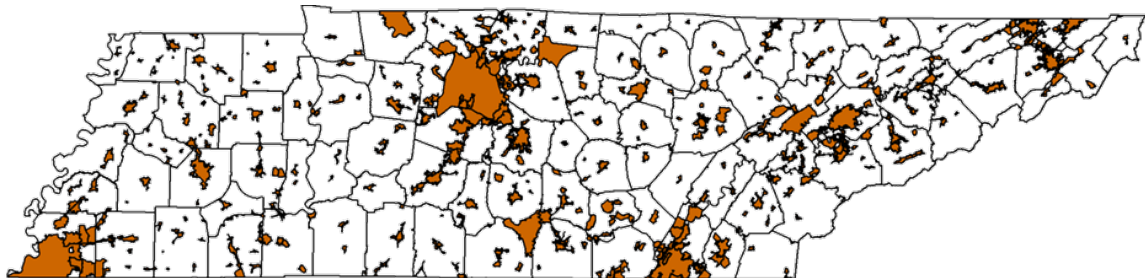
Percent of Tennessee Population Living in an Unincorporated Area by County (2018)



Source: U.S. Census Bureau (31)

Figure 7. Tennessee Has 345 Municipal Governments Spread Across All 95 Counties

Incorporated Municipalities in Tennessee (2020)



Source: U.S. Census Bureau (31)

School Districts

Either a county or municipal government controls most Tennessee school districts, but some are managed by independent local bodies. Of the state's 143 school districts (Figure 8): (10)

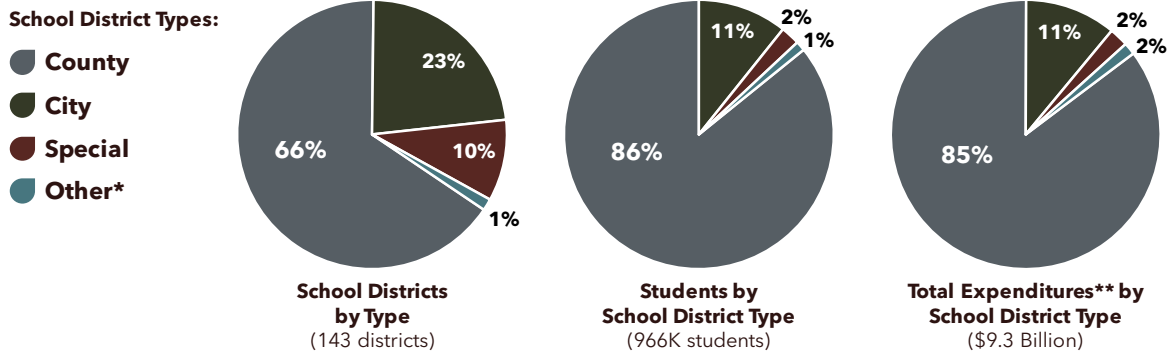
- County governments operate 94.
- Municipal governments run 33.
- Independent bodies govern 14 special school districts.
- The state manages two.

Special Districts

Tennessee has over 400 special districts authorized to provide specific publicly-funded services. In addition to the 14 school districts mentioned above, other limited-authority special districts govern services like airports, public housing, utilities, and railroads.

Figure 8. County Governments Manage Most K-12 Education in Tennessee

2017-2018 School Year Data by Tennessee School District Type



*Includes the State Board of Education and the Achievement School District.

**From state, local, and federal sources.

Source: Tennessee Department of Education 2018 Annual Statistical Report (10)

Parting Words

State policy has a significant role in shaping local decisions, policies, and programs. How locals respond to the accompanying opportunities and challenges meaningfully affects the health and prosperity of Tennesseans across the state.

Moving forward, Sycamore will take a deeper look at these relationships to provide additional tools for understanding the trade-offs of state and local policy options.

THE SYCAMORE INSTITUTE

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Methods Appendix

The Sycamore Institute analyzed financial data for local governments and special districts in all 95 Tennessee counties to provide a high-level understanding of local governments' expenditures and revenues. This appendix outlines our data source, key definitions, and considerations and limitations of our analysis.

Our Data Source

Sycamore's analysis used 2017 data from the U.S. Census Bureau's Census of Governments, which is conducted every five years. In the years between, the Census Bureau conducts an Annual Survey of State and Local Government Finances that samples a subset of local governments.

Key information about the data (32):

- Local governments included in the Census and Survey cover county governments, municipal governments, independent school districts, and special districts.
- The 2017 Census covers FY 2017 which runs July 1, 2016-June 30, 2017.
- The dataset controls for transactions within a local government entity and between local governments within a state so that transfers between agencies/local governments, for example, are not double-counted.
- The data for each local government includes any component units which may be reported separately in local governments' own financial statements (e.g. a public hospital that is a component unit of a county government).
- The data exclude public employee retirement systems.
- Consolidated governments are categorized as municipal governments.

We accessed the data from the Government Finance Database, which organizes and compiles the Census data across multiple years. (1)

Definitions and Methods

We categorized financial information about local governments' expenditures and revenues as listed in **Tables A1 and A2**. As noted in the brief, totals for these categorizations are aggregated across either all local government types within a county, all local government types across Tennessee, all county governments across Tennessee, or all municipal governments across Tennessee.

Consideration and Limitations

- **Governments in Multiple Counties:** The data assign all municipal governments and special districts to a single county – including those whose boundaries are in multiple counties.
- **Multiple Governing Authorities:** Because our analysis aggregates all entities – county government, municipal government(s), special school districts, and other special districts – within a county, each county total represents the aggregate financial situation associated with multiple independent governing bodies. This varies from as few as 2 entities in Moore County to as many as 23 in Gibson County.

- **Missing Data:** Jackson County was excluded from our calculations because the data did not include information for the Jackson County government.
- **Definition Consistency:** It is possible that various reporting entities may categorize similar expenses in different ways that this analysis is unable to account for. For example, one government may categorize staffing costs for a particular function within the relevant program area (e.g. for public health department as “Public Health and Welfare”) while another may categorize those same staffing costs as “Central Office.”
- **Comparability:** Our analysis does not provide an apples-to-apples comparison of a static set of services/revenues across counties. Each county provides its own unique set of services that it funds with its own unique set of revenues. We did not make any comparability adjustments to account for these differences. In some cases, however, these differences may have significant effects. For example, we included public hospitals, which are associated with a handful of local governments in Tennessee. Because these hospitals are often large enterprises that fundamentally operate like private, non-profit hospitals, their inclusion may obscure the picture of other county-level expenditures and revenues.
- **Effects of Large Counties:** Statewide county totals are aggregated across all counties. As a result, these totals may be skewed by the budgets of a handful of very large counties and may not be representative of all counties. For example, entities within Davidson County alone account for 15% of total expenditures across entities in all 95 counties.

Comparisons to Other Data Sources

To our knowledge, the only other source of uniform data across local Tennessee governments is available from the Comptroller’s Transparency and Accountability in Government (TAG) system. The TAG system reports detailed, standardized data for 90 county governments and overarching totals for the five remaining counties. (33) The TAG system data do not cover municipal governments or special districts.

The key difference between the two data sources is that the Census data includes revenues and expenses for county governments not counted in the TAG system data. The Census data are generally all-inclusive of the activities of a county government – including activities that county governments categorize as component units, business-like activities, and special funds.

In contrast, the TAG system includes only data for the activities that each county government categorizes as primary government and education department. This provides some level of comparability across core government functions. However, in some cases, similar activities may be included in one county’s TAG data but not another’s because of how the counties account for these activities (e.g. as a component unit or through the use of a separate account). For example, Shelby County’s Corrections Center is funded from a dedicated fund largely made up of reimbursements from the state for housing state prisoners and excluded from Shelby County’s TAG system total. (34) For many counties, these same reimbursements are considered primary government funds and included in the TAG data.

Table A1. Categorizations and Definitions for Expenditure Analysis

Agriculture & Natural Resources			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Federal Farm Income Relief	*53	Federal Government programs to stabilize, support, and protect farm income and prices through commodity loans, purchases, payments, production limits, and crop insurance.	Natural_Res_Total_Exp
Federal Farm Credits	*51	Federal Government programs for providing direct loans and loan guarantees to farmers, for the construction and operation of rural electric power and telephone systems, and for the regulation and examination of financial institutions constituting the Farm Credit System.	
Other Natural Resource Costs	*59	Expenditures related to water resources, mineral resources, agriculture, and the regulation of industries which develop, utilize, or affect natural resources, as well as the regulation of agricultural products and establishments. Includes conservation, promotion, and development activities related to agriculture and natural resources (soil, water, energy, minerals, etc.).	
Criminal Justice & Courts			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Correctional Institutions	*04	Residential institutions or facilities for the confinement, correction, and rehabilitation of convicted adults, or juveniles adjudicated, delinquent or in need of supervision, and for the detention of adults and juveniles charged with a crime and awaiting trial.	Correct_Total_Exp
Other Corrections	*05	Correctional activities other than Federal, state and local residential institutions or facilities, as described under Correctional Institutions. (e.g. probation offices, admin for correctional agencies)	
Judicial and Legal	*25	Courts (criminal and civil) and activities associated with courts, legal services, and legal counseling of indigent or other needy persons.	Judicial_Total_Exp

Table A1 (continued). Categorizations and Definitions for Expenditure Analysis

Education			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
K-12 Education	*12	The operation, maintenance, and construction of public schools and facilities for elementary and secondary education (kindergarten through high school), vocational-technical education, and other educational institutions except those for higher education. Covers operations by independent governments (school districts) as well as those operated as integral agencies of state, county, municipal, or township governments. Also covers financial support of public elementary and secondary schools.	Elem_Educ_Total_Exp
General Government			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Financial/Taxation Administration	*23	Officials and central staff agencies concerned with tax assessment and collection, accounting, auditing, budgeting, purchasing, custody of funds, and other finance activities.	Fin_Admin_Total_Exp
Central Staff Services	*29	Government-wide executive, administrative, and staff service agencies other than financial, judicial, legal, and Federal or state legislative activities.	Cen_Staff_Total_Exp
General Public Buildings	*31	Construction, equipping, maintenance, and operation of general public buildings not related to specific functions or agencies.	Gen_Pub_Bldg_Total_Exp
Interest on General Debt	189	Amounts paid for use of borrowed monies, except those on utility debt, paid by all funds of the government.	Interest_on_Gen_Debt
Employee Retirement Expenditures	X11, X12	Distribution of cash benefits to, or withdrawals by, eligible persons under government administered employee retirement systems covering public employees.	Emp_Ret_Total_Exp
Health, Public Health, & Social Services			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Health	*32	Provision of services for the conservation and improvement of public health, other than hospital care, and financial support of other governments' health programs.	Health_Total_Exp

Table A1 (continued). Categorizations and Definitions for Expenditure Analysis

Health, Public Health, & Social Services (continued)			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Hospitals	*36	Expenditures related to a government's own hospitals as well as expenditures for the provision of care in other hospitals (public or private). Own hospitals are facilities directly administered by the government, including those operated by public universities. Other expenditures cover the provision of care in other hospitals and support of other public and private hospitals. This function also covers direct payments for acquisition or construction of hospitals (whether or not the government will operate the completed facility) and payments to private corporations that lease and operate government- owned hospitals.	Total_Hospital_Total_Exp
Public Welfare - Federal Categorical Assistance	*67	This function covers expenditures associated with only three Federal programs - Supplemental Security Income (SSI) Temporary Assistance for Needy Families (TANF) Medical Assistance Program (Medicaid)	Public_Welf_Total_Exp
Public Welfare - Other Cash Assistance	*68	Cash payments made directly to individuals contingent upon their need, other than those under Federal categorical assistance programs.	
Public Welfare - Vendor Payments for Medical Care	*74	Public welfare payments made directly to private vendors for medical assistance and hospital or health care, including Medicaid (Title XIX), plus mandatory state payments to the Federal Government to offset costs of prescription drugs under Medicare Part D. Payments to vendors or the Federal Government must be made on behalf of low-income or means tested beneficiaries, or other medically-qualified persons.	
Public Welfare - Vendor Payments for Other Purposes	*75	Payments under public welfare programs made directly to private vendors (i.e., individuals or nongovernmental organizations furnishing goods and services) for services and commodities, other than medical, hospital, and health care, on behalf of low-income or other means-tested beneficiaries.	
Public Welfare - Institutions	*77	Provision, construction, and maintenance of nursing homes and welfare institutions owned and operated by a government for the benefit of needy persons (contingent upon their financial or medical need), and veterans.	
Public Welfare - Other	*79	All expenditures for welfare activities not classified elsewhere.	
Sewerage	*80	Provision, maintenance, and operation of sanitary and storm sewer systems and sewage disposal and treatment facilities, as well as all intergovernmental payments for such activities.	Sewerage_Total_Expnd
Solid Waste Management	*81	Collection, removal, and disposal of garbage, refuse, hazardous, and other solid wastes and the cleaning of streets, alleys, and sidewalks.	SW_Mgmt_Total_Expnd

Table A1 (continued). Categorizations and Definitions for Expenditure Analysis

Housing and Community Development			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Housing/Community Development	*50	Construction, operation, and support of housing and redevelopment projects and other activities to promote or aid public and private housing and community development.	Hous___Com_Total_Exp
Law Enforcement and Public Safety			
Expenditure Category	Data Code (32)	Census Definition	Database Variable
Local Fire Protection	*24	Prevention, avoidance, and suppression of fires and provision of ambulance, medical, rescue, or auxiliary services provided by fire protection agencies.	Fire_Prot_Total_Exp
Police Protection	*62	Expenditures for general police, sheriff, state police, and other governmental departments that preserve law and order, protect persons and property from illegal acts, and work to prevent, control, investigate, and reduce crime.	Police_Prot_Total_Exp
Protective Inspection and Regulation, NEC	*66	Regulation and inspection of private establishments for the protection of the public or to prevent hazardous conditions not classified under another Census Bureau function, and the regulation of professional occupational licensing.	Prot_Insp_Total_Exp
Social and Recreation Activities			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Libraries	*52	Establishment and provision of libraries for use by the general public and the technical and financial support of privately-operated libraries.	Libraries_Total_Exp
Parks and Recreation	*61	Provision and support of recreational and cultural-scientific facilities maintained for the benefit of residents and visitors.	Parks___Rec_Total_Exp
Transportation			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Airports	*01	Provision, operation, construction, and support of airport facilities serving the public at-large on a scheduled or unscheduled basis. Also includes the regulation of airline industry, if applicable.	Air_Trans_Total_Exp

Table A1 (continued). Categorizations and Definitions for Expenditure Analysis

Transportation (continued)			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Highways	*44	Maintenance, operation, repair, and construction of highways, streets, roads, alleys, sidewalks, bridges, tunnels, ferry boats, viaducts, and related non-toll structures.	Total_Highways_Tot_Exp
Toll Roads	*45	Maintenance, operation, repair, and construction of highways, roads, bridges, ferries, and tunnels operated on a fee or toll basis.	Toll_Hwy_Total_Exp
Parking Facilities	*60	Provision, construction, maintenance, and operation of public parking facilities operated on a commercial basis.	Parking_Total_Exp
Sea and Inland Port Facilities	*87	Provision, construction, operation, maintenance, and support of public waterways and harbors, docks, wharves, and related marine terminal facilities; and the regulation of the water transportation industry.	Water_Trans_Total_Exp
Public Mass Transit Systems	*94	Operation, maintenance, and construction of public mass transit systems, including subways, surface rails, and buses.	Trans_Util_Total_Exp
Utilities			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Water Supply	*91	Operation, maintenance, and construction of public water supply systems, whether for distribution of water to the general public or to other public or private utilities. This function covers government water supply activities for residential, commercial, and industrial water usage.	Water_Util_Total_Exp
Electric Power	*92	Operation, maintenance, and construction of public electric power systems, including production, acquisition, and distribution of electricity to general public or to other public or private utilities. This function covers government electric power activities for residential, commercial, and industrial electrical usage.	Elec_Util_Total_Exp
Gas Supply	*93	Operation, maintenance, and construction of public natural gas supply systems, including production, acquisition, and distribution of gas to general public or to other public or private utilities. This function covers government gas supply activities for residential, commercial, and industrial gas usage.	Gas_Util_Total_Exp

Table A1 (continued). Categorizations and Definitions for Expenditure Analysis

All Other			
Expenditure Category	Data Code (32)	Census Definition	Database Variable (35)
Misc Commercial Activities	*03	Provision and operation of publicly-owned commercial facilities not classified under particular functions, utilities, or social insurance trust activities.	Misc_Com_Activ_Tot_Exp
Other and Unallocable	*89	Activities not applicable to other general functions, or multi-functional general sector activities that cannot be separated into specific functions	General_NEC_Total_Exp

Table A2. Categorizations and Definitions for Revenue Analysis

Revenue Type	Analysis Category	Data Code	Census Definition	Database Variable
Total Revenues	--	--	Includes all revenues from all sources - local and intergovernmental.	Total_Revenue
All Local Revenues	--	--	Includes all revenues from local taxes, current charges, and misc. revenues.	Total_Rev_Own_Sources
Local Taxes	Local Taxes	T**	Taxes are compulsory contributions exacted by a government for public purposes, other than from special assessments for capital improvements and from employee and employer contributions or "taxes" for retirement and social insurance systems.	Total_Taxes
Property Taxes	Property Taxes	T01	Taxes imposed on ownership of property and measured by its value.	Property_Tax
General Sales and Gross Receipts Taxes	Local Option Sales Tax	T09	Taxes applicable with only specified exceptions (e.g., food and prescribed medicines) to sales of all types of goods and services or to all gross receipts, whether at a single rate or at classified rates; and sales use taxes. Does not include Selective Sales and Gross Receipts Taxes	Tot_Sales__Gr_Rec_Tax
Intergovernmental Revenues from the State	State of Tennessee	C**	<p>Amounts received directly from the state government, including Federal aid passed through the state government and state aid channeled through intermediate local governments (e.g., counties), which have no discretion as to its distribution.</p> <p>Includes state grants-in-aid, regardless of basis of distribution; local share of state-collected taxes; payments-in-lieu-of-taxes on state property; and reimbursement for services performed for state government (e.g., care of state prisoners in local jails, construction or maintenance of state highway facilities, etc.).</p>	Total_State_IG_Revenue