



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

JIM BRYSON
COMMISSIONER

To: All Agency Heads and Budget Officers
From: Jim Bryson, Commissioner of Finance and Administration
Date: August 11, 2023
Subject: Fiscal Year 2024 - 2025 Budget Instructions

The economy appears to be slowing to reflect a more normal growth pattern. Because the Federal Reserve has signaled their desire to continue future actions that would continue to slow economic activity, it's reasonable to expect that our future tax revenue growth would be impacted. We will be building the fiscal year 2024 - 2025 budget on that assumption.

As a result, below are the guidelines for developing and submitting your fiscal year 2024 - 2025 budget request.

As always, all submissions should have a strong connection to the Governor's Priorities to:

- Be a national leader in fiscal management, job growth and educational improvement;
- Invest in programs that work;
- Make government work better; and
- Improve infrastructure.

Justification and impact descriptions for both cost increase requests and reduced expenditure items should be well documented. In addition, all items should be supported by evidence and data where applicable.

Please limit requests for new positions. The job market is extremely competitive, and the ability to fill many of our already established positions is a significant challenge. Before requesting to add new positions, please take a hard look at your existing vacant positions. Agencies are encouraged to evaluate and reallocate vacant positions within the agency before asking to increase headcount.

Due Date

Please submit your operating and capital outlay request to the Division of Budget by **Monday, September 11th**.

Cost Increases

All cost increase requests should have justification and clear linkage to departmental goals. Increases deemed mandatory by state or federal law, court order, or contractual obligations should be clearly identified and given highest priority. Each cost increase request should include supporting information on a support form provided by F&A to provide detailed justification and projected programmatic impacts of the cost increase request. That form will be provided in a separate communication. As stated earlier, new position requests should be kept at a minimum but well justified.

We will also be asking for more detailed information on regulatory boards and other programs solely supported by dedicated fees and revenues. Your Budget Office analyst will be providing you with the information requested and such forms to accomplish this.

Efficiencies

Each organization should review its operations and streamline where possible. Delivering relevant programs and services as efficiently as possible should underpin all that state government does. We strongly encourage you to analyze current operations as a way to reallocate resources to better fit your agency's mission. Cost increases that are offset from a reduction will be given priority for inclusion in the Governor's budget recommendation.

Agencies that are funded from interagency charges should assume no rate increase to agency billing rates in FY25 to fund the base budget.

Capital Outlay

Requests for capital outlay and maintenance should include essential and high priority items only. Budget officers of agencies that traditionally submit a capital budget request are receiving separate capital budget instructions. Agencies which do not receive capital budget instructions, but are planning to submit a capital budget request, should contact their Budget Office analyst.

Next Steps

Technical instructions for transmitting your fiscal year 2024-2025 budget request will be shared with your fiscal officer today. If you or your staff have questions about the budget instructions, please feel free to contact your Budget Office analyst.

Thank you and your fiscal team in advance for your help and cooperation as we begin development of the fiscal year 2024-2025 budget. I look forward to working with each and everyone of you in the coming months.