



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY

State Capitol  
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Justin P. Wilson  
Comptroller

**Memorandum**

**To:** Honorable Bill Haslam, Governor  
  
Honorable Randy McNally, Chairman  
Senate Finance, Ways, & Means Committee  
  
Honorable Charles Sargent, Chairman  
House Finance, Ways, & Means Committee

**From:** Justin P. Wilson, Comptroller of the Treasury  
Tre Hargett, Secretary of State  
David H. Lillard Jr., State Treasurer  
Larry B. Martin, Commissioner, Finance and Administration

**Date:** December 16, 2016

**Subject:** State Funding Board Growth Projections for FY 2016-17 and FY 2017-18

The State Funding Board met on November 17, 2016, to hear presentations on the State’s economic outlook for the remainder of fiscal year 2016-2017 and for fiscal year 2017-2018. The Board reconvened on November 29, 2016, to discuss revenue growth projections and to arrive at consensus estimates.

Total State Taxes and General Fund Revenue Growth Estimates

The Board is charged, in Tennessee Code Annotated Section 9-4-5202(e), with the responsibility of developing consensus estimates 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. This is a revenue estimation process, not a budgeting process. The Board does not take into consideration the State’s fiscal situation when developing its consensus ranges of revenue growth; however, the Board does strive to have the highest degree of confidence in the State’s ability to achieve such growth. Fiscal considerations properly belong with those who set the State’s budget – 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.

Pursuant to Tennessee Code Annotated Section 9-4-5202(b), the Tennessee Department of Revenue provides to the Board estimates of growth in franchise and excise tax revenue and includes in that estimation

whether the growth is recurring or non-recurring. Additionally, the Board shall, pursuant to Tennessee Code Annotated Section 9-4-5202(e), identify and report whether any growth in franchise and excise tax revenue is recurring or non-recurring. To fulfill these statutory obligations, the Department of Revenue reported an “anticipated” non-recurring franchise and excise tax revenue growth of \$180,000,000. The consensus total tax and general fund tax revenue growth estimates displayed below are for recurring growth and do not account for the non-recurring growth of \$180,000,000.

The Board heard testimony regarding the economy from Mr. Lee Jones of the Federal Reserve Bank of Atlanta; Dr. William Fox of the University of Tennessee; Dr. Jon L. Smith of East Tennessee State University; Commissioner Richard Roberts of the Tennessee Department of Revenue; and Mr. Robert Currey of the legislative Fiscal Review Committee. The state tax revenue growth estimates provided by each of the presenters are summarized in two attachments to this memorandum.

Multiple presenters cautioned that while Tennessee’s actual tax collections in the current fiscal year are outpacing budgeted revenue estimates, the growth rates are most likely unsustainable. Factors for that belief include: forecasted GDP growth close to 2 percent; inflationary pressures; and continued diversion of retail sales from brick-and-mortar storefronts to online purchasing.

The Board developed the following summarized consensus recurring revenue estimates expressed in ranges of growth rates in State taxes.

	FY 2016-2017		FY 2017-2018	
	Low	High	Low	High
Total State Taxes	2.50%	3.00%	2.32%	2.82%
General Fund	2.75%	3.25%	2.67%	3.17%

While it is difficult to precisely predict revenue ranges, the Board believes that these ranges are reasonable for use in state budgeting. These ranges are based on statutory tax provisions enacted through the 2016 session of the General Assembly. Again, these ranges are for recurring tax revenue growth.

Net Lottery Proceeds Revenue Growth Estimates and Long-Term Funding Needs Estimates

The State Funding Board also 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 four (4) succeeding fiscal years.

The Board heard testimony regarding the lottery from Mr. Robert Currey of the legislative Fiscal Review Committee, and Mr. Andy Davis, Chief Financial and Technology Officer of the Tennessee Education Lottery Corporation. The Net Lottery Proceeds growth estimates provided by each of the presenters are summarized in the attachment to this memorandum.

Tennessee Code Annotated Section 4-51-111(c)(2)(A)(ii) requires the Board, with the assistance of the Tennessee Student Assistance Corporation (TSAC), to project long-term funding needs of the lottery scholarship and grant programs. These projections are necessary to determine if adjustments to lottery scholarship and grant programs are needed to prevent the funding for these programs from exceeding Net Lottery Proceeds. For this purpose, the Board heard testimony from Mr. Tim Phelps, Associate Executive Director for Grants and Scholarship Programs of Tennessee Student Assistance Corporation. The lottery-funded scholarship programs as authorized through the 2016 session of the General Assembly include the

following: the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE Award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Non-traditional Student Grant, Foster Child Tuition Grant, Dual Enrollment Grant, the Math & Science Teacher Loan Forgiveness Program, Helping Heroes Grant, STEP UP Scholarship, and TCAT Reconnect Grant.

Consensus was reached on the following estimates of the range for Net Lottery Proceeds to be deposited in the Lottery for Education Account and used for the various statutory purposes.

Net Lottery Proceeds	FY2016-2017	FY2017-2018	FY2018-2019	FY2019-2020	FY2020-2021
Low	\$369,458,000	\$373,200,000	\$378,100,000	\$383,000,000	\$388,000,000
High	\$378,637,000	\$386,200,000	\$393,900,000	\$401,800,000	\$409,800,000

The State Funding Board considered the joint projections for lottery scholarship and grant program funding needs provided by TSAC and accepted their recommended projections. These estimates and projections assume no new legislative changes regarding the TELC and its authority or the scholarship and grant programs.

Attached is a copy of the letter from the Department of Education requesting \$23,000 from Net Lottery Proceeds pursuant to Tennessee Code Annotated Section 4-51-111(c)(2)(B) which states:

Before December 15, 2003, and before December 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, Section 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.

Please feel free to contact us if you have any questions.

Attachments

- Revenue Estimates (2)
- Lottery Estimates
- TSAC/THEC Report
- Letter from Department of Education

cc: The Honorable Ron Ramsey  
The Honorable Beth Harwell

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR  
FISCAL YEAR 2016 - 2017**

*(Accrual - Basis Estimates)*

DEPARTMENT OF REVENUE TAXES	2016-2017										
	2015-2016	July 1, 2016	% Change	Dr. Fox	% Change	Fiscal Review	% Change	Dept. of Revenue	% Change	Dr. Smith	% Change
	Actual Year	Budget Estimate	Over	Estimate	Over	Estimate	Over	Estimate	Over	Estimate	Over
Sales and Use Tax	\$ 8,267,224,400	\$ 8,272,700,000	0.07%	\$ 8,606,200,000	4.10%	\$ 8,620,000,000	4.27%	\$ 8,601,200,000	4.04%	\$ 8,574,680,000	3.72%
Gasoline Tax	659,915,000	632,700,000	-4.12%	667,800,000	1.19%	671,000,000	1.68%	669,500,000	1.45%	672,258,300	1.87%
Motor Fuel Tax	172,336,300	170,200,000	-1.24%	176,600,000	2.47%	178,000,000	3.29%	177,400,000	2.94%	174,291,600	1.13%
Gasoline Inspection Tax	67,380,500	66,100,000	-1.90%	68,400,000	1.51%	68,900,000	2.26%	69,200,000	2.70%	69,349,500	2.92%
Motor Vehicle Registration Tax	271,197,800	261,900,000	-3.43%	276,600,000	1.99%	280,000,000	3.25%	280,900,000	3.58%	277,157,600	2.20%
Income Tax	322,356,000	296,000,000	-8.18%	279,400,000	-13.33%	265,000,000	-17.79%	286,100,000	-11.25%	267,484,400	-17.02%
Privilege Tax - Less Earmarked Portion <sup>1</sup>	316,544,100	333,400,000	5.32%	336,700,000	6.37%	347,000,000	9.62%	335,000,000	5.83%	326,182,945	3.05%
Gross Receipts Tax - TVA	348,742,900	355,000,000	1.79%	342,100,000	-1.90%	342,200,000	-1.88%	342,200,000	-1.88%	354,520,400	1.66%
Gross Receipts Tax - Other	19,979,200	31,200,000	56.16%	20,400,000	2.11%	29,000,000	45.15%	28,400,000	42.15%	26,035,200	30.31%
Beer Tax	17,378,000	17,100,000	-1.60%	17,400,000	0.13%	18,500,000	6.46%	17,600,000	1.28%	18,105,500	4.19%
Alcoholic Beverage Tax	62,250,200	62,300,000	0.08%	66,700,000	7.15%	69,000,000	10.84%	65,800,000	5.70%	69,482,600	11.62%
Franchise & Excise Tax	2,311,705,100	2,133,400,000	-7.71%	2,427,300,000	5.00%	2,400,000,000	3.82%	2,367,600,000	2.42%	2,225,162,600	-3.74%
Inheritance and Estate Tax	55,353,200	14,500,000	-73.80%	20,000,000	-63.87%	22,000,000	-60.26%	14,500,000	-73.80%	26,686,000	-51.79%
Tobacco Tax	261,480,900	260,700,000	-0.30%	260,200,000	-0.49%	260,000,000	-0.57%	259,800,000	-0.64%	260,714,100	-0.29%
Motor Vehicle Title Fees	22,781,500	18,800,000	-17.48%	23,700,000	4.03%	25,000,000	9.74%	24,100,000	5.79%	24,150,700	6.01%
Mixed Drink Tax	96,275,100	94,100,000	-2.26%	104,000,000	8.02%	104,500,000	8.54%	106,100,000	10.21%	104,705,800	8.76%
Business Tax	154,622,300	155,200,000	0.37%	162,300,000	4.97%	165,000,000	6.71%	165,900,000	7.29%	158,092,880	2.24%
Severance Tax	1,400,400	2,000,000	42.82%	1,400,000	-0.03%	1,350,000	-3.60%	1,200,000	-14.31%	1,310,200	-6.44%
Coin-operated Amusement Tax	268,500	300,000	N/A	200,000	-25.51%	250,000	-6.89%	300,000	11.73%	272,300	1.42%
Unauthorized Substance Tax	5,900	-	N/A	-	N/A	-	N/A	-	N/A	5,900	0.00%
<b>TOTAL DEPARTMENT OF REVENUE</b>	<b>\$ 13,429,197,300</b>	<b>\$ 13,177,600,000</b>	<b>-1.87%</b>	<b>\$ 13,857,400,000</b>	<b>3.19%</b>	<b>\$ 13,866,700,000</b>	<b>3.26%</b>	<b>\$ 13,812,800,000</b>	<b>2.86%</b>	<b>13,630,648,525</b>	<b>1.50%</b>
<b>TOTAL - RECURRING</b>	<b>\$ 13,373,844,100</b>	<b>\$ 13,120,900,000</b>	<b>-1.89%</b>	<b>\$ 13,837,400,000</b>	<b>3.47%</b>	<b>\$ 13,844,700,000</b>	<b>3.52%</b>	<b>\$ 13,798,300,000</b>	<b>3.17%</b>	<b>13,603,962,525</b>	<b>1.72%</b>
<b>GENERAL FUND ONLY<sup>2</sup></b>	<b>\$ 11,257,133,600</b>	<b>\$ 11,056,900,000</b>	<b>-1.78%</b>	<b>\$ 11,644,800,000</b>	<b>3.44%</b>	<b>\$ 11,648,300,000</b>	<b>3.47%</b>	<b>\$ 11,589,100,000</b>	<b>2.95%</b>	<b>11,411,748,525</b>	<b>1.37%</b>
<b>GENERAL FUND - RECURRING<sup>3</sup></b>	<b>\$ 11,201,780,400</b>	<b>\$ 11,054,200,000</b>	<b>-1.32%</b>	<b>\$ 11,624,800,000</b>	<b>3.78%</b>	<b>\$ 11,626,300,000</b>	<b>3.79%</b>	<b>\$ 11,574,600,000</b>	<b>3.33%</b>	<b>11,385,062,525</b>	<b>1.64%</b>

  

SELECTED TAXES	Actual Year	Budgeted	%	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 8,267,224,400	\$ 8,272,700,000	0.07%	\$ 8,606,200,000	4.10%	\$ 8,620,000,000	4.27%	\$ 8,601,200,000	4.04%	\$ 8,574,680,000	3.72%
FRANCHISE AND EXCISE TAXES	2,311,705,100	2,133,400,000	-7.71%	2,427,300,000	5.00%	2,400,000,000	3.82%	2,367,600,000	2.42%	2,225,162,600	-3.74%
INCOME TAX	322,356,000	296,000,000	-8.18%	279,400,000	-13.33%	265,000,000	-17.79%	286,100,000	-11.25%	267,484,400	-17.02%
ROAD USER TAXES	1,193,611,100	1,149,700,000	-3.68%	1,213,100,000	1.63%	1,222,900,000	2.45%	1,221,100,000	2.30%	1,217,207,700	1.98%
ALL OTHER TAXES	1,334,300,700	1,325,800,000	-0.64%	1,331,400,000	-0.22%	1,358,800,000	1.84%	1,336,800,000	0.19%	1,346,113,825	0.89%

<sup>1</sup> Privilege Tax estimates are reduced by \$43.0 million for the earmarked portion of the tax.

<sup>2</sup> F&A calculated the General Fund distribution for all presenters.

<sup>3</sup> FY 2015 -2016 actual collections have been reduced by \$55.3M to reflect non-recurring Inheritance Tax collections. The July 1, 2016 Budget Estimate is reduced by non-recurring tax legislation adjustments (\$56.7M Total and \$2.7M General Fund)

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR  
FISCAL YEAR 2017 - 2018**

(Accrual - Basis Estimates)

2017-2018								
DEPARTMENT OF REVENUE TAXES	Dr. Fox	% Change Over	Fiscal Review	% Change Over	Dept. of Revenue	% Change Over	Dr. Smith	% Change Over
SOURCE OF REVENUE	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate <sup>4</sup>	Estimate
Sales and Use Tax	\$ 8,950,400,000	4.00%	\$ 8,940,000,000	3.71%	\$ 8,911,100,000	3.60%	\$ 8,961,590,000	4.51%
Gasoline Tax	674,500,000	1.00%	684,400,000	2.00%	685,400,000	2.37%	684,863,800	1.88%
Motor Fuel Tax	180,100,000	1.98%	183,300,000	2.98%	183,300,000	3.33%	179,581,400	3.04%
Gasoline Inspection Tax	69,100,000	1.02%	70,300,000	2.03%	70,100,000	1.30%	69,946,700	0.86%
Motor Vehicle Registration Tax	283,500,000	2.49%	285,500,000	1.96%	289,100,000	2.92%	283,056,400	2.13%
Income Tax	232,500,000	-16.79%	272,000,000	2.64%	299,000,000	4.51%	264,466,200	-1.13%
Privilege Tax <sup>1</sup>	359,400,000	6.74%	357,000,000	2.88%	353,900,000	5.64%	332,249,996	1.86%
Gross Receipts Tax - TVA	348,900,000	1.99%	345,000,000	0.82%	346,600,000	1.29%	366,172,800	3.29%
Gross Receipts Tax - Other	20,800,000	1.96%	29,000,000	0.00%	29,700,000	4.58%	26,686,000	2.50%
Beer Tax	17,600,000	1.15%	18,900,000	2.16%	17,900,000	1.70%	18,141,700	0.20%
Alcoholic Beverage Tax	70,700,000	6.00%	74,500,000	7.97%	69,400,000	5.47%	76,116,700	9.55%
Franchise & Excise Tax	2,548,600,000	5.00%	2,510,000,000	4.58%	2,483,300,000	4.89%	2,296,961,100	3.23%
Inheritance and Estate Tax	10,000,000	-50.00%	3,000,000	-86.36%	1,900,000	-86.90%	1,900,000	-92.88%
Tobacco Tax	260,200,000	0.00%	256,800,000	-1.23%	258,400,000	-0.54%	258,039,600	-1.03%
Motor Vehicle Title Fees	23,900,000	0.84%	26,000,000	4.00%	24,600,000	2.07%	24,664,100	2.13%
Mixed Drink Tax	111,300,000	7.02%	112,000,000	7.18%	116,200,000	9.52%	112,120,300	7.08%
Business Tax	170,400,000	4.99%	175,000,000	6.06%	176,600,000	6.45%	164,827,740	4.26%
Severance Tax	1,400,000	0.00%	1,400,000	3.70%	1,300,000	8.33%	1,276,900	-2.54%
Coin-operated Amusement Tax	200,000	N/A	250,000	0.00%	300,000	0.00%	281,358	3.33%
Unauthorized Substance Tax	-	N/A	-	N/A	-	N/A	5,900	0.00%
<b>TOTAL DEPARTMENT OF REVENUE</b>	<b>\$ 14,333,500,000</b>	<b>3.44%</b>	<b>\$ 14,344,350,000</b>	<b>3.44%</b>	<b>\$ 14,318,100,000</b>	<b>3.66%</b>	<b>14,122,948,694</b>	<b>3.61%</b>
<b>TOTAL - RECURRING</b>	<b>\$ 14,323,500,000</b>	<b>3.51%</b>	<b>\$ 14,341,350,000</b>	<b>3.59%</b>	<b>\$ 14,316,200,000</b>	<b>3.75%</b>	<b>\$ 14,121,048,694</b>	<b>3.80%</b>
<b>GENERAL FUND ONLY<sup>2</sup></b>	<b>\$ 12,098,800,000</b>	<b>3.90%</b>	<b>\$ 12,080,450,000</b>	<b>3.71%</b>	<b>\$ 12,040,500,000</b>	<b>3.90%</b>	<b>11,855,648,694</b>	<b>3.89%</b>
<b>GENERAL FUND - RECURRING<sup>3</sup></b>	<b>\$ 12,088,800,000</b>	<b>3.99%</b>	<b>\$ 12,077,450,000</b>	<b>3.88%</b>	<b>\$ 12,038,600,000</b>	<b>4.01%</b>	<b>11,853,748,694</b>	<b>4.12%</b>

  

SELECTED TAXES	Dr. Fox	%	Fiscal Review	%	Revenue Dept.	%	Dr. Smith	%
SALES AND USE TAX	\$ 8,950,400,000	4.00%	\$ 8,940,000,000	3.71%	\$ 8,911,100,000	3.60%	\$ 8,961,590,000	4.51%
FRANCHISE AND EXCISE TAXES	2,548,600,000	5.00%	2,510,000,000	4.58%	2,483,300,000	4.89%	2,296,961,100	3.23%
INCOME TAX	232,500,000	-16.79%	272,000,000	2.64%	299,000,000	4.51%	264,466,200	-1.13%
ROAD USER TAXES	1,231,100,000	1.48%	1,249,500,000	2.18%	1,252,500,000	2.57%	1,242,112,400	2.05%
ALL OTHER TAXES	1,370,900,000	2.97%	1,372,850,000	1.03%	1,372,200,000	2.65%	1,357,818,994	0.87%

<sup>1</sup> Privilege Tax estimates are reduced by \$43.0 M for the earmarked portion of the tax.

<sup>2</sup> F&A calculated the General Fund distribution for all presenters.

<sup>3</sup> FY 2015 -2016 actual collections have been reduced by \$55.3 M to reflect non-recurring Inheritance Tax collections. The July 1, 2016 Budget Estimate is reduced by non-recurring tax legislation adjustments (\$56.7 M Total and \$2.7 M General Fund)

<sup>4</sup> Dr. Smith's FY 2017 - 2018 income tax estimate for was increased by one percent (\$52.9 M) to put all economist at a five percent tax rate.

**Estimated Revenues Based on Recurring Growth Rates**

**November 2016**

	<u>Actual FY 2015-2016</u>	<u>FY 2016-2017</u>	<u>Growth Rate</u>	<u>FY 2017-2018</u>	<u>Growth Rate</u>
<b>Total Taxes</b>				\$ 14,026,200,000	2.32%
		\$ 13,708,200,000	2.50%		
				\$ 14,094,800,000	2.82%
	\$ 13,373,844,100			\$ 14,094,800,000	2.32%
		\$ 13,775,100,000	3.00%		2.82%
		<b><i>Spread</i></b>	<b><i>0.50%</i></b>		<b><i>0.50%</i></b>
<b>General Fund</b>				\$ 11,817,100,000	2.67%
		\$ 11,509,800,000	2.75%		
				\$ 11,874,700,000	3.17%
	\$ 11,201,780,400			\$ 11,874,700,000	2.67%
		\$ 11,565,800,000	3.25%		3.17%
		<b><i>Spread</i></b>	<b><i>0.50%</i></b>		<b><i>0.50%</i></b>

**Net Lottery Proceeds Estimates**  
**Actual 2015-2016 and Estimated 2016-2017 Through 2020-2021**  
**November 2016**

	<b>2015-2016</b>	<b>2016-2017</b>		<b>2017-2018</b>		<b>2018-2019</b>		<b>2019-2020</b>		<b>2020-2021</b>	
	<b>Actual</b>	<b>Revised</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>	<b>Estimated</b>	<b>%</b>
Lottery Corporation											
Low	382,462,000	355,849,000	-6.96%	355,000,000	-0.24%	362,000,000	1.97%	369,000,000	1.93%	376,000,000	1.90%
High	382,462,000	366,177,000	-4.26%	366,000,000	-0.05%	375,000,000	2.46%	384,000,000	2.40%	391,000,000	1.82%
Fiscal Review Staff											
Low	382,462,000	369,600,000	-3.36%	379,100,000	2.57%						
Median	382,462,000	374,200,000	-2.16%	384,400,000	2.73%	391,319,000	1.80%	398,363,000	1.80%	405,534,000	1.80%
High	382,462,000	378,700,000	-0.98%	389,600,000	2.88%						
<b>Recommended Range</b>											
<b>Low</b>	<b>382,462,000</b>	<b>369,458,000</b>	<b>-3.40%</b>	<b>373,200,000</b>	<b>1.00%</b>	<b>378,100,000</b>	<b>1.30%</b>	<b>383,000,000</b>	<b>1.30%</b>	<b>388,000,000</b>	<b>1.30%</b>
<b>High</b>	<b>382,462,000</b>	<b>378,637,000</b>	<b>-1.00%</b>	<b>386,200,000</b>	<b>2.00%</b>	<b>393,900,000</b>	<b>2.00%</b>	<b>401,800,000</b>	<b>2.00%</b>	<b>409,800,000</b>	<b>2.00%</b>



STATE OF TENNESSEE  
**TENNESSEE STUDENT ASSISTANCE CORPORATION**  
SUITE 1510, PARKWAY TOWERS  
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[www.TN.gov/collegetpays](http://www.TN.gov/collegetpays)

November 17, 2016

**MEMORANDUM**

TO: State Funding Board

FROM: Tim Phelps, Tennessee Student Assistance Corporation

SUBJECT: Tennessee Education Lottery Scholarship Program Projections

Pursuant to T.C.A 4-51-111(c)(2)(A)(ii), the Tennessee Higher Education Commission (THEC) and Tennessee Student Assistance Corporation (TSAC) have collaborated with the University of Tennessee Center for Business and Economic Research (CBER) to project expenditures in lottery scholarship and grant programs through the 2020-21 academic year.

The figures below incorporate data for all lottery-funded programs, including the HOPE Scholarship, General Assembly Merit Scholarship, ASPIRE award, HOPE Access Grant, Wilder-Naifeh Technical Skills Grant, Nontraditional Student Grant, Dual Enrollment Grant, Helping Heroes Grant, Foster Child Tuition Grant, STEP UP Scholarship, TCAT Reconnect, and the Math & Science Teacher Loan Forgiveness Program.

Fiscal Year	TELS Expenditures Low	TELS Expenditures Baseline	TELS Expenditures High	Recipients
2015-16 actual	N/A	\$308.9M	N/A	110,700
2016-17 estimated*	\$302.8M	\$309.0M	\$318.3M	110,800
2017-18 estimated	\$305.9M	\$312.1M	\$321.5M	111,900
2018-19 estimated	\$308.9M	\$315.2M	\$324.7M	113,000
2019-20 estimated	\$312.0M	\$318.4M	\$327.9M	114,100
2020-21 estimated	\$315.2M	\$321.6M	\$331.2M	115,300
2021-22 estimated	\$318.3M	\$324.8M	\$334.5M	116,400

*\*Does not include supplemental funding of \$6.8M for TSAA and administrative costs of \$3.8M. Does not include Tennessee Promise estimated expenditures of \$26.5M.*

These projections are based on the size of the annual high school graduating class, the scholarship take-up rate of eligible students, and the renewal rate of recipients.

Please let us know if you have questions or need anything further.





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**BILL HASLAM**  
GOVERNOR

**CANDICE MCQUEEN**  
COMMISSIONER

**TO:** Members of the Tennessee State Funding Board

**FROM:** Dr. Candice McQueen *CM*

**DATE:** November 17, 2016

**SUBJECT:** Request for \$23,000 from Net Lottery Proceeds for Lottery Scholarship Day for FY 2017-2018

Pursuant to Tenn. Code Ann. 4-51-111(c)(2)(B) which states prior to December 15, "appropriate state agencies shall submit to the funding board and to the governor their recommendations for other education programs and purposes consistent with article XI, § 5 of the Tennessee Constitution", the Department of Education requests the allotment of \$23,000 from net lottery proceeds in FY 2017-2018 for Lottery Scholarship Day.

These funds will support improvements and enhancements for educational programs and purposes and such net proceeds shall be used to supplement, not supplant, non-lottery educational resources for educational programs and purposes.

Your consideration and approval of this request is appreciated.

cc: David Thurman