Lee Delivers Second State of the State Address
Governor Proposes Major Investments in Education and Mental Health

Entering his second year in office, Gov. Bill Lee unveiled his top priorities and spending proposals for 2020 in his State of the State address on Monday. Among his top initiatives include a four percent raise for teachers, 12 weeks paid family leave for state workers, and a $250 million endowment to address mental health in K-12 education.

With a proposed budget totaling $40.8 billion, Lee vows to invest a record $117 million in teacher salaries. If the budget is approved, the investment would raise the average starting salary for teachers to about $38,000 a year, according to The Tennessean. As part of a goal to make teaching in Tennessee a “more attractive profession for young people,” Lee will earmark $8.5 million to start the Governor’s Teaching Fellowship, which will provide college scholarships to roughly 1,000 people and will be implemented in conjunction with Tennessee Promise, a program started by Lee’s predecessor which provides two years of tuition to community and technical colleges. Gov. Lee also plans to address Tennessee’s poor childhood literacy rates by investing $70 million to create new teacher training standards. The Tennessee Teacher and Leader Institute, a teacher preparation program Lee plans to launch, will seek proposals from across the country on how to “build the best educator preparation program in the nation.”

In addition to his education proposals, Lee outlined several health care related initiatives including the creation of the Mental Health Trust Fund, a $250 million endowment to support the placement of mental health professionals at the most at-risk schools. The fund will be overseen by the state treasurer and is expected to grow over time. The Department of Mental Health & Substance Abuse will also receive funding to expand its school behavioral health liaison program from 36 to all 95 counties.

Lee’s proposed budget also includes bolstering safety net programs that help children and uninsured adults, including a $104 million investment of state and federal funding to TennCare’s Employment & Community First (ECF) Program which provides services to people with intellectual and developmental disabilities. The investment would allow the nearly 5,000 people waiting list to be cut in half and expand the program by about 80 percent. Of the 2,400 new spots, 100 will be dedicated to applicants with severe behavioral health or psychiatric conditions, and 300 will be reserved for “at risk” disabled people with aging caregivers.

The governor outlined plans to improve public safety including stricter penalties for theft of a firearm and reckless endangerment of an officer, expanding recovery courts and community supervision, as well as revising the occupational licensing process to encourage employment of those leaving penal institutions.
REPUBLICANS INTRODUCE MEDICAID EXPANSION BILL

For the first time in five years, two Republican lawmakers are sponsoring legislation to expand Medicaid in Tennessee. **SB2526/HB2529** sponsored by Sen. Richard Briggs, R-Knoxville, and Rep. Ron Travis, R-Dayton, would provide medical coverage for the same population as former Gov. Bill Haslam’s failed Insure Tennessee proposal from 2015.

The bill would require Gov. Bill Lee to submit a waiver amendment to the Centers for Medicare & Medicaid (CMS) within 180 days of passage and would comply with the state's block grant plan currently in negotiation with TennCare. If passed, the legislation would cover 280,000 low-income Tennesseans.

Medicaid expansion, which became an option for states under the Affordable Care Act, permits state-run insurance programs to offer coverage to moderately low-income people who would not otherwise be eligible. Generally, the federal government pays for 90 percent of the costs of insuring the expansion population.

Briggs, an original sponsor of Insure Tennessee, said the measure was a “really good idea,” but was rejected by the legislature for fear that federal funding would eventually be exhausted. "They expanded Medicaid in Indiana. It’s very similar to the Tennessee plan," said Briggs in a statement to *The Tennessean.* "Their plan has worked very, very well in Indiana. This was supported by a conservative Republican legislature and a conservative Republican governor."

Democrats praised the legislation saying that expanding Medicaid would provide $1.4 billion for Tennessee’s health care economy; however, it’s unclear whether the proposal will be embraced by other Republicans in the state legislature. Gov. Bill Lee remains a key opponent to Medicaid expansion despite public polling indicating growing popularity. According to a Spring 2019 poll from Vanderbilt University, 60 percent of respondents said they supported expansion while 35 percent remained opposed.

COMPTROLLER RELEASES MEMO ON TENNESSEE TANF PROGRAM

**Study Reveals Systemic Mismanagement of Federal Funds**

According to a report issued by the Tennessee Comptroller of the Treasury, Tennessee has spent $221 million more state funding than necessary since 2013, rather than using available federal money. The news became public following the Joint TANF Working Group meeting on Thursday where the Comptroller's office released its second memo on the ongoing inquiry into TANF, the Temporary Assistance for Needy Families program that provides cash and other assistance to low-income parents.

Lawmakers on the working group questioned Commissioner Danielle Barnes with the Department of Human Services on how past funding decisions were made to accumulate such a large surplus, but Barnes said neither her nor her staff could answer. "I'm positive this department has no idea about exactly the reasons why those dollars were spent," she said in committee.

An analysis by the Comptroller’s office found that Tennessee is spending just 35 percent of its annual federal grant, the least of any state in the Southeast. And while Tennessee spends roughly the same amount of federal money on
overhead costs like salaries and administrative expenses, it offers only one-third of services provided by other states in the region. Other states spent about 73 percent of their total award on program services, such as cash assistance to families, compared to only 24 percent in Tennessee.

The Comptroller’s office also found that there is no publicly available way to track or monitor TANF spending, a fact which clearly frustrated legislators who routinely review the state budget. Due to data issues and limitations, the information from the federal government is slow to become available and may not be accurate, and the budget and Comprehensive Annual Financial Report (CAFR) do not go into enough detail to isolate TANF spending. Instead, the information can only be found in Edison, the state’s private accounting system.

While the Department of Finance & Administration has the authority to add nearly all of the $700 million reserve to DHS’ budget without approval from the legislature, lawmakers on the working group have agreed on an initial series of recommendations including a $50 million ceiling on DHS funding for entities participating in the TANF grant program, and $342 million remain in reserves. The working group is still awaiting information on whether the state may recoup $241 million in state funding from the federal government, a sum which would be returned to the general fund.

SELECT COMMITTEE PRESENTATIONS WEEK OF FEBRUARY 10, 2020

Monday, 2/10/20 at 2:00 p.m. – House Government Operations committee will hear a presentation by the Department of Education and the Department of Finance & Administration.

Tuesday, 2/11/20 at 1:00 p.m. – Senate Commerce & Labor committee will hear a budget presentation by TennCare.

Wednesday, 2/12/20 at 9:00 a.m. – House Education committee will hear a budget presentation by the Tennessee Higher Education Commission.

Wednesday, 2/12/20 at 9:30 a.m. – Senate Transportation & Safety committee will hear a presentation by the Tennessee Public Transportation Association.

Wednesday, 2/12/20 at 12:30 p.m. – Senate Health & Welfare committee will hear a budget presentation by the Health Services Development Agency and the Department of Children's Services.

Wednesday 2/12/20 at 12:30 p.m. – House Mental Health & Substance Abuse subcommittee will hear a budget presentation by the Department of Mental Health & Substance Abuse Services.

Wednesday, 2/12/20 at 3:30 p.m. – House TennCare subcommittee will hear a presentation about TennCare Eligibility and Enrollment, and the CMS Proposed Medicaid Fiscal Accountability Rule by the Division of TennCare.