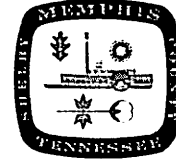




Memphis and Shelby County 2016 State Budget and Legislative Priorities



October 19, 2015

The Honorable Governor Bill Haslam
Governor, State of Tennessee
1st Floor, State Capitol
Nashville, TN 37243-0001
United States of America

Dear Governor Haslam:

Following are the Memphis and Shelby County joint priorities for state investment and legislation for the 2016 legislative session. We respectfully submit this request for your support on behalf of the hundreds of agencies, leaders and citizens consulted – primarily through our Memphis Fast Forward (www.memphisfastforward.com) which is a unique and unprecedented public / private partnership and collective action effort for creating **good jobs and business growth, a strong workforce, a safer community, a healthier citizenry and fiscally strong government** in Memphis and Shelby County, with which you are well acquainted.

While there are many state budget and legislative items that merit our support, we believe that it is critical to our success, and strengthens our local voice in Nashville, for Memphis and Shelby County to put forth a set of unified priorities.

Typically therefore, you are accustomed to receiving this letter signed jointly by City and County mayor. Since Memphis mayor-elect Strickland will take office in January, and because your budget preparation must necessarily take place before then, we are submitting this to you without the incoming mayor's signature. That said, he is copied on this correspondence and please rest assured that we will work closely with him in the coming weeks and will encourage him to send a letter indicating his support of these priorities.

We respectfully submit this request for your support on behalf of the hundreds of Memphis and Shelby County agencies, leaders and citizens involved in the work. **Please consider the following as the shared state legislative and budget priorities of the Memphis and Shelby County for the 2016 state legislative session.**

- Fund EPIcenter to expand entrepreneurship and innovation in Tennessee.
- Competitively fund TN ECD business assistance and incentive programs.
- Fund improvement to the Lamar Avenue / US Highway 78 / Interstate 22 corridor.
- Fund the Memphis-Shelby Dual Enrollment Career and Technical Education Pilot Program.
- Invest in improving the quality of Tennessee's Voluntary PreK program and early learning through third grade.
- Fully implement the new TN Ready assessment.
- Continue full funding for the Tennessee higher education outcomes-based formula.
- Enhance sentences for repeat drug trafficking, burglary and domestic violence offenders.
- Support orders of protection for domestic violence cases.



Memphis and Shelby County 2016 State Budget and Legislative Priorities



- Expand funding for TN specialty courts, including Shelby County Drug Court and Mental Health Court.
- Implement Social Impact Bond pilot project for offender re-entry programming.
- Expand health care coverage for Tennesseans.

We welcome any questions or opportunity to discuss these items with you at your convenience.

Regards,

Mayor A C Wharton, Jr.
City of Memphis

Mayor Mark H. Luttrell, Jr.
Shelby County Government

CC:

Mayor-elect Jim Strickland, City of Memphis
Representative Raumesh Akbari
Representative Karen Camper
Representative Jim Coley
Representative Barbara Cooper
Representative John DeBerry, Jr.
Representative G. A. Hardaway
Senator Lee Harris
Senator Brian Kelsey
Senator Sara Kyle
Representative Ron Lollar
Representative Steve McManus

Representative Larry Miller
Senator Mark Norris, Senate Majority Leader
Representative Antonio Parkinson
Senator Reginald Tate
Representative Curry Todd
Representative Joe Towns
Representative Johnnie Turner Representative
Representative Mark White
Beth Harwell, Speaker of the House of
Representatives
Senator Ron Ramsey, Lieutenant Governor and
Speaker of the Senate

JOBS

Entrepreneurship and innovation. Expand Tennessee’s investment in entrepreneurship and innovation. Through Governor Haslam’s leadership, his Jobs4Tennessee plan and LaunchTN – Tennessee has recognized the critical role of, and made important investments toward, innovation and entrepreneurship. Similarly, Memphis and Shelby County has doubled down, through state and private sector funds, to expand Memphis’ entrepreneurial footprint. Created in 2014, the Entrepreneurship-Powered Innovation Center (EPIcenter) provides a single front door to the entrepreneurial ecosystem in the Greater Memphis Area by directing and coordinating existing resources, as well as developing and leading new programs in key strategic sectors. In the first 14 months, the Memphis entrepreneurial ecosystem as connected through the EPIcenter initiative has accelerated and/or incubated 50+ new companies, serving more than 100 entrepreneurs and creating 75 jobs locally. Additionally, in excess of \$4.75M of new capital has been invested into Memphis start-up companies. Ongoing support of this project allows EPIcenter to continue to move an increased number of innovative technologies to market, build and grow businesses and jobs, attract and retain emerging and seasoned talent, leverage outside investments into the region and employ Memphians, all with the goal to expand economic opportunities and activity within the greater Memphis region. (**\$10M over three years**)

State business assistance tools. Strengthen Tennessee’s business assistance programs to ensure Tennessee is competitive with neighboring and other states for new economy jobs. Smart, well-designed and carefully-applied State programs have long been an important component of local economic development efforts in Tennessee. However, the aggressive use of financial incentives by Tennessee’s competitors makes it imperative that the State review its approach to economic development. The proposed Legislative Agenda will:

- a. **Insure that the Tennessee Department of Economic and Community Development business assistance and incentive programs are adequately funded and competitive with neighboring and other states with whom Tennessee vies for development projects.** While Tennessee may not be able to duplicate the hundreds of millions of dollars spent by states like Texas, South Carolina and Mississippi to win economic development projects, an adequately funded Department is critical for the State to compete. (**\$ TBD**)
- b. **Provide the Department of Economic and Community Development with tools to support local governments in retaining high impact existing firms that may otherwise relocate some or all of their Tennessee operations to other states.** The Department would ideally have the flexibility to use their existing business incentive programs, in support of local governments, where a real and credible threat of substantial job loss is identified. (**\$ TBD**)
- c. **Create a new Tennessee Brownfield Redevelopment Tax Credit to spur redevelopment of Tennessee’s state and federally-designated brownfield sites.** The new Brownfield Tax Credit will provide a 5-year annual credit of \$4,500 per job created to offset up to 100 percent of state franchise and excise taxes. The credit for year 5 will have a 15-year carry-forward. (**\$ TBD**)

Lamar Avenue improvement project. Expand funding for the construction of the region’s foremost infrastructure project, improvements to the Lamar Avenue / US Highway 78 / Interstate 22 corridor. The intersection of Lamar and Shelby Drive is ground zero for the Memphis industrial real estate market, with approximately 60 million square feet of space and one of the largest intermodal rail yards in the region (BNSF). Lamar is also the most highly congested truck corridor in the area and consistently receives an “F” rating on traffic studies – making it difficult to retain or attract companies. The

Tennessee Department of Transportation has appropriated \$34 million to begin Phase 1 right-of-way acquisition for the southern portion of the corridor from Shelby Drive south to the Mississippi state line. More is needed to insure this critical project is constructed. (\$ TBD)

Education

TCAT – CTE Dual Enrollment Pilot Program. Currently, in Shelby County there is limited articulation between high school Career and Technical Education (CTE) programs and postsecondary programs; and the potentially very powerful model of dual enrollment wherein high school and college credit are earned simultaneously does not exist at all for CTE programs. There is strong evidence that engagement of high school students in dual enrollment programs can connect these students to pathways to postsecondary education and higher skills that result in well-paying jobs.

Recognizing this, state financial support in the amount of \$2.9 million is requested to build on its current LEAP investment and launch a dual enrollment CTE pilot program in Shelby County with TCAT-Memphis in partnership with five high schools in Shelby County:

- a. Kingsbury- Machine Tool Technology
- b. Southwest- Welding Technology
- c. Trezvant- Diesel Power Equipment Technology
- d. Sheffield- Advanced Manufacturing
- e. Bartlett High School – First phase of a Memphis Medical Device Institute
- f. Arlington High School – Welding Technology

Greater Memphis Alliance for a Competitive Workforce is coordinating and leading the project. (\$3.2M)

High Quality PreK through Third Grade Education. Invest in improving the quality of Tennessee's Voluntary PreK program and early education from PreK through the 3rd grade. The Vanderbilt Prek study recently provided clear evidence that Tennessee's Voluntary PreK program doesn't meet the quality test. The study further highlights the critical need in Tennessee to strengthen early learning from PreK through third grade to ensure PreK gains are sustained and children are prepared by third grade for that critical transition from "learning to read" to "reading to learn" that is necessary for middle and high school academic success. Considerable and urgent attention and commensurate investment as needed must be dedicated to ensuring Tennessee's children receive high quality early learning. (\$TBD)

TN Ready Assessment. Full implementation of the new TN Ready assessment that is aligned with the TN State Standards. TN Ready, the new assessment adopted to replace the TCAP, will be implemented for the first time in the 2015-16 school year. This assessment is aligned with the TN State Standards which focus on critical thinking, problem solving and strong writing skills -- all critical for student to be prepared for college and career. It is essential that this assessment be implemented with fidelity for all students so that we have a clear understanding of how our students are progressing academically as well as how they compare to other students across the country. Considerable investment has already been made in training teachers for the implementation of TN Ready and it's critical that this important assessment proceed on schedule. (\$0)

Higher Ed Funding Formula. Continued full funding for the outcomes based higher education formula. The Complete College Tennessee Act of 2010 resulted in an outcomes based funding formula for higher education in TN that shifts the emphasis to college completion rather than enrollment. As a result, our

colleges and universities have made strides in increasing college completion, which often requires additional support services for many of today's college students e.g. first generation, partial completers, veterans, etc. Prior to last year, this formula had not been fully funded. However, thanks to Governor Haslam and the legislature it did last year receive full funding, which resulted in our local institutions, SWTCC and the U of M, gaining significant additional funding as reward for hard work and success. If Tennessee is to reach the goal of 55% of adults with college degrees or certificates, it is critical that this formula continue to be fully funded. (\$ TBD)

Public Safety

Enhance sentences for repeat offenders. Enhance sentences for (a) third or subsequent drug trafficking offenders, (b) third or subsequent aggravated burglary (home burglary) offenders and (c) third or subsequent domestic violence offenders.

These most egregious repeat offenders pose a particular public safety challenge and require longer prison sentences to impede further harm and damage to the community.

- In the case of **repeat drug traffickers**, an enhanced penalty of 85 percent service of a sentence and no probation eligibility would attach to third or subsequent convictions for A, B and C drug sale, manufacture or distribution convictions. The prior convictions for drug sale, manufacture or distribution could be for any felony class.
- **Recidivist aggravated burglars** (those who burglarize homes) would similarly be subject to 85 percent service of a sentence and ineligible for probation upon a third or subsequent conviction for aggravated burglary.
- **Repeat domestic violence offenders** would be addressed by making third and subsequent convictions for domestic violence assault a felony rather than a misdemeanor, which is the case currently. While incidents of domestic violence comprise half of all reported violent crime, penalties for domestic violence do not reflect the significant public safety hazard they represent. Moreover, while Tennessee law provides recidivist enhancements for other offenses, such as drug possession, there are no such enhancements for misdemeanor domestic violence. Recidivist misdemeanor domestic violence offenders currently receive no enhanced penalty for repeat offenses. Third or subsequent misdemeanor domestic violence conviction should become a felony.

In crafting such an enhancement, two factors should be taken into consideration: the look-back period for the previous convictions and the nature of the current and previous offenses. As regards the former, the prior convictions should be within the preceding 20 years. And the previous and current offenses for misdemeanor domestic violence should be limited to intimate-partner violence, between current or former intimate partners. Tennessee defines domestic violence broadly to include not only intimate partners and family members but also any current or former co-habitants. The Task Force recommends that this enhancement apply only to intimate-partner violence.

Orders of protection for domestic violence victims. For domestic violence cases, allow (a) law enforcement to seek emergency orders of protection and (b) automatic orders of protection in cases where there is an arrest and deadly force is used. Domestic violence remains an urgent public safety priority and there should be more tools for victims' protection available to victims themselves and to law enforcement. The current system for victims to obtain orders of protections against assailants imposes serious hardships, thereby discouraging victims from taking necessary steps to protect their

safety. The Task Force recommends that emergency orders of protection, available 24 hours a day and processed by a judicial officer, be made available to victims. An in-person hearing should be required within 14-30 days following the issuance of the order. Law enforcement officers who are called to the scene of an incident should be able to initiate this process.

Additionally, in cases where there is an arrest, and victims allege the use or the attempted use of deadly force by the assailant, an automatic order of protection should issue, with an in-person hearing required within 48-72 hours from its issuance.

Recovery and Specialty Courts. Continue to support recovery (drug treatment) and other specialty courts, such as mental health or veteran, with funding for individual courts including the Shelby County Drug Court, Veterans Court and Mental Health Court, based on an effective evaluation system. There is growing consensus that drug courts achieve statistically significant reductions in the recidivism rates of program participants relative to treatment in prison groups. Tennessee should continue to expand and standardize these recovery courts, ensure that eligibility to participate is based on established, evidence-based criteria, and ensure that a validated risk and needs assessment tool is used to determine the appropriate type and level of programming, services, and supervision. Furthermore, Tennessee should create additional recovery courts that combine the services of drug courts with mental health and veterans' courts.

Memphis & Shelby County supports and seeks continued funding for all three (3) Specialty Courts (Drug, Veterans, and Mental Health) through the Tennessee Department of Mental Health and Substance Abuse Services.

The **Shelby County Drug Court** should be supported at its current level of \$500,000/year through the Tennessee Department of Mental Health and Substance Abuse Services. The Shelby County Drug Court which provides non-violent offenders with the option of supervised drug treatment – resulting in reduced repeat offenses and incarceration cost savings (Drug court costs \$13/day as compared \$58/day at the Shelby County Correctional Center and approximately \$100/day at the Shelby County Jail). Currently, of the \$1.9million annual budget for drug court, \$500,000 comes from Shelby County Government, \$380,00 from local fines and fees, \$425,000 from seizure funds by MPD and SCSO, \$45,00.00 grant funds, and the balance from state funding. **(\$550,000 annual)**

Additionally, Shelby County was the first county in Tennessee to launch a Veterans Court. The program provides a means to divert eligible veteran participants from the traditional criminal justice system and provide them support and rehabilitation through comprehensive substance abuse and/or mental health treatment; education; vocational programs; and community resource referrals for housing, childcare, and transportation, all while being judicially monitored. Veterans Court (VC) is a made up of an extensive collaboration of dedicated partners, including criminal justice, federal veterans' agencies, and local community veterans' organizations. The target population includes military veterans who have been charged with criminal offense(s) and who are identified with substance dependency, serious mental health issues and/or other issues which may be amenable to treatment. No funding is requested at this time. **(\$0)**

The mission of the Shelby County Mental Health court is reduce recidivism of persons who are severely and persistently mentally ill to incarceration, reduce psychiatric hospital stay days for these persons, and reduce days incarcerated for these persons. The program offers individualized treatment plans and supervision conditions, monitoring and motivation by mental health professionals and court officials, and dismissal of charges, deletion of record of conviction, or reduced sentences if participants

successfully complete the program. It is funded primarily by federal grants at this time, but state support is requested in the amount of \$80,000. (**\$80,000 annual**)

Social Impact Bond for offender re-entry programs. Deploy a Social Impact Bond model of investment to fund promising re-entry programs, including a pilot project in Shelby County, that show potential for government financial savings. It will take upfront dollars to finance additional offender re-entry programs throughout the state – but we know that when re-entry programs work, they provide great savings for government in terms of incarceration costs. Pay-for-success financing tools or Social Impact Bonds (SIBs) are an innovative, smart tool that would provide a no-risk solution for Tennessee government to fund evidence-based offender re-entry programs –specifically including a pilot program to be implemented in Shelby County. SIBs are an innovative financing tool for social programs where private investors pay the up-front costs of providing social services and government agencies re-pay the investors once the project has both succeeded and demonstrated cost savings to government. (**\$0 actual cost but \$10M fiscal note due to “set aside” to repay investors once \$10M in government savings is achieved**)

Health

Health Care Coverage for Tennesseans. Use federal dollars to buy private health insurance for Tennesseans under age 65 living at or below 138% of the federal poverty level who have no other way to get coverage. The availability of such health insurance to the estimated nearly 400,000 Tennesseans who are eligible would significantly reduce the amount of uncompensated care our state's hospitals and physicians provide, and would allow covered individuals access to both preventive health care and to timely, cost-effective management and treatment of ongoing health conditions.

Moreover, the Tennessee Hospital Association predicts that unless Tennessee taps federal funds to expand health care coverage, then previous federal reimbursement cuts to Medicare (\$7.4 billion in Tennessee over the next decade) which anticipated states would tap the new federal funds, will have a very negative effect on hospital reimbursement rates and thereby result in a loss of 90,000 jobs statewide, 15,157 of which will be in Shelby County.

Finally, there is an indirect but powerful downside of not tapping federal funds for Tennessee businesses, because due to cost shifting our businesses ultimately wind up carrying much of the non-reimbursed cost through commercial premium increases. This cost increase in turn makes Tennessee less competitive for business expansion and jobs growth. (**\$0 through 2016**)



2016 STATE LEGISLATIVE AND BUDGET PRIORITIES CITY OF MEMPHIS ONLY

1. **Criminal Law:** Memphis will advocate for stiffening the penalties for violent criminals and work with other local governments to lead the effort for tougher sentencing laws for violent crimes and repeat offenders. Pursue longer prison time for crimes involving stolen guns. Work with state government to make multiple domestic violence offenses felonies rather than misdemeanors. Seek a state law that allows police officers to obtain orders of protection at the scene of domestic violence offences.
2. **Amend Guns in Public Places Law:** Current guns in parks law is unclear on how to implement the legislation. Allowing guns into public events like football games, street festivals and tourist zones pose serious threats to public safety. Memphis will work with the Tennessee Municipal Attorneys Association, Tennessee Chiefs of Police Association, the Tennessee Municipal League, the Tennessee Sheriffs Association, and the District Attorneys General Conference to advance legislation to address the problem.
3. **Open Record Issues with Camera Video Data Storage:** Public information release of video data collected from operation of police dash and body cameras is labor intensive and costly. Request sustainable state funding stream to support electronic video data storage, recovery and production.
4. **Hall Income Tax on Interest and Dividends:** Memphis receives annual proceeds from the Hall Tax. For FY 2015 the amount was \$14.8 million which is approximately 2.40% of the City budget expenditures. Memphis opposes the phase out of the Hall income tax.
5. **Increase Public Library Funds:** Designate \$4 Million in the state budget to be divided between Memphis, Nashville, Chattanooga and Knoxville County public libraries, based on service population. Highlighting the inequities beyond numbers, this compensates for the obvious disparity in provided services and state funding to regional libraries as opposed to metro Tennessee libraries. TML
6. **Anti-blight Demolition Funds:** Memphis will solicit funds through legislation for demolition of blighted structures to stabilize property and mortgage value. Solicit cooperation of state administrative agencies to enhance incentives to facilitate the sale of housing properties using residential PILOTS.