

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1176 - SB 1718

March 11, 2009

SUMMARY OF BILL: Requires local education agencies (LEAs) to add a cost-of-living adjustment to the LEA's base salary schedule if there is a percentage increase in the consumer price index of one-half of one percent. Such an increase shall be rounded to one percent if there is a change in the CPI of more than one-half of one percent but less than one.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$34,829,400*

Assumptions:

- Cost-of-living salary adjustment will be borne by local governments. No impact on the BEP formula.
- Approximately \$2,876,482,095 in state expenditures and approximately \$606,458,572 in local expenditures are spent annually on LEA salary schedules for licensed personnel.
- The cost-of-living adjustment will be one percent of the entire cost of the salary schedule. The total cost of the salary schedule is \$3,482,940,667 (\$2,876,482,095 + \$606,458,572). One percent of \$3,482,940,667 is approximately \$34,829,406.
- If the percent change in the CPI index is less than one-half of one percent than no cost-of-living salary adjustment would be implemented.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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