

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3915**

February 5, 2010

**SUMMARY OF BILL:** Broadens authorized uses of annual leave, compensatory leave, and sick leave upon retirement by state employees and teachers. The bill authorizes the option of a lump sum payment of unused sick leave upon retirement.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Net Impact – Exceeds \$30,000,000**

**Increase Federal/Other Expenditures – Net Impact - Exceeds \$7,000,000**

**Increase Local Expenditures - Net Impact – Exceeds \$25,000,000\***

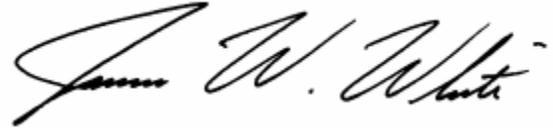
Assumptions:

- State employees and teachers will take lump sum payments of unused sick leave upon retirement.
- Annual retirees: state government – 1,400; higher education – 750; teachers – 2,000, for a total of 4,150.
- An estimated increase in state expenditures for payment of unused sick leave upon retirement as follows: state government cost for 1,400 retirees exceeds \$30 million; higher education cost for 750 retirees exceeds \$22 million (higher education costs is based on information received on a similar bill introduced in 2007).
- The increase in local expenditures will exceed \$30 million for approximately 2,000 retired teachers per year.
- A cost savings to the retirement program from a decrease in the lump sum pension liability. The total estimated savings amortized over 20 years is estimated to exceed \$14.7 million to state government and \$4.7 million to local government entities.
- The annual net increase in expenditures for state government will exceed \$37 million of which \$7 million will be an increase in federal/other expenditures.
- The annual net increase in expenditures for local government (teachers) will exceed \$25 million.

\*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.*

**CERTIFICATION:**

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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