TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1748 - SB 1997

January 31, 2014

SUMMARY OF BILL: Prohibits layoffs in excess of 10 state employees during a fiscal year if such layoffs were not included in the state's budget; provided, however, such layoffs may occur if approved by a majority vote of the General Assembly.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds $1,000,000

Assumptions:

- State agencies find it necessary to reduce positions for budgetary or reorganizational reasons. These reductions may or may not be in the fiscal year budget, and may or may not occur during times when the General Assembly is in session.
- Currently, any preferred service employee whose position is abolished because of a reduction-in-force (RIF) must be provided written notice containing the reason for the layoff at least 30 days in advance of the effective date for abolishing the position.
- According to the Department of Human Resources (DOHR), the average number of employees affected by a RIF since FY09 is 253.5 per year. The average salary, including benefits, of current state employees is $65,530.
- State agencies could be affected by recurring costs of $1,384,321 (253.5 average number of employees affected by a RIF x $65,530 average salary/12 months) per month if required to maintain employees longer than the 30-day notice.
- While an exact fiscal impact is difficult to quantify, any increase in expenditures is estimated to exceed $1,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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