

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2591 - SB 2557**

February 28, 2018

**SUMMARY OF BILL:** Provides a pay raise of \$100 per month for all state employees on July 1 of every odd-numbered year.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$48,378,700/FY19-20**  
**Exceeds \$48,378,700/FY20-21**  
**Exceeds \$96,744,600/FY21-22**  
**Exceeds \$96,744,600/FY22-23 and Subsequent Years**

**Increase Federal Expenditures – Exceeds \$600,000/FY19-20**  
**Exceeds \$600,000/FY20-21**  
**Exceeds \$1,200,000/FY21-22**  
**Exceeds \$1,200,000/FY22-23 and Subsequent Years**

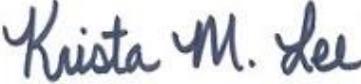
Assumptions:

- The proposed legislation provides a salary increase of \$100 per month, or \$1,200 annually, for all state employees on July 1 of every odd-numbered year.
- As if June 30, 2017, there were 40,160 full-time state employees and 2,440 part-time state employees. For purposes of this fiscal note, it is assumed that the number of full-time and part-time state employees have remained constant and will remain constant in future fiscal years.
- Part-time employees will receive a salary increase in proportion to the hours worked. In other words, part-time employees will receive a raise equal to \$0.62 per hour (\$1,200 annual raise / 1,950 hours annually).
- The salaries of certain state employees (e.g., TennCare, Department of Human Services, and Department of Children's Services) are subject to matching federal funds. There is insufficient information on the number of state employees whose salaries are subject to matching federal funds. However, it is reasonable to assume that at least 1,000 full-time state employees' salaries receive matching federal funds.

- Further, there is insufficient information on the funding ratio applicable to these employees. Some receive a 66 percent federal and 34 percent state match; others receive a 50 percent federal and 50 percent state match.
- For purposes of this fiscal note, it is assumed that the average ratio is 50 percent federal and 50 percent state.
- The proposed legislation will increase federal expenditures by at least:
  - \$600,000 (1,000 x \$1,200 x 0.5) in FY19-20;
  - \$600,000 (1,000 x \$1,200 x 0.5) in FY20-21;
  - \$1,200,000 (1,000 x \$2,400 x 0.5) in FY21-22; and
  - \$1,200,000 (1,000 x \$2,400 x 0.5) in FY22-23.
- The proposed legislation will increase state expenditures by at least:
  - \$600,000 (1,000 x \$1,200 x 0.5) in FY19-20;
  - \$600,000 (1,000 x \$1,200 x 0.5) in FY20-21;
  - \$1,200,000 (1,000 x \$2,400 x 0.5) in FY21-22; and
  - \$1,200,000 (1,000 x \$2,400 x 0.5) in FY22-23.
- The pay increase for the remaining 39,160 full-time employees (40,160 – 1,000) are not subject to matching federal funds, and will be paid from state funds.
- The proposed legislation will increase state expenditures by:
  - \$46,992,000 (39,160 employees x \$1,200) in FY19-20;
  - \$46,992,000 (39,160 employees x \$1,200) in FY20-21;
  - \$93,984,000 (39,160 employees x \$2,400) in FY21-22; and
  - \$93,984,000 (39,160 employees x \$2,400) in FY21-22.
- Part-time employees will receive a salary increase in proportion to the hours worked. In other words, part-time employees will receive a raise equal to \$0.62 per hour (\$1,200 annual raise / 1,950 hours annually) in FY19-20 and a raise equal to \$1.23 (\$2,400 annual raise / 1,950 hours annually) in FY21-22.
- There is insufficient data on the average number of hours per year that a part-time employee works. However, it is reasonable to assume that each part-time employee works at least 10 hours per week, or 520 hours per year (10 hours per week x 52 weeks).
- The proposed legislation will increase state expenditures by at least:
  - \$786,656 (2,440 employees x 520 hours x \$0.62 per hour) in FY19-20;
  - \$786,656 (2,440 employees x 520 hours x \$0.62 per hour) in FY20-21;
  - \$1,560,624 (2,440 employees x 520 hours x \$1.23 per hour) in FY21-22; and
  - \$1,560,624 (2,440 employees x 520 hours x \$1.23 per hour) in FY22-23 and subsequent years.
- The proposed legislation will increase state expenditures by a total of at least:
  - \$48,378,656 (\$600,000 + \$46,992,000 + \$786,656) in FY19-20;
  - \$48,378,656 (\$600,000 + \$46,992,000 + \$786,656) in FY20-21;
  - \$96,744,624 (\$1,200,000 + \$93,984,000 + \$1,560,624) in FY21-22; and
  - \$96,744,624 (\$1,200,000 + \$93,984,000 + \$1,560,624) in FY22-23 and subsequent years.

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

/trm