

TENNESSEE GOVERNMENT

Update

NEWS FOR THE CLIENTS AND FRIENDS OF BASS, BERRY & SIMS PLC

May 22, 2008

Shortly before midnight yesterday, Tennessee's 105th General Assembly completed its work and adjourned *sine die*. Adjournment came on the 91st legislative day, one day longer than the Tennessee Constitution permits. As a result, members will not receive per diem or expenses for the final day. The 106th General Assembly will convene for its two-year term on January 13, 2009.

Before adjourning, the Legislature adopted a budget based on the state having 2,000 fewer employees in the next fiscal year, no state employee raises and the elimination of any increase for Governor Bredesen's pre-K educational initiative. It also agreed to revise the grade point average required for a college student to receive and continue to receive the Tennessee lottery scholarship.

The state budget for fiscal year 2008-2009 totals \$27.7 billion, state and federal money combined. This total represents a 1.2 percent reduction from last year's budget. The decrease in the amount of the state budget is directly related to the projection that the state will have no revenue growth in the fiscal year beginning July 1, 2008.

The governor has made the point that other states are having similar problems and that 27 states have projected budget shortfalls in fiscal year 2008-2009.

In early June, selected employees in positions that will be eliminated permanently will be offered a buy-out that will include four months' salary, \$500 for every year of service to the state, state health insurance for six months and two years' tuition at a state university or community college. If the buy-out does not reduce the workforce by 5 percent, approximately 2,000 employees, involuntary terminations will take place.

In lieu of an increase in salary, each state employee with at least three years' service will receive a \$400 bonus. This \$48 million expenditure, and the \$248 million necessary to cover the budgetary shortfall in the fiscal year ending June 30, 2008, will come from reserve funds held by various state agencies.

One issue left unresolved is the status of the Judicial Selection Commission that currently makes recommendations to the governor for appointments to fill vacant judgeships. The Judicial Selection Commission is in a one-year "wind-down" under Tennessee's sunset statute. Without some resolution being reached in the first session of the 106th General Assembly next spring, there will be no process except popular election for filling vacancies on trial or appellate courts. Former Lieutenant Governor John Wilder, retiring after more than 40 years of service in the Tennessee General Assembly, 37 of which as speaker of the Senate and lieutenant governor, made

a last-minute emotional appeal to continue the current composition and process of the commission. His motion was tabled by a vote of 18-15 with the Democratic Speaker Pro Tempore Rosalind Kurita and Independent Mike Williams voting with the 16 Republicans in favor of the tabling motion.

The materials contained herein have been abridged from the statutory sources and should not be construed or relied upon for legal advice. Readers are urged to consult legal counsel concerning particular situations and specific legal questions.

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