

## TENNESSEE GOVERNMENT UPDATE

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

March 18, 2011

### **Haslam Unveils \$30.2 Billion Budget**

On Monday night, the Governor addressed a joint convention of the Tennessee House of Representatives and Senate in a speech that lasted approximately 35 minutes. The theme of the speech focused on a "new normal" for Tennessee state government in taking on a "rigorous diet that consumes less and exerts more energy."

Specifically, the Administration projects 3.65 percent growth, the vast majority of which is already absorbed by TennCare, state employees' healthcare cost inflation, and BEP funding. The Governor's budget embraces the Tennessee Hospital Association's proposal to impose a 4.52 percent assessment fee on hospital gross receipts for the coming year, up from 3.52 percent in the current year. The hospital coverage assessment is contingent on legislative approval

The biggest surprise of the night was the announcement of a 1.6 percent increase in state employee salaries ([Knoxville News Sentinel's Tom Humphrey has the story](#)). The Governor also acknowledged the elimination of 1,180 state positions, 90 percent of which were either vacant or funded by federal stimulus dollars.

Overall, the state faces a projected \$1.4 billion deficit, which translates to a 5.6 percent reduction in spending ([Andy Sher of the Chattanooga Times Free Press reported on this](#)). Nevertheless, the Administration plans to begin restocking the state's "rainy day" fund, which has fallen from a \$750 million high in 2008 to a projected \$257 million at the end of this year. Governor Haslam's plan calls for the fund to reach the \$326 million level on June 30, 2012. ([Tom Humphrey has more on the story](#)).

For the most part, Haslam followed the plan he inherited from Governor Bredesen for addressing the end of federal stimulus money and other anticipated budget shortfalls. Bill Bradley, director of budget for the Department of Finance and Administration, announced this week during budget hearings conducted in the House Finance, Ways & Means Committee that the Administration's amendment to the budget is expected May 2.

### **"Tennessee is not Wisconsin"**

Said Lieutenant Governor Ron Ramsey after union supporters disrupted a Senate Commerce Committee hearing on Tuesday. The disruption occurred after hundreds of labor supporters gathered for a midday protest near the Capitol to protest bills that would strip the Tennessee Education Association ("TEA") and its members of their collective bargaining powers and ban labor

organizations, including TEA, from giving to political campaigns. Approximately 40 protesters, many of them students, began shouting at committee members and chanting "Hey, hey, ho, ho, union busting has to go." Seven members of the group were arrested after linking arms and falling to the floor in passive resistance to troopers' efforts to make the protesters leave the committee room. Lieutenant Governor Ramsey said in a statement that the legislature "will not be intimidated by nomadic bands of professional agitators on spring break bent on disruption." ([Chas Sisk from The Tennessean has more on the story](#)).

### **Senate Rejects Compromise on Teachers' Collective Bargaining**

After refusing for weeks to offer his position on the bill that would strip away all of the collective bargaining rights of public school teachers, Governor Haslam joined House Speaker Beth Harwell on Wednesday in offering a compromise in which TEA could continue to negotiate with school boards over base pay and benefits. The compromise would make it easier for teachers to decertify the TEA as their bargaining agent.

On Thursday, however, the Senate sponsor of the bill, Senator Jack Johnson, and Lieutenant Governor Ramsey said that they would reject the compromise and push for repeal of the statute that authorizes collective bargaining between local school boards and teacher associations. Bills must pass both chambers in the same form to become law. If an agreement cannot be reached, the current collective bargaining statute will remain in place. ([Richard Locker from The Commercial Appeal has the story](#))



**J. Richard Lodge**  
(615) 742-6254  
dlodge@bassberry.com



**H. Lee Barfield II**  
(615) 742-6202  
lbarfield@bassberry.com



**Erica Bell Vick**  
(615) 742-7901  
evick@bassberry.com

---

150 Third Avenue South, Suite 2800 • Nashville, TN 37201 • (615) 742-6200  
The Tower at Peabody Place • 100 Peabody Place, Suite 900 • Memphis, TN 38103 • (901) 543-5900  
1700 Riverview Tower • 900 South Gay Street • Knoxville, TN 37902 • (865) 521-6200