



STATE OF TENNESSEE

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State Needs to Address Needs of New Employees

NASHVILLE, Tenn. – Financial incentives would spur improved performance and productivity of state employees, a study by the Comptroller’s Office of Research said.

State government is losing talented younger employees who leave because they are not rewarded financially for their work. They also see little room for advancement because many supervisory jobs are filled with older employees eligible for retirement, according to the report. About half of the state’s managers are eligible for retirement. Replacing them within the coming years will be difficult unless the state recruits and retains younger employees now.

“Research has shown that performance incentives tend to attract talented and highly motivated employees. Since some other employers provide performance-based pay, and Tennessee does not, many talented and motivated employees will choose not to work for state government,” the report said.

The report also found that state salaries for many positions, such as correctional officers and nurses, are below those of other public and private employers.

Many of the report’s findings were based on an October 2003 survey of state employees. Of the 1,400 employees who received surveys, 658 responded. Tennessee government employs about 44,000 people, not counting teachers and higher education workers.

More than 70 percent of the survey respondents agreed that “it is hard for good employees to get promoted.” Promotion prospects for newer employees are limited because state government is a mature industry with a low turnover rate, the survey said.

“Forty percent of state employees believe that some employees in their divisions should be fired, and several interviewees cited civil service protections as an impediment to firing poor employees,” the report noted.

Still, the median tenure of Tennessee state employees is nine years, longer than the median rates of other government employers and those in the private sector.

Some talented state employees leave government service because their pay – \$31,728 is the average – is lower than salaries for federal and local government employees and private enterprise. Yet, state employee benefits, such as a 37.5-hour work week and significant time off, are richer than benefits elsewhere.

“Failure to understand the value of benefits will make job opportunities at other employers, where salaries are often higher and benefits lower, more attractive to current and potential state employees,” the report said.

The report suggests the General Assembly could require a comprehensive pay plan, authorize pay-for-performance pilot programs, give managers greater flexibility and allow incremental performance bonuses during employees' first five years on the job.

"Turnover is highest among the state's newest employees. Providing incentives to those employees might improve retention," the report said.

The report is available on the Comptroller's Web site at www.comptroller.state.tn.us.