

SUBJECT: Retirement benefits for TWC employees whose jobs are privatized

COMMITTEE: Economic Development — favorable, with amendment

VOTE: 7 ayes — Oliveira, Yarbrough, Luna, Raymond, Seaman, Siebert, Van de Putte
0 nays
2 absent — Greenberg, Keffer

WITNESSES: For — Adriana Chavez, Enrique “Henry” Jimenez and Paul Sherr, Texas State Employees Union; Rick Levy, Texas AFL-CIO
Against — None
On — Ted Melina Rabb, Workforce Development Legislative Oversight Committee; David R. Perdue, Texas Workforce Commission

BACKGROUND : HB 1863 by Hilderbran, et al., was enacted by the 74th Legislature to restructure the state's welfare and workforce development programs. The bill set into motion a process for consolidating the state's workforce development and employment services and positions into the Texas Workforce Commission (TWC) and encouraging local workforce development boards to contract with private companies to provide these services. The law requires that these private entities give preference to state employees in hiring decisions.

DIGEST: HB 2915 would establish service retirement eligibility and benefits for TWC employees furloughed as a result of privatization of state employment services.
Affected employees meeting the minimum requirements for service retirement could receive an annuity, with each year of service credit valued at 2.25 percent instead of the current 2.0 percent multiplier. Employees not meeting the minimum requirements for retirement but with at least 15 years of service credit would receive annuities when they met minimum age and service requirements. For these employees, each year of service would be

valued at 2.25 percent or the percentage in effect at the time of the retirement, whichever was less.

HB 2915 also would require private entities contracting with local workforce development boards to pay wages and benefits comparable to those provided state employees.

HB 2915 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

HB 2915 would ensure state employees displaced by privatization of job training services receive the retirement benefits they deserve. State employees who are not hired by private entities to perform their former jobs should not suffer as a result of privatization and should be rewarded for their public service and hard work.

Furthermore, the bill also would ensure that private sector employees doing jobs previously performed by state workers received comparable pay and benefits. Privatization should not be used as a means of driving down wages, but some private companies already are hiring former state employees at lower wages and benefits to perform their same jobs.

**OPPONENTS
SAY:**

HB 2915 would undercut the private sector's ability to compete for contracts offered by local workforce development boards. The private sector is well aware of what the local labor market will bear in terms of wages and benefits and should be trusted to determine appropriate levels of compensation.

NOTES:

The companion bill, SB 1693 by Ellis, has been referred to the Senate State Affairs Committee.