

SUBJECT: Salary limitations for state employees rehired from retirement

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 9 ayes — Wolens, Alvarado, Brimer, Carter, Craddick, Hilbert, Hunter, Longoria, McCall

0 nays

6 absent — S. Turner, Counts, Danburg, D. Jones, Ramsay, Stiles

SENATE VOTE: On final passage, April 18 — 29-0

WITNESSES: None

DIGEST: SB 631 would prohibit state agencies from reemploying or contracting with retired agency employees at an annual salary or contract rate that exceeded the rate the retiree received during the last year before retirement or \$60,000, whichever was less. The salary limit would apply only if the retiree was employed for more than six months, but would encompass the entire period of employment.

Retired agency employee would be defined as an employee whose last state service before retiring was with the rehiring agency and who retired as a member of the Employees Retirement System of Texas or the Teacher Retirement System of Texas. The term state agency would include a public college or university.

The bill would take effect on September 1, 1998.

SUPPORTERS SAY: SB 631 would prohibit senior state employees who took advantage of a retirement incentive program from becoming subsequently reemployed at a pay level greater than their previous salary or \$60,000. This practice is undermining the savings that had been anticipated from retirement incentive programs and is contrary to their intent.

While the practice may be confined to a few instances, the impact is great enough to affect agency budgets. In some cases, high level agency employees who retired under attractive retirement provisions have been rehired at salaries greater than \$80,000 a year. Furthermore, in addition to receiving a salary, these retirees are able to continue receiving retirement benefits nine of the 12 months in the year.

SB 631 would not outlaw rehiring practices. The bill would provide a six-month exception to allow for retiring employees to make the transition from full-time agency work. This window also would allow agencies to recall valuable skilled workers for bona-fide short term projects or special consultancies.

**OPPONENTS
SAY:**

SB 631 is unnecessary; there are very few executive- level agency employees making a salary of \$60,000 or more who would be affected by this bill. It would make more sense for state leaders to issue policy directives on rehiring rather than lock in an inflexible policy by statute.