

## **BILL ANALYSIS**

Senate Research Center

S.B. 631  
By: Haywood  
State Affairs  
3-14-97  
As Filed

### **DIGEST**

Currently, certain state retirees are allowed to resume service with the state at a level of compensation equal to their previous level of pay. This practice usually occurs after a senior employee has retired under a retirement incentive program. There are concerns that the practice of allowing the retirees to return to work at a level of pay equal to their previous salary is not realizing as much cost savings as originally intended. This bill will reduce the level of salary for a reemployed state retiree.

### **PURPOSE**

As proposed, S.B. 631 prohibits certain state retirees from being paid a salary at a certain annualized rate.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 659B, Government Code, by adding Section 659.0115, as follows:

Sec. 659.0115. SALARIES OF RETIRED STATE EMPLOYEES WHO RESUME STATE EMPLOYMENT. Prohibits a retiree of the employee class of membership of the Employees Retirement System of Texas (ERS), who is reemployed by the state, from being paid a salary at a certain annualized rate. Provides that a retiree of the Teacher Retirement System of Texas (TRS), the majority of whose service was credited in that system in a position as an officer or employee of a state agency, who is reemployed by the state, is subject to the salary restriction described by Subsection (a). Defines "state" and "state agency."

SECTION 2. Amends Chapter 2252, Government Code, by adding Subchapter Z, as follows:

#### **SUBCHAPTER Z. MISCELLANEOUS PROVISIONS**

Sec. 2252.901. CONTRACTS WITH RETIRED STATE EMPLOYEES. Prohibits a state agency that contracts with a retiree of the employee class of membership of ERS or TRS, the majority of whose service was credited in that system in a position as an officer or employee of a state agency, from paying for personal services under the contract that are substantially similar to the services the retiree performed as a state officer or employee at an annualized rate exceeding the lesser of 50 percent of the rate of compensation over the last year before retirement; or 50 percent of the highest rate of compensation for any consecutive 12-month period; or that, when added to the retiree's annual retirement benefit, exceeds the salary the retiree received during the last 12 months of service before retirement. Defines "state" and "state agency."

SECTION 3. (a) Makes application of Section 659.0115, Government Code, as added by this Act, prospective.

(b) Makes application of Section 2252.901, Government Codem as added by this Act, prospective.

SECTION 4. (a) Effective date: September 1, 1997, except as provided by Subsection (b).

(b) Provides that if this Act receives the vote required by Section 39, Article III, of the Texas Constitution for accelerated effect, this Act takes effect of the first day of the month after the first month in which it could take effect.

SECTION 5. Emergency clause.