

BILL ANALYSIS

C.S.H.B. 30
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Government Efficiency & Reform
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many administrators of certain state entities assert that Texas needs to adopt multiple approaches to improve the efficiency and functioning of those entities in this era of budgetary restraints. To that end, C.S.H.B. 30 seeks to provide a means of reducing administrative overhead costs in certain state entities by granting greater flexibility in changing employee staffing levels and compensation.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to The University of Texas System and to The Texas A&M University System in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 30 amends the Government Code to authorize an institution of higher education to establish a mandatory employee furlough or work reduction program as necessary to increase efficiency, reduce the cost of operations, or otherwise address the financial condition of the institution. The bill establishes that, notwithstanding other law, the terms and conditions of such a program apply while a furlough or work reduction program is in effect. The bill requires any reduction in costs or savings attained by the institution as a result of a furlough or work reduction program to be retained and expended by the institution and prohibits such reduction from being accounted for in an appropriations act in such a way as to reduce the general revenue or other appropriations to the institution. The bill makes certain of its provisions relating to the state agency involuntary furlough program regarding certain accruals and what constitutes a break in service applicable to a mandatory furlough or work reduction program adopted by an institution of higher education. The bill establishes that an individual participating in an involuntary furlough or work reduction program who receives benefits under the State University Employees Uniform Insurance Benefits Act remains eligible for benefits in accordance with rules adopted by the applicable system.

C.S.H.B. 30 authorizes the executive director of a state agency, on approval of the governing body of the state agency, to require an employee of the state agency to participate in an involuntary furlough program without pay in order to balance the state agency's budget. The bill requires the state agency implementing such a program to reduce an employee's compensation in an amount equal to the number of hours the employee is furloughed times the employee's hourly rate or equivalent hourly rate as provided by certain statutory provisions relating to the determination of the amount of monthly or hourly pay for state officers and employees. The bill prohibits a state employee from using vacation, sick, or any other paid leave while the employee is on an unpaid furlough. The bill establishes that an unpaid furlough does not constitute a break in service for the state employee and that a state employee who is on unpaid furlough continues to accrue state service credit for purposes of longevity pay, vacation leave, and sick leave.

C.S.H.B. 30 authorizes a state employee on an unpaid furlough that exceeds one month in length to continue to accrue service credit with the Employees Retirement System of Texas or Teacher

Retirement System of Texas by receiving state pay during each month of the unpaid furlough in an amount equal to the employee's contribution to the applicable retirement system. The bill authorizes the employee to use any combination of paid leave, including state compensatory leave, overtime leave under the federal Fair Labor Standards Act of 1938, sick leave, or annual leave to qualify for the state pay. The bill defines "state agency," for the purposes of these provisions relating to a state agency involuntary furlough program, to mean a board, commission, office, department, or other agency in the executive, judicial, or legislative branch of state government and specifies that the term does not include an institution of higher education as defined by certain provisions of the Education Code. The bill entitles an employee participating in a state agency involuntary furlough program who is otherwise eligible for longevity pay to longevity pay.

C.S.H.B. 30 authorizes an institution of higher education, subject solely to procedures and rules adopted by the governing board, to establish a program of temporary or permanent salary reductions as necessary to reduce cost of operations or otherwise address the financial condition of the institution.

C.S.H.B. 30 makes conforming changes and redefines "compensation," as applicable to certain statutory provisions relating to the Employees Retirement System of Texas, and "salary and wages," as applicable to a certain statutory provision regarding member compensation relating to the Teacher Retirement System of Texas.

C.S.H.B. 30 amends the Insurance Code to establish, under certain statutory provisions relating to coverage and participation in the Texas Employees Group Benefits Act, that an individual is eligible to participate in the group benefits program if the individual would otherwise be eligible to participate in the program except that the individual is not receiving compensation for service because the individual is participating in an involuntary furlough program of a state agency or institution of higher education under certain specified provisions of the bill. The bill prohibits any reduction in the employee's hours that results from participation in such an involuntary furlough program from being considered for purposes of determining whether an individual is a full-time or part-time employee under certain statutory provisions relating to the amount of contribution for coverage under the Texas Employees Group Benefits Act for full-time and part-time employees.

C.S.H.B. 30 requires an employee participating in an involuntary furlough program under certain specified provisions of the bill for a period of a month or more to make the contributions required for the coverage selected by the employee, including any amount of a salary reduction agreement under a cafeteria plan, as required by the trustee. The bill entitles the employee to receive compensation for any combination of paid leave, including state compensatory leave, overtime leave under the federal Fair Labor Standards Act of 1938, sick leave, or annual leave, to the extent necessary to make the required contribution.

EFFECTIVE DATE

October 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 30 contains a provision not included in the original making certain of the substitute's provisions relating to the state agency involuntary furlough program regarding certain accruals and what constitutes a break in service applicable to a mandatory furlough or work reduction program adopted by an institution of higher education. The substitute contains a provision not included in the original establishing that an individual participating in an involuntary furlough or work reduction program who receives benefits under the State University Employees Uniform Insurance Benefits Act remains eligible for benefits in accordance with rules adopted by the applicable system.

C.S.H.B. 30 contains a provision not included in the original redefining "salary and wages" as applicable to a certain statutory provision regarding member compensation relating to the Teacher Retirement System of Texas.

C.S.H.B. 30 differs from the original by including an institution of higher education involuntary furlough program, in addition to a state agency involuntary furlough program, in its provisions amending the Insurance Code.