HOUSE RESEARCH ORGANIZATION bill analysis 5/14/97

HB 2174
Kubiak
(CSHB 2174 by Kubiak)

SUBJECT: Calculating longevity pay for state employees

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 26 ayes — Junell, Delisi, Averitt, Coleman, Cuellar, Davis, Eiland, Finnell, Gallego, Glaze, Greenberg, Haggerty, Heflin, Hernandez, Hochberg, Kubiak, Moreno, Mowery, Pitts, Price, Raymond, Swinford, Tillery, S. Turner, Walker, West

0 nays

1 absent — Hinojosa

WITNESSES: None

BACKGROUND: Full-time state employees accrue longevity pay of $4 per year worked starting after their tenth year of service. The longevity pay is calculated at five-year intervals, corresponding to an employee's 10th, 15th, 20th and 25th years of service. Members of the Legislature, elected state officials, and academic employees of state universities are not entitled to longevity pay but may accrue service credits that can be applied in other state jobs.

DIGEST: CSHB 2174 would calculate longevity pay for state workers at additional intervals corresponding to the 30th, 35th and 40th years of service.

CSHB 2174 would take effect September 1, 1997

SUPPORTERS SAY: CSHB 2174 would reward long-time state employees for their experience and expertise and create incentives for them to continue in their jobs. These employees have valuable knowledge and skills that would be hard to replicate if they left. They are the ones who hold agencies together as policy makers come and go. Furthermore, most are classified employees who have not had a pay raise since 1992. CSHB 2174 would provide a way for the state to reward them for their commitment and years of service with an across-the-board bonus that would benefit lower-paid workers at the same rate as employees with higher salaries. Since longevity pay is also included in retirement income calculations, the bill would also lead to higher retirement benefits for longtime state employees.

OPPONENTS SAY: Rather than spending approximately $600,000 per year to increase pay for long-time state workers already receiving a longevity bonus, the Legislature should apply the money to a pay increase for all state employees. A state employee with 30 or 40 years of service is already receiving an additional $100 per month simply for having worked for the state for more than 25 years. The money would be better spent raising salaries overall to benefit all state employees or using it for performance-based raises. Turnover is highest among those hired relatively recently because they are lured away by private industry. The state could cut costs on training and orientation by hiking salaries enough to retain new employees with the talent and education to run state agencies in the future rather than providing an extra few dollars to those less likely to leave.

NOTES: The original version of the bill would have raised the longevity pay from $4 to $5 for each year of lifetime service credit.

The companion bill, SB 1208 by Barrientos, has been referred to the Senate Finance Committee.