

BILL ANALYSIS

Senate Research Center

S.B. 132
By: Creighton
Finance
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the current state agency savings incentive program, when a state agency saves money under what is budgeted for the fiscal year, the agency can only retain one-fourth of the savings, with the remainder returned to general revenue. This is then further limited, because the amount retained by the agency may not exceed one percent of the amount of undedicated general revenue budgeted for the agency in the fiscal year. This incentive structure is inadequate for encouraging state agencies to identify savings. S.B. 132 improves the incentive structure of the state agency savings incentive program to further encourage state agencies to identify and implement efficiencies.

S.B. 132 amends Chapter 2108, Government Code, to remove the one percent cap on funds allowed to be retained by an agency under the state agency savings incentive program and allows the agency to retain one-half of the savings, with the other half being returned to general revenue. The bill also establishes a tiered bonus structure for agency employees that contribute to agency savings. The bill prohibits a state agency from providing such a bonus to employees of the agency who serve in an upper management position. The bill requires an agency to pay off its general obligation bonds prior to issuing bonuses.

By removing the one percent cap and allowing agencies more discretion in how to use their savings, the state will provide a more effective incentive to create savings. Legislation rewarding those who save the state money through a tiered bonus structure will further incentivize responsible stewardship of taxpayer dollars. A requirement for the agency to first pay debts before issuing bonuses is included to ensure that agency debts are addressed before rewarding agency employees.

S.B. 132 amends current law relating to the savings incentive program for state agencies.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to a state agency in SECTION 1 (Section 2108.103, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2108.103, Government Code, by amending Subsection (a) and adding Subsections (c), (d), (e), and (f), as follows:

(a) Provides that the affected agency retains one-half of the amount of savings verified by the Texas comptroller of public accounts (comptroller). Deletes existing text providing that the affected agency retains one-fourth of the amount of savings verified by the comptroller, not to exceed one percent of the amount of undedicated general revenue (GR) derived from nonfederal sources appropriated to the agency for the fiscal year in which the savings are realized.

(c) Provides that of the savings retained by the agency, one-half:

(1) is required to be used to make additional principal payments for general obligation (GO) bonds issued by the agency or on behalf of the agency by the Texas Public Finance Authority (TPFA); or

(2) if there are no outstanding GO bonds issued by the agency or on behalf of the agency by TPFA, is authorized to be used to provide bonuses, distributed equally, to each agency employee who:

(A) is a current full-time equivalent employee of the agency;

(B) worked for the agency as a full-time equivalent employee for the entire fiscal year in which the savings were realized; and

(C) is directly responsible for or worked in a department, office, or other division within the agency that is responsible for the savings realized.

(d) Provides that, if the amount of agency savings verified under Section 2108.102 (Verification of Savings), expressed as a percentage of the total amount of undedicated GR derived from nonfederal sources appropriated to the agency for the fiscal year in which the savings were realized, is:

(1) less than three percent, a bonus described by Subsection (c)(2) may not exceed \$250;

(2) at least three percent but less than five percent, a bonus may not exceed \$500;

(3) at least five percent but less than 10 percent, a bonus may not exceed \$750; and

(4) 10 percent or more, a bonus may not exceed \$1,000.

(e) Prohibits a state agency from providing a bonus to an agency employee who serves in an upper management position, including the chief executive or chief administrator of the agency.

(f) Requires a state agency to adopt rules to implement this section.

SECTION 2. Provides that this Act applies to notice under Section 2108.101 (Notice), Government Code, of savings from appropriations to a state agency for a state fiscal year beginning on or after September 1, 2017.

SECTION 3. Effective date: September 1, 2017.