

BILL ANALYSIS

Senate Research Center

S.B. 1328
By: Fraser
State Affairs
5-1-97
Committee Report (Amended)

DIGEST

The Texas Higher Education Coordinating Board's rules and regulations, Chapter 25, Section 25.49(c), requires the Central Texas College (CTC) to offer insurance to all employees regardless of their location, and defines a full-time employee as one who works 20 hours or more per week. Currently, CTC holds approximately \$31 million in agreements with Department of Defense activities. Of those agreements, approximately \$21 million are or could be subject to the Services Contract Act (SCA). Under the SCA, employees are entitled to \$0.90 an hour in insurance benefits. Therefore, an employee working 20 hours per week receives \$78 a month in insurance value and an employee who works 40 hours per week receives \$156 in insurance value per month. Under the Employees Retirement System of Texas health and life insurance program, the average monthly benefit cost to CTC is \$210. Thus, CTC is required to pay \$54 to \$132 a month more than the federally mandated benefit level. There are concerns that this puts CTC at a significant competitive disadvantage outside the state since its competitors in many cases are able to tailor insurance benefits as they see fit, while CTC is mandated to participate in the state plan.

CTC currently operates programs or provides services in Europe, the Pacific Far East, Honduras, Panama, Puerto Rico, aboard Navy ships, and in a number of states. As a result of its extensive out-of-state operations, nearly half of CTC's workforce consists of out-of-state workers.

This bill would provide that an employee of a public/junior college who is employed to perform services outside of this state, and who performs 75 percent or more of those services outside the state is not eligible to participate in the group programs under the Texas Employees Uniform Group Insurance Benefits Act.

PURPOSE

As proposed, S.B. 1328 provides that an employee of a public community/junior college who is employed to perform services outside of this state and performs 75 percent or more of those services outside the state is not eligible to participate in the group programs under the Texas Employees Uniform Group Insurance Benefits Act

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 Article 3.50-2, V.T.C.S. (The Texas Employees Uniform Group Insurance Benefits Act), by adding Section 13C, as follows:

Sec. 13C. CERTAIN EMPLOYEES INELIGIBLE. Provides that an employee of a public community/junior college who is employed to perform services outside of this state is not eligible to participate in the group programs provided under this Act. Provides that for the purposes of this section, an employee is employed to perform services outside this state if 75 percent or more of the services performed by the employee are performed outside of this state.

SECTION 2. Amends Section 13(c), Article 3.50-2, V.T.C.S., to provide that, unless expelled from

the program under Section 13A of this Act or ineligible for the program under Section 13C of this Act, each part-time employee and each employee of an institution of higher education who is described by Section 3(a)(5)(A)(x), rather than 3(a)(5)(A)(viii), of this Act is eligible for participation in the group programs provided under this Act. Makes a conforming change.

SECTION 3. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amendment 1.

Page 1, line 23, add "(x)" after "(A)."

Page 2, line 5, add "(x)" after "(A)."