

## **BILL ANALYSIS**

Senate Research Center  
84R12587 MTB-D

C.S.S.B. 677  
By: Creighton  
Finance  
4/21/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, when a state agency spends less than 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 is not enough of an incentive to generate savings among our state agencies.

S.B. 677 addresses this by removing the one percent cap on funds allowed to be retained by the agency and also allows the agency to retain one-half of the savings, with the other half being returned to general revenue. Additionally, S.B. 677 gives agency employees an actual incentive by allowing the agency to use one-half of the funds retained for employee bonuses in proportion to the savings generated by the agency. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 677 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), and (e), as follows:

(a) Provides that the affected state agency retains one-half of the amount of savings verified by the comptroller of public accounts of the State of Texas (comptroller), rather than one-fourth of the amount of savings verified by the comptroller, not to exceed one percent of the amount of undedicated general revenue 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) must be used to make additional principal payments for general obligation bonds issued by the agency or on behalf of the agency by the Texas Public Finance Authority; or

(2) if there are no outstanding general obligation bonds issued by the agency or on behalf of the agency by the Texas Public Finance Authority, may 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 general revenue 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 described by Subsection (c)(2) may not exceed \$500;

(3) at least five percent but less than 10 percent, a bonus described by Subsection (c)(2) may not exceed \$750; and

(4) 10 percent or more, a bonus described by Subsection (c)(2) may not exceed \$1,000.

(e) 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, 2015.

SECTION 3. Effective date: September 1, 2015.