

Legislative Analysis



PUBLIC EMPLOYEES: POST COMPENSATION ABOVE \$100,000 & SEVERANCE PAYMENTS

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House Bill 5196

Sponsor: Rep. Tom McMillin

Committee: Oversight, Reform, and Ethics

Complete to 2-13-12

A SUMMARY OF HOUSE BILL 5196 AS INTRODUCED 12-1-11

House Bill 5196 would create a new law to be known as the Public Employee Compensation Disclosure Act. The new act would require public employers to annually post, for public review, (1) the compensation of each employee receiving wages and benefits with an aggregate cost that exceeds \$100,000, and (2) the terms of each severance payment agreement entered into since the last reporting period. As more detailed description of the law follows.

Under the bill, a public employer would be required to provide the state Department of Technology, Management and Budget with that information by June 1 of each year. The bill would require that the report be submitted electronically (in a format specified by the department), and that department officials post the information on a website accessible to the public within 90 days after receiving the information.

The bill would define **public employee** to mean an individual who is employed by this state; a department or agency of this state; a city, village, township, county, or other political subdivision of this state; a school district, intermediate school district, or special district; a community college or junior college; an public institution of higher education, or any other public entity of this state or of a political subdivision of this state.

The bill would define **severance payment** to mean a payment that is additional compensation paid or payable by the public employer if a public employee's employment terminates. Severance payment does not include a payment under a retirement plan that is generally applicable to employees of the public employer.

FISCAL IMPACT:

House Bill 5196 would increase administrative costs for state and local governments, schools, as well as other public entities as defined in the bill. Specifically, a public entity would be required to compile and annually update information regarding the compensation of each of its employees that receive wages and benefits exceeding \$100,000. The public entity would also be required to report on the terms of each severance payment agreement entered into since the last reporting period. The public entity would then be required to submit this information by June 1 of each year to the Department of Technology, Management, and Budget (DTMB) in a format specified by

the department. DTMB would be required to post this information on a public website. Public entities would realize some increased administrative costs associated with compiling and maintaining an updated employee compensation and severance payment list. DTMB would realize increased administrative costs associated with maintaining the publicly accessible website in addition to any initial website development costs.

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