The Texas Human Resources Management Statutes Inventory (Inventory) is provided by the State Auditor’s Office as a guide to assist state agencies and institutions of higher education. The Inventory, first published in 1972 and updated every two years, is a compilation of state and federal laws that apply to human resources management. This 19th edition supersedes all previous editions and reflects changes made in the 83rd Legislative Session.

Applicability of the Inventory: The Inventory is a general reference guide and should not be construed as legal advice. It is intended to serve as a general summary and is not intended to be an exhaustive source of information on human resources management statutes, policies, and procedures. The provisions within this Inventory apply to most executive agencies, but may not always apply to higher education institutions and legislative agencies. Readers should consult with the legal counsel within their agencies to ensure compliance with all applicable federal and state laws and regulations.

The State Auditor’s Office has strived to provide an accurate collection of laws relating to human resources management. However, due to the complex and changing nature of the subject matter, the Inventory may contain some errors or omissions. The specific language contained in the statutes, regulations, and other source documents takes precedence over the content of the Inventory.

Interpretation of the human resources management provisions: The Inventory draws state human resources statutes, policies, and procedures primarily from five sources: general laws enacted by the Legislature, the General Appropriations Act, the Texas Administrative Code, Texas Attorney General Opinions, and State Auditor’s Office Leave Interpretations. Texas Government Code, Section 661.151, grants the State Auditor the authority to provide a uniform interpretation of Texas Government Code, Chapter 661, Subchapter F, General Provisions for Vacation Leave for State Employees; Subchapter G, General Provisions for Sick Leave for State Employees; and Subchapter Z, Miscellaneous Leave Provisions for State Employees. Please be advised that these interpretations are advisory in nature and should not be construed as legal advice. Agencies are responsible for consulting with their own attorneys to determine the best course of action and to ensure compliance with all applicable federal and state laws.

Additional information: Questions concerning this Inventory should be directed to the Classification Analyst in the State Auditor’s Office’s State Classification Team assigned to your agency or institution of higher education. Contact information for the analysts is at http://www.sao.state.tx.us/contact.

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1 Texas Government Code, Section 661.151.
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Chapter 1
Standards of Conduct

Ethics Policy

Each state agency and institution of higher education is required to adopt a written ethics policy outlining standards of conduct for employees. The ethics policy should be distributed to each new employee no later than the third business day after the date of employment with the agency.\(^2\) The Office of the Attorney General is responsible for developing and distributing a model policy that state agencies may use.\(^3\) A state employee who violates an agency’s ethics policy is subject to termination.\(^4\)

Nepotism

Nepotism statutes focus primarily on prohibiting public officials from employing his or her relatives. Specifically, the nepotism statutes state that public officials are not allowed to appoint, confirm, or vote for the appointment or confirmation of a person to a position that is compensated from public funds or fees of office if either of the following conditions is met:

- If the relationship is within the third degree by consanguinity or within the second degree by affinity (see Table 1-1); or
- The public official holds the appointment or confirmation authority as a member of a state or local board, the Legislature, or a court and the individual is related to another member of that board, Legislature, or court within a degree described within Table 1-1.\(^5\)

Individuals are related by consanguinity if one is a descendant of the other, or if they share a common ancestor. An adopted child is considered to be the child of an adoptive parent for this purpose.\(^6\) Individuals are related to each other by affinity if they are married to each other, or the spouse of one of the individuals is related by consanguinity to the other individual.\(^7\)

A “public official” is:

- A political officer.
- An officer or board member.
- A judge.\(^8\)

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\(^2\) Texas Government Code, Section 572.051 (c).
\(^3\) Texas Government Code, Section 572.051 (d).
\(^4\) Texas Government Code, Section 572.051 (b).
\(^5\) Texas Government Code, Sections 573.002 and 573.041.
\(^6\) Texas Government Code, Section 573.022.
\(^7\) Texas Government Code, Section 573.024 (a).
\(^8\) Texas Government Code, Section 573.001 (3).
A state agency may adopt a nepotism policy that is more restrictive than state law.\(^9\)

### Table 1-1

<table>
<thead>
<tr>
<th>Consanguinity (Includes individuals related by blood to the official or employee)</th>
<th>Affinity (Includes an official’s or employee’s spouse and individuals related to the spouse)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Degree</strong></td>
<td><strong>Second Degree</strong></td>
</tr>
<tr>
<td>Parent</td>
<td>Grandparent</td>
</tr>
<tr>
<td>Child</td>
<td>Grandchild</td>
</tr>
<tr>
<td>Brother or Sister</td>
<td>Uncle or Aunt</td>
</tr>
</tbody>
</table>

Exceptions to a nepotism policy include:

- An appointment as a notary public.
- An appointment as a page, secretary, or personal attendant for any member of the Legislature or officer of the state or political subdivision.
- A confirmation of appointment to a term in the Legislature when no one related to the appointee within the prescribed degrees was a member or candidate.\(^11\)

Another exception is made for appointments, confirmations, or votes for an appointment or confirmation when the individual is employed in the position immediately before the election or appointment of the public official to whom the individual is related and the prior employment of the individual is continuous for at least:

- Thirty days, if the public official is appointed.
- Six months, if the public official is elected through an election other than the general election for state and county officers.
- One year, if the public official is elected through the general election for state and county officers.\(^12\)

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\(^10\) Texas Government Code, Sections 573.023 and 573.025; and Degrees of Relationship Chart, Texas Office of the Attorney General.

\(^11\) Texas Government Code, Section 573.061.

\(^12\) Texas Government Code, Section 573.062 (a).
When an employee is allowed to continue in a position because of an exception to the nepotism rules, the appointing official (who is a relative) cannot participate in decision making regarding the employee unless such deliberations affect a class or category of employees.¹³


**Off-Duty and Outside Employment**

State agencies may prohibit an employee from taking a second job without the prior approval of the executive director.¹⁴ In at least one instance, a Letter Opinion issued by the Texas Office of the Attorney General advised that institutions of higher education may prohibit outside work even if that work is serving as an elected official.¹⁵

An officer of the Department of Public Safety is entitled to engage in any outside employment that does not adversely affect the operations or the reputation of the department.¹⁶ If an officer is engaged in off-duty employment that is not explicitly prohibited by a Department of Public Safety guideline, the officer may continue with the off-duty employment until the director or the director’s designee informs the officer in writing that the employment is not acceptable.¹⁷

**Physical Fitness Programs and Standards**

Four state agencies with commissioned law enforcement officers are required to adopt physical fitness programs in which commissioned law enforcement officers must participate and physical fitness standards that the officers must meet. The standards must directly relate to the officer’s job duties and include individual fitness goals specific to the officer’s age and gender. The agencies must use the services of a consultant to aid in the development of such standards. Each agency is required to adopt policies and procedures to provide reward incentives in the form of administrative leave to officers who participate in the physical fitness program and meet the standards. The total administrative leave offered as reward incentives is limited to four days per year.¹⁸

A violation of the adopted standards is just cause for dismissal or transfer to a position not compensated within Classification Salary Schedule C prescribed by the General Appropriations Act. The agencies, however, may exempt a law enforcement officer from participating in a physical fitness program or meeting a standard based on the facts and circumstances of the individual case, including whether an officer was injured in the line of duty. Each agency may adopt physical readiness standards independent of the other agencies.¹⁹

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¹³ Texas Government Code, Section 573.062 (b).
¹⁶ Texas Government Code, Section 411.0077 (a).
¹⁷ Texas Government Code, Section 411.0077 (c).
¹⁸ Texas Government Code, Section 614.172 (a) and (a-1).
¹⁹ Texas Government Code, Section 614.172 (a-2), (b), and (c).
The state agencies covered under this provision include the following:

- Alcoholic Beverage Commission.
- Department of Criminal Justice.
- Department of Public Safety.
- Parks and Wildlife Department.  

**Political Influence**

A state agency or institution of higher education may not use any money under its control to finance or support the candidacy of a person for an office in the legislative, executive, or judicial branch of state government or of the government of the United States.  

State officers and employees may not use official authority or influence to affect the result of an election or nomination of a candidate or to achieve any political purpose. Employees may not coerce, command, restrict, or prevent contributions to candidates or political organizations.

The use of state-owned or state-leased vehicles to support the candidacy of a person running for office is prohibited.

State agencies and institutions of higher education may not use appropriated funds to attempt to influence the passage or defeat of any legislation. However, this does not prohibit a state officer or employee from using state resources to provide public information or to provide information responsive to a request.

Employees are permitted to testify on their own behalf on their own time, or during working hours on behalf of the agency, in support of or in opposition to specific legislation.

State employees are not allowed to be employed as paid lobbyists. Appropriated funds may not be used as compensation to employees who are required to register as lobbyists. Appropriated funds may not be used to pay membership fees in organizations that pay all or part of the salary of a person required to register as a lobbyist.

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20 Texas Government Code, Section 614.171 (1).
21 Texas Government Code, Section 556.004 (a).
22 Texas Government Code, Section 556.004 (c).
23 Texas Government Code, Section 556.004 (d).
24 Texas Government Code, Section 556.004 (b).
25 Texas Government Code, Section 556.006.
27 Texas Government Code, Section 556.005 (a).
28 Texas Government Code, Section 556.005 (b).
Each agency is required to provide all employees a copy of prohibited political activities and to maintain signed acknowledgements from employees. These acknowledgements must be made available for public inspection.29

**Publicity**

A state agency or institution of higher education may not use appropriated money to publicize or direct attention to a state officer or employee.30 In addition, a state agency or institution of higher education may not use appropriated money to maintain a publicity office or department, employ an individual who has the title or duties of a public relations or press agent, or pay a public relations agent or business.31

**Representation by a Former Officer or Employee**

A former member of a governing body or executive head of a regulatory agency may not make any communication to or appearance before an officer or employee of the agency in which the member or executive head served until two years after the member or executive has ceased employment with the agency if the communication or appearance is made with the intent to influence and on behalf of any person in connection with any matter on which the person seeks official action.32

A former state officer or employee of a regulatory agency who ceased service or employment with that agency on or after January 1, 1992, may not represent any person or receive compensation for services rendered for a particular matter (a specific investigation, application, request for a ruling or determination, rulemaking proceeding, contract, claim, charge, accusation, arrest, or judicial or other proceeding) in which the former officer or employee participated during their period of state service or employment.33

**Unacceptable Solicitations and Benefits**

State law requires that all individuals who are responsible to the State in the performance of their official duties observe certain standards of conduct and disclosure requirements.

Employees and officers may not:

- Accept or solicit any gift, favor, or service that might tend to influence an officer, employee, or officer’s discharge of official duties or is offered with the intent to influence official conduct.

29 Texas Government Code, Section 556.009.
30 Texas Government Code, Section 2113.011 (a).
31 Texas Government Code, Section 2113.011 (b).
32 Texas Government Code, Section 572.054 (a).
33 Texas Government Code, Section 572.054 (b), (c), and (h).
- Accept employment or engage in a business or professional activity that might reasonably require the employee or officer to disclose confidential information acquired by reason of an official position.

- Accept other employment or compensation that might impair the employee’s or officer’s independence of judgment in the performance of official duties.

- Make personal investments that might create a conflict between the employee’s or officer’s private interest and the public’s interest.

- Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised official powers or performed official duties in favor of another.\(^34\)

A state agency or institution of higher education may not use appropriated money to compensate a state employee who violates a standard of conduct.\(^35\) In addition, unless authorized by law, a state employee may not accept money for wages or travel expenses from a person that the employee’s state agency intends to, or is currently, auditing, examining, or investigating.\(^36\)

### Use of Alcoholic Beverages

Except for legitimate law enforcement purposes, a state agency or institution of higher education may not use appropriated funds to compensate an officer or state employee who uses alcoholic beverages on active duty, or to reimburse a travel expense for the purchase of an alcoholic beverage.\(^37\)

### Use of State Property

State property may be used only for official state purposes and should not be used for personal purposes.\(^38\) This includes the use of state-owned or state-leased motor vehicles, which may be used only for official state business. The use of such vehicles to commute to and from work is acceptable if it is approved by the administrative head of a state agency or institution of higher education. The names and job titles of these employees and the reasons for authorization must be included in an annual report to the Office of the Governor, Legislative Reference Library, State Auditor’s Office, and Legislative Budget Board.\(^39\) The reporting requirement does not apply to institutions of higher education.\(^40\)

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\(^{34}\) Texas Government Code, Section 572.051 (a).

\(^{35}\) Texas Government Code, Section 2113.014 (a).

\(^{36}\) Texas Government Code, Section 660.016 (a).

\(^{37}\) Texas Government Code, Sections 2113.012, 2113.101, and 660.113 (e).

\(^{38}\) Texas Government Code, Section 2203.004.

\(^{39}\) Texas Government Code, Sections 2101.0115 (a) and (c) (13), and 2113.013.

\(^{40}\) Texas Government Code, Section 2101.0115 (e).
Chapter 2
Employment Discrimination and Anti-Retaliation Laws

General Information

Employment discrimination laws make it illegal for employers to treat employees and applicants adversely based on race, color, sex, religion, national origin, physical disability, age, or genetic information. This chapter summarizes some important federal and state laws that are applicable to state agencies and institutions of higher education.

Texas Workforce Commission, Civil Rights Division

The Texas Workforce Commission’s Civil Rights Division (Division) is responsible for the education on and enforcement of certain state and federal employment laws. They serve as the state Fair Employment Practices agency that is authorized, with respect to unlawful employment practices, to seek relief, grant relief, and institute criminal proceedings related to state and federal employment laws. The Division provides training to help state agencies and institutions of higher education improve their understanding and compliance with Equal Employment Opportunity laws.41

Each state agency and institution of higher education is required to provide training to each new employee on policies and procedures relating to employment discrimination, including employment discrimination involving sexual harassment no later than 30 days after the date of hire. In addition, supplemental training is required every two years. Training materials are available from the Division. A signed statement verifying attendance is required to be maintained in each employee’s personnel file.42

A person, or the person’s agent, claiming to be discriminated against by an unlawful employment practice may file a complaint with the Division.43

Workforce Diversity Programs

State agencies and institutions of higher education are required to develop and implement personnel policies that comply with Chapter 21 of the Texas Labor Code (Employment Discrimination), including the development of a workforce diversity program.44 The Texas Workforce Commission’s Civil Rights Division is required to review these policies on a six-year cycle to ensure compliance with state statute. If the Civil Rights Division finds that these policies do not comply with state statute, it will recommend revisions.45

An employer does not commit an unlawful employment practice by developing and implementing personnel policies that incorporate workforce diversity programs.46

41 Texas Labor Code, Sections 21.0015, and 21.003 (a) (2), (5), and (8).
42 Texas Labor Code, Section 21.010 (b), (c), (d), and (e).
43 Texas Labor Code, Section 21.201 (a).
44 Texas Labor Code, Section 21.452.
45 Texas Labor Code, Section 21.453.
46 Texas Labor Code, Section 21.121.
**Age Discrimination in Employment Act of 1967 (ADEA)**

The Age Discrimination in Employment Act of 1967 (ADEA) and the Texas Labor Code prohibit discrimination against a person (employee or job applicant) because of his or her age with respect to any term, condition, or privilege of employment including, but not limited to, hiring, firing, promotion, layoff, compensation, benefits, job assignments, and training. Employees aged 40 and older are protected from such age-related discrimination. In addition, employees are not required to retire at any specific age.47

**Americans with Disabilities Act of 1990 (ADA) and the Americans with Disabilities Act Amendments Act of 2008 (ADAAA)**

The Americans with Disabilities Act of 1990 (ADA) gives civil rights protections to individuals with disabilities similar to those provided to individuals on the basis of race, color, sex, national origin, age, and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, state and local government services, and telecommunications.

This law applies to state agencies and institutions of higher education and prohibits discrimination in all employment practices, including job application procedures, hiring, firing, advancement, compensation, training, and other terms, conditions, and privileges of employment.48

The ADA has been amended several times since its passage in 1990, including changes effective January 1, 2009, that clarified and broadened the definition of disability and expanded the population eligible for protections under the ADA.49 The ADA undergoes continuous interpretation in the court systems; therefore, an agency or institution of higher education should consult with their legal counsel or subject matter experts in regard to these matters.

**Bona-Fide Occupational Qualification (BFOQ)**

No person must be subject to discriminatory employment practices based on race, color, disability, religion, sex, national origin, or age. However, there may be some exceptions based upon bona-fide occupational qualifications (BFOQ). A BFOQ is a requirement that is necessary and related to the performance of a job and which would otherwise be unlawful because of its discriminatory impact based on one’s sex, religion, race, and other reasons.50 The concept of BFOQ is interpreted very narrowly by federal courts and the U.S. Equal Opportunity Employment Commission, and state agencies and institutions of higher education should consult with their legal counsel before choosing to use a BFOQ.


The Civil Rights Act of 1964, Title VII

Title VII of the Civil Rights Act of 1964, as well as Texas Labor Code, Chapter 21, prohibits employment discrimination because of race, sex, color, national origin, religion, age, and mental or physical disability. An employer commits an unlawful employment practice if, because of race, color, disability, religion, sex, national origin, or age, the employer:

- Fails or refuses to hire an individual, discharges an individual, or discriminates in any other manner against an individual in connection with compensation or the terms, conditions, or privileges of employment.
- Limits, segregates, or classifies an employee or applicant for employment in a manner that would deprive or tend to deprive an individual of any employment opportunity or adversely affect in any other manner the status of an employee.

Title VII also prohibits employment decisions based on stereotypes and assumptions about abilities, traits, or the performance of individuals of certain racial groups. Title VII not only prohibits intentional discrimination, it also prohibits neutral job policies that disproportionately impact minorities.

Religious Affiliation Discrimination

Texas Labor Code, Chapter 21, prohibits discrimination of an employee or applicant based on any aspect of religious observance, practice, or belief; unless an employer demonstrates that the employer is unable to reasonably accommodate the religious observance or practice of an employee or applicant without undue hardship to the conduct of the employer's business.

Sexual Harassment

Sexual harassment is a form of gender-based discrimination prohibited by Title VII of the Civil Rights Act of 1964. Sexual Harassment is defined within the Code of Federal Regulations as:

“Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile, or offensive working environment.”

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52 Texas Labor Code, Section 21.051; and Title 42, United States Code, Section 2000e-2 (a) (Title VII of Civil Rights Act of 1964).


54 Texas Labor Code, Section 21.108.

55 Code of Federal Regulations, Title 29, Section 1604.11 (a).
**Employee Polygraph Examinations**

**Polygraph Examinations for Officers and Employees in Certain Positions**

The Department of Public Safety (Department) may require a commissioned or noncommissioned officer or employee of the agency to submit to a polygraph examination if:

- The officer or employee is assigned to a position that requires them to work with a federal agency on national security issues; and
- The federal agency requires that the officer or employee submit to a polygraph examination.

If an officer or employee does not submit to the administration of a polygraph examination, the Department may remove or refuse to assign the officer or employee to that position.56

**Polygraph Examination Refusal**

Under state law, a peace officer may not be suspended, discharged, or subjected to any other form of employment discrimination by the organization employing or appointing the peace officer because the peace officer refuses to submit to a polygraph examination as part of an internal investigation regarding the conduct of the peace officer unless:

- The complainant submits to and passes a polygraph examination (provided that the complainant is physically and mentally capable of being polygraphed); or
- The head of the law enforcement organization requires the peace officer to submit to a polygraph examination if:
  - The subject matter of the complaint is confined to the internal operations of the organization employing or appointing the peace officer, and
  - The complainant is an employee or appointee of the organization employing or appointing the peace officer, and
  - The complaint does not appear to be invalid based on the information available when the polygraph is ordered; or
- The head of the law enforcement organization considers the circumstances to be extraordinary and believes that the integrity of a peace officer or the law enforcement organization is in question. Under these circumstances the head of the organization must provide the peace officer with a written explanation of the nature of the extraordinary circumstances and how the integrity of a peace officer or the law enforcement organization is in question.57

56 Texas Government Code, Section 411.00741.
57 Texas Government Code, Section 614.063.
**Equal Pay Act of 1963 (EPA)**

The Equal Pay Act (EPA) of 1963 requires that men and women be given equal pay for equal work in the same establishment. The jobs need not be identical, but they must be substantially equal. It is job content, not job titles, that determines whether jobs are substantially equal. Employers may not pay unequal wages to men and women who perform jobs that require substantially equal skill, effort, and responsibility and that are performed under similar working conditions within the same establishment.  

**Federal Pregnancy Discrimination Act of 1978**

The Federal Pregnancy Discrimination Act of 1978 and Texas Labor Code, Chapter 21, prohibit discrimination on the basis of pregnancy, childbirth, or related medical conditions. Women affected by pregnancy or related conditions must be treated in the same manner as other employees or applicants who have medical conditions that place a similar limitation on their ability or inability to work.

The Texas Department of Public Safety (Department) is required to make reasonable efforts to accommodate the request of a commissioned officer who is determined by a physician to be partially physically restricted by a pregnancy if the request is related to the officer’s working conditions. If an officer’s physician certifies that, because of the officer’s pregnancy, the officer is unable to perform the duties of the officer’s permanent work assignment and a temporary work assignment that the officer may perform is available, the Department must, on request of the officer, assign the officer to the temporary work assignment.

**Genetic Information Nondiscrimination Act of 2008 (GINA)**

The Genetic Information Nondiscrimination Act of 2008 (GINA) is a federal law that prohibits discrimination in health coverage and employment based on genetic information. GINA prohibits group health plans and health insurers from denying health insurance coverage or charging higher premiums based solely on a genetic predisposition. GINA also prohibits employers from using an individual’s genetic information when making hiring, firing, job placement, or promotion decisions.

**Genetic Testing Discrimination**

State agencies and institutions of higher education are prohibited from discriminating against an individual on the basis of genetic information or an individual’s refusal to submit to a genetic test. Routine physical exams; cholesterol, blood, or urine analyses; and tests to determine drug use are excluded from this definition of genetic testing.

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60 Texas Government Code, Section 411.0079.


Unless specifically exempted by law, an employee’s genetic information is confidential, regardless of the source, and cannot be disclosed without written authorization from the employee. An individual who submits to a genetic test has the right to know the results. To obtain those results, individuals need to provide a written request to the entity that performed the test. Results should then be sent to the individual or a physician designated by the individual.

**Lilly Ledbetter Fair Pay Act of 2009**

The Lilly Ledbetter Fair Pay Act of 2009 amends Title VII of the Civil Rights Act of 1964 and the Age Discrimination in Employment Act of 1967, and it modifies the operation of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. The Lilly Ledbetter Fair Pay Act of 2009 clarifies that a discriminatory compensation decision or other practice occurs each time compensation is paid pursuant to the discriminatory compensation decision or other practice. Also, it allows pay discrimination complaints to be filed 180 days (or 300 days in jurisdictions that have a local or state law prohibiting the same form of compensation discrimination) after any discriminatory paycheck.

**Protections in Reporting Violations of Law**

Employees are provided certain protections and relief against retaliation, or “whistle-blowing” for reporting violations of laws. This subsection summarizes some important federal and state laws that are applicable to state agencies and institutions of higher education.

**Reporting Discrimination**

The same laws that prohibit discrimination also prohibit retaliation against individuals who oppose unlawful discrimination or participate in an employment discrimination proceeding. An employer may not fire, demote, harass, or otherwise “retaliate” against individuals for filing a charge of discrimination, participating in a discrimination proceeding, or otherwise opposing discrimination.

**Reporting Child Abuse and Neglect**

An employer may not take action against a professional who, in good faith, reports child abuse or neglect to the person’s supervisor, administrator, a regulatory agency, or law enforcement. In this situation, “professional” means an employee of a facility licensed, certified, or operated by the state and who, in the normal course of official duties or duties for which a license or certification is required, has direct contact with children. The term includes teachers, nurses, doctors, day-care employees, employees of a clinic or health care facility that provides reproductive services, juvenile probation officers, and juvenile detention or correctional officers.

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64 Texas Labor Code, Section 21.404.
66 Texas Labor Code, Section 21.055.
67 Texas Family Code, Sections 261.101 (b) and 261.110 (b).
Persons initiating or cooperating with an investigation are also extended this protection. This protection does not apply to a self-disclosure of the person’s own abuse or neglect of a child or who initiates or cooperates with an investigation or proceeding by a governmental entity relating to an allegation of abuse or neglect of a child.68

**Texas Whistle Blower Act**

A state agency or institution of higher education may not suspend, terminate, or take other adverse personnel action against an employee who, in good faith, reports a violation of the law by the employing governmental entity or another public employee to an appropriate law enforcement authority.69 Agencies and institutions of higher education must inform its employees of their rights by posting a sign in a prominent location in the workplace.70 A copy of this sign may be obtained online from the Texas Office of the Attorney General at https://www.oag.state.tx.us/newspubs/publications.shtml.

An employee who alleges that action taken against them is in violation of this provision may file suit against the State but not later than the 90th day after the date on which the alleged violation occurred or was discovered. The employee also must exhaust the employer appeals process not later than the 90th day after the alleged violation occurred or was discovered.71

**Public Employee Labor Unions**

Texas is a “right-to-work” state. As such, no person can be denied public employment due to membership or non-membership in a labor union.72

Employees may use automatic payroll deductions for the payment of membership fees in state employee organizations. Participation by state employees in the payroll deduction program is voluntary. Such organizations must have a minimum of 4,000 state employee members to qualify for this service.73

**Strikes**

Public employees may not strike or engage in an organized work stoppage against the State. A public employee who violates this statute forfeits all civil service rights, re-employment rights, and any other rights, benefits, and privileges the employee enjoys as a result of public employment or former public employment. The right of an individual to cease work may not be abridged if the individual is not acting in concert with others in an organized work stoppage.74

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68 Texas Family Code, Section 261.110 (b) (2) and (m).
69 Texas Government Code, Section 554.002 (a).
70 Texas Government Code, Section 554.009 (a).
71 Texas Government Code, Sections 554.003, 554.005, and 554.006 (b).
72 Texas Labor Code, Section 101.052; and Texas Government Code, Section 617.004.
73 Texas Government Code, Section 403.0165.
74 Texas Government Code, Section 617.003.
**Workers’ Compensation Claims History Discrimination**

The Texas Workers Compensation Act enables an employee who has been injured at work or has a work-related illness to receive medical benefits as well as income benefits. In addition, it protects against discrimination based upon workers’ compensation claims history.\(^75\) Although the Texas Supreme Court has ruled that this statute applies only to employees and not to applicants, discriminating against applicants based upon workers’ compensation claims history is generally viewed by the U.S. Equal Employment Opportunity Commission as a violation of disability discrimination laws.\(^76\)

**Required Posters at the Workplace**

Various laws require employers to display posters communicating employment rights for individuals in the workplace. These posters are available, free of charge, from various state and federal agencies. Table 2-1 provides a list of posters that may be required as well as the agency responsible for their distribution. Additional information, as well as links to these resources, is available through the Texas Workforce Commission’s Web site at [http://www.twc.state.tx.us/ui/lablaw/posters.html](http://www.twc.state.tx.us/ui/lablaw/posters.html).

Table 2-1

<table>
<thead>
<tr>
<th>Issuing Agency</th>
<th>Poster Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Office of Injured Employee Counsel</td>
<td>Employer’s Notice of Ombudsman Program</td>
</tr>
<tr>
<td>Texas Department of Insurance</td>
<td>Workers’ Compensation Posters</td>
</tr>
<tr>
<td>Texas Department of State Health Services</td>
<td>Texas Hazard Communication Act</td>
</tr>
<tr>
<td>Texas Office of the Attorney General</td>
<td>You Have the Right to Not Remain Silent</td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td>Texas Payday Law</td>
</tr>
<tr>
<td>Texas Workforce Commission, Civil Rights Division</td>
<td>The Law in Texas (optional poster)</td>
</tr>
<tr>
<td>U.S. Department of Labor</td>
<td>The Uniformed Services Employment and Reemployment Rights Act (USERRA)</td>
</tr>
<tr>
<td>U.S. Department of Labor, Wage and Hour Division</td>
<td>Fair Labor Standards Act (FLSA)</td>
</tr>
<tr>
<td>U.S. Department of Labor, Wage and Hour Division</td>
<td>Family and Medical Leave Act (FMLA)</td>
</tr>
<tr>
<td>U.S. Department of Labor, Wage and Hour Division</td>
<td>Migrant and Seasonal Agricultural Worker Protection Act (MSPA)</td>
</tr>
<tr>
<td>U.S. Department of Labor, Occupational Safety and Health Administration (OSHA)</td>
<td>Job Safety and Health-It’s the Law</td>
</tr>
</tbody>
</table>

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77 Required Posters at the Workplace, Texas Workforce Commission’s Web site at [http://www.twc.state.tx.us/ui/lablaw/posters.html](http://www.twc.state.tx.us/ui/lablaw/posters.html).
Chapter 3
Employee Recruitment and Selection

At-Will Employment

Unless explicitly exempted by written contract, statute, or policy, all state employees are employed “at-will” and there is no implied contract of employment.78 “At-will” employment defines an employment relationship in which either party can terminate the relationship with no liability if there was no express contract for a definite term governing the employment relationship. Under this legal doctrine:

- Any hiring is presumed to be “at-will.” That is, the employer is free to discharge individuals "for good cause, or bad cause, or no cause at all."
- The employee is equally free to quit or otherwise cease work.

A number of state agencies have segments of their employees who are subject to federal and state statutory provisions and regulations that may affect the “at-will” relationship. These agencies include:

- Department of Public Safety.79
- Texas Workforce Commission.80
- Health and Human Services Commission.
- Department of Family and Protective Services.
- Department of State Health Services.
- Department of Assistive and Rehabilitative Services.
- Department of Aging and Disability Services.81

Reference Checks

An employer in the State that discloses information about a current or former employee’s job performance to a prospective employer is immune from civil liability for that disclosure or any damages caused by that disclosure unless it is proven that the information was known to be false or was made with reckless disregard for the truth.82 This applies to a managerial employee or other representative of the employer who is authorized to provide and who provides this information.83

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79 Texas Government Code, Sections 411.007 (e), (e-1), and (e-2), and 411.0072.
80 Texas Government Code, Section 655.001; and Title 42, United States Code, Section 503 (a) (1).
81 Texas Government Code, Sections 655.001 and 531.010; and Title 42, United States Code, Section 1396 (a) (4).
82 Texas Labor Code, Sections 103.001 and 103.004 (a).
83 Texas Labor Code, Section 103.004 (b).
employer is not required to provide an employment reference to or about a current or former employee.\textsuperscript{84}

Additionally, although the employer is not required to do so, the employer may disclose information about a current or former employee’s job performance to a prospective employer at the request of either the prospective employer or the employee.\textsuperscript{85}

An employer may not disclose information about a licensed nurse or licensed vocational nurse that relates to conduct that is protected under the Texas Occupations Code.\textsuperscript{86} The employer must provide the nurse with an opportunity to submit information that would allow the nurse to establish his or her protection under this code.\textsuperscript{87}

\textbf{Criminal History Checks}

Texas Government Code, Chapter 411, establishes limitations on agency access to criminal history record information maintained by the Department of Public Safety (Department). The limitations in this chapter do not apply to all types of criminal history information. Agencies should consult Texas Government Code, Sections 411.089 through 411.1409, for more information on agency-specific access and limitations.

\textbf{Dissemination of Criminal History Information}

Criminal history record information maintained by the Department is confidential information for the use of the Department and may not be disseminated by the Department except to the following:

- Criminal justice agencies.
- Non-criminal justice agencies authorized by federal statute or executive order or by state statute to receive criminal history record information.
- The person who is the subject of the criminal history record information.
- A person working on a research or statistical project that is funded in whole or in part by state funds; or meets the requirements of Title 28, Code of Federal Regulations, Part 22, and is approved by the Department.
- An individual or an agency that has a specific agreement with a criminal justice agency to provide services required for the administration of criminal justice under that agreement, if the agreement:
  - Specifically authorizes access to the information.
  - Limits the use of information to the purposes for which it is given.
  - Ensures the security and confidentiality of the information.
  - Provides for sanctions if a requirement imposed is violated.

\textsuperscript{84} Texas Labor Code, Section 103.005.
\textsuperscript{85} Texas Labor Code, Section 103.003 (a).
\textsuperscript{86} Texas Occupations Code, Sections 301.352 and 303.005; and Texas Labor Code, Section 103.003 (b).
\textsuperscript{87} Texas Labor Code, Section 103.003 (b).
• Requires the individual or agency to perform the applicable services in a manner prescribed by the Department.

• An individual or an agency that has a specific agreement with a noncriminal justice agency to provide services related to the use of criminal history record information, if the agreement:

  • Specifically authorizes access to the information.
  • Limits the use of information to the purposes for which it is given.
  • Ensures the security and confidentiality of the information.
  • Provides for sanctions if a requirement imposed is violated.
  • Requires the individual or agency to perform the applicable services in a manner prescribed by the Department.

• A county or district clerk’s office.

• The Office of Court Administration of the Texas Judicial System.88

The Department is not required to release or disclose criminal history record information to any person that is not in compliance with rules adopted by the Department or rules adopted by the Federal Bureau of Investigation that relate to the dissemination or use of criminal history record information.89

Strict guidelines govern the use of criminal history records.90 It is a criminal offense to obtain, use, or disclose a criminal history record in an unauthorized manner. Additionally, it is an offense to provide this information in exchange for money or to employ another person to do so. The Department must provide a copy of the penalties of unauthorized obtainment and the use of or disclosure of criminal history record information to a person who applies for access to criminal history record information maintained by the Department and to each private entity that purchases criminal history record information from the Department.91

Criminal History Checks on Information Technology Employees

A state agency or institution of higher education can obtain the criminal history record information maintained by the Department that relates to a person who:

• Is an employee, applicant for employment, contractor, subcontractor, or intern or other volunteer with the state agency or institution of higher education or with a contractor or subcontractor for the state agency or institution of higher education; and

• Has access to information resources or information resources technologies, other than a desktop computer or telephone station assigned to that person.92

88 Texas Government Code, Section 411.083 (a) and (b).
89 Texas Government Code, Section 411.083 (d).
90 Texas Government Code, Section 411.084.
91 Texas Government Code, Section 411.085 (a), (c), and (d).
92 Texas Government Code, Section 411.1405 (b).
If a state agency or institution of higher education obtains criminal history record information, it may not release or disclose the information or any documents or other records derived from the information except:

- By court order;
- With the consent of the person who is the subject of the information; or
- To the affected contractor or subcontractor, unless the information was obtained by the Department from the Federal Bureau of Investigation.93

A state agency or institution of higher education and the affected contractor or subcontractor are required to destroy criminal history information that relates to a person (1) after the information is used to make an employment decision or (2) after taking a personnel action relating to the person who is the subject of the information.94

A state agency or institution of higher education may not obtain criminal history record information unless the state agency or institution of higher education first adopts policies and procedures that provide that evidence of a criminal conviction or other relevant information obtained from the criminal history record information does not automatically disqualify an individual from employment.95

The Texas Office of the Attorney General must review the agency’s or institution’s policies and procedures for compliance with due process and other legal requirements before adoption by the state agency or institution of higher education. The Texas Office of the Attorney General may charge the state agency or institution of higher education a fee to cover the cost of the review. The policies and procedures adopted by the state agency or institution of higher education must provide that the hiring official will determine, on a case-by-case basis, whether the individual is qualified for employment based on factors that include:

- The specific duties of the position.
- The number of offenses committed by the individual.
- The nature and seriousness of each offense.
- The length of time between the offense and the employment decision.
- The efforts by the individual at rehabilitation.
- The accuracy of the information on the individual's employment application.96

93 Texas Government Code, Section 411.1405 (e).
94 Texas Government Code, Section 411.1405 (d).
95 Texas Government Code, Section 411.1405 (e).
96 Texas Government Code, Section 411.1405 (e).
Criminal History Checks on Security Sensitive Positions in Higher Education

Institutions of higher education and the Higher Education Coordinating Board are also entitled to obtain criminal history information from the Department for persons who are applicants for security-sensitive positions.\footnote{Texas Government Code, Section 411.094 (b).}

A security-sensitive position is held by an employee who:

- Handles currency;
- Has access to a computer terminal;
- Has access to the personal information or identifying information of another person;
- Has access to the financial information of the employer or another person;
- Has access to a master key; or
- Works in a location designated as a security-sensitive area.\footnote{Texas Government Code, Section 411.094 (a) (2).}

The information obtained may not be released or disclosed to any person except through court order or with the consent of the person who is the subject of the criminal history information.\footnote{Texas Government Code, Section 411.094 (d).}


In April 2012, the EEOC issued its *Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII* of the Civil Rights Act of 1964. Employers should ensure that their policies and procedures are in compliance with this guidance to reduce the risk of liability. The new enforcement guidance is available on the EEOC’s Web site at http://www.eeoc.gov/laws/guidance/qa_arrest_conviction.cfm.

**Employees Working Out of State**

A state employee who is required to work outside of this state is entitled to the same benefits and is subject to the same restrictions provided by law for other state employees, including vacation, leave from employment, and the employment policies and restrictions provided by the General Appropriations Act.\footnote{Texas Government Code, Section 651.002.}

\footnotetext[97]{Texas Government Code, Section 411.094 (b).}
\footnotetext[98]{Texas Government Code, Section 411.094 (a) (2).}
\footnotetext[99]{Texas Government Code, Section 411.094 (d).}
\footnotetext[100]{Texas Government Code, Section 651.002.}
Employment Contracts - Institutions of Higher Education

Institutions of higher education may enter into an employment contract with an administrator who is to be paid in whole or in part from appropriated funds. Such a decision is left to an institution’s governing board and must be based on the best interests of the institution.\textsuperscript{101}  An administrator is defined as someone with administrative duties related to the operation of the institution, including operation of a department, college, program, or other subdivision.\textsuperscript{102} Such a contract may not:

- Provide for employment for more than three years.

- Allow for severance or other payment on the termination of the contract to exceed an amount equal to the discounted net cash value of the contract on termination (at a market interest rate agreed upon in the contract).

- Allow for development leave that is inconsistent with Texas Education Code, Section 51.105.

- Award tenure in any way that varies from the institution’s general policy on the award of tenure.\textsuperscript{103}

If an administrator is reassigned to a faculty or staff position, he or she may not be paid more than other employees with similar qualifications who are doing similar work.\textsuperscript{104}

Employment Contracts for Faculty

Institutions of higher education may enter into a contract with a faculty member for more than one academic year.\textsuperscript{105}

An institution of higher education is not required to provide an annual contract to tenured or tenure-track faculty, but it must provide notification (according to the institution’s tenure policy) of a change in a term of employment. This notification should be provided no later than 30 days before implementation of the change.\textsuperscript{106}

Institutions of higher education that reappoint a faculty member for the next academic year are required to provide that faculty member a written contract at least 30 days before classes begin.\textsuperscript{107} If the institution of higher education is unable to offer the contract prior to that deadline, the institution is required to inform the faculty member in writing that it is unable to comply, offer an explanation, and provide a time by which the contract will be offered.\textsuperscript{108}

\textsuperscript{101} Texas Education Code, Section 51.948 (a).
\textsuperscript{102} Texas Education Code, Section 51.948 (g) (1).
\textsuperscript{103} Texas Education Code, Section 51.948 (b).
\textsuperscript{104} Texas Education Code, Section 51.948 (c).
\textsuperscript{105} Texas Education Code, Section 51.943 (f).
\textsuperscript{106} Texas Education Code, Section 51.943 (c).
\textsuperscript{107} Texas Education Code, Section 51.943 (b).
\textsuperscript{108} Texas Education Code, Section 51.943 (d).
Employment Preference for Former Foster Children

An individual may qualify for a former foster child employment preference, which gives the individual a preference in employment over other applicants for the same position who do not have greater qualifications, if the individual meets the following conditions:

- The individual was under the permanent managing conservatorship of the Department of Family and Protective Services on the day preceding the individual’s 18th birthday,\(^\text{109}\) and
- The individual is under the age of 25.\(^\text{110}\)

These provisions apply to a department, commission, board, office, or other agency in the executive branch of state government, including an institution of higher education.\(^\text{111}\) It does not apply to the position of private secretary, deputy to an official or department, or a position that has a strictly confidential relation to the employing officer.\(^\text{112}\)

An individual entitled to the former foster child employment preference that is aggrieved by a state agency’s hiring decision or a workforce reduction that affects the individual may appeal the agency’s decision by filing a written complaint with the agency’s governing board. The governing board is required to respond to a written complaint no later than 15 business days after the date that the governing body received the complaint. The governing board may render a different hiring decision if the governing board determines that the former foster child employment preference was not properly applied.\(^\text{113}\)

Employment Preference for Veterans

An individual who qualifies for a veterans’ employment preference is entitled to a preference in employment over other applicants who do not have a greater qualification for the same position.\(^\text{114}\) A veteran is defined as an individual who served in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard or in an auxiliary service of one of those branches of the U.S. Armed Forces.\(^\text{115}\) See Chapter 14 (Military Leave and Employment Rights) for additional information.

\(^{109}\) Texas Government Code, Section 672.002 (a).
\(^{110}\) Texas Government Code, Section 672.005.
\(^{111}\) Texas Government Code, Section 672.001.
\(^{112}\) Texas Government Code, Section 672.002 (b).
\(^{113}\) Texas Government Code, Section 672.004.
\(^{114}\) Texas Government Code, Section 657.003 (a).
\(^{115}\) Texas Government Code, Section 657.002 (c).
Identification Cards for Peace Officers

A law enforcement agency or other governmental entity that appoints or employs a commissioned peace officer is required to issue an identification card to its full-time or part-time peace officers. Identification cards expire on a date specified by the law enforcement agency or other governmental entity issuing the card. The head of a law enforcement agency or other governmental entity that appoints or employs a peace officer must recover the identification card at the time of the peace officer's resignation or termination.

Limitations on State Employment Levels

State agencies and institutions of higher education are not permitted to exceed the number of full-time equivalent (FTE) positions authorized by the General Appropriations Act (GAA). The limit on FTEs for most entities:

- Is determined in accordance with the report filed pursuant to Texas Government Code, Section 2052.103.
- Includes only employees paid with funds appropriated through the GAA.
- Does not include overtime hours.
- Includes positions filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the reporting period. Temporary or contract workers include workers employed under contract to fill specific positions customarily filled by state employees. The State Auditor is authorized to provide interpretations of this requirement.

Without the written approval from the Office of the Governor and the Legislative Budget Board, state agencies and institutions of higher education may not use funds appropriated by the GAA to pay all or part of the salaries or benefits of the number of employees that would cause the number of FTEs paid from appropriated funds for a fiscal quarter to exceed the lesser of 110 percent of the authorized FTEs funded by the GAA or 100 percent of the authorized FTEs plus 50.

A request to the Office of the Governor and the Legislative Budget Board to exceed the FTE limitation must be submitted by the governing board of an institution of higher education or state agency (if the agency does not have a governing board, the request must be submitted by the agency’s chief administrative officer) and must include:

- The date on which the board approved the request (or the chief administrative officer if the state agency does not have a governing board).
- A statement justifying the need to exceed or reduce the limitation.

116 Texas Government Code, Section 614.122 (a).
117 Texas Government Code, Section 614.125.
118 Texas Government Code, Section 614.122 (d).
119 General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (a).
120 General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (d).
121 General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (a) (2).
- The source of funds to be used to pay any additional salaries.

- An explanation for why the functions of any proposed additional FTEs cannot be performed within current staffing levels.\textsuperscript{122}

The time frame controlling the FTE limitation varies by state agency or institution of higher education. Some entities are assigned quarterly FTE limitations and others are assigned annual FTE limitations.\textsuperscript{123}

FTE limitations do not apply to employment that stems from the declaration of a disaster by the Governor. Each year, state agencies and institutions of higher education must notify the State Auditor’s Office, Comptroller of Public Accounts, Legislative Budget Board, and Office of the Governor of any FTE positions created in response to a declared disaster.\textsuperscript{124}

According to the GAA, the limitations on FTEs do not apply to a state agency or institution of higher education in an instance of employment, including employment of a temporary or contract worker, associated with the implementation of a new, unanticipated project (or the unanticipated expansion of an existing project) that is 100 percent federally funded. Specifically, the state agency or institution of higher education is exempt from the FTE limitation only for the duration of the federal funding for the employment related to the project. In addition, all salaries, benefits, and other expenses incurred that are related to employment must be paid from federal funds. Each state agency or institution of higher education is required to notify the State Auditor’s Office, Comptroller of Public Accounts, Legislative Budget Board, and the Office of the Governor of any FTEs that are exempted because of these circumstances. This exemption does not apply to any employees associated with existing projects that are 100 percent federally funded and included in the number of FTEs allowed in the agency’s or institution’s bill pattern.\textsuperscript{125}

If a program is transferred from a state agency or institution of higher education, then at any time during the biennium, the Legislative Budget Board and the Office of the Governor may agree to reduce the number of FTEs paid from funds appropriated by the GAA for one or more fiscal quarters to a figure less than that indicated by the GAA for that state agency or institution of higher education.\textsuperscript{126}

Certain state agencies may have specific riders in the GAA (83rd Legislature) that increase or decrease agency FTE limitations or provide specific exemptions from mandated FTE caps.

The FTE limitations under the GAA (83rd Legislature), Article IX, Section 6.10, do not apply to a state agency or institution of higher education in an instance of employment, including employment of a temporary or contract worker, if the employee is paid from appropriations of gifts and grants under the GAA (83rd Legislature), Article IX, Section 8.01. In addition, the reporting requirements under the GAA (83rd Legislature), Article IX, Section 6.10, do not apply to a state agency or institution of higher education with fewer than 50 FTEs allowed in the agency’s or institution’s bill pattern.\textsuperscript{127}

\textsuperscript{122} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (b) (2).

\textsuperscript{123} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (d) and (e).

\textsuperscript{124} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (g).

\textsuperscript{125} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (h).

\textsuperscript{126} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (i).

\textsuperscript{127} General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (j) and (k).
Agencies and institutions of higher education should refer to the General Appropriations Act (83rd Legislature), Article IX, Section 6.10, for additional FTE reporting requirements on exceeding the limitations established by the Legislature.

### New Requirement

The 83rd Legislature enacted legislation amending FTE reporting requirements, as well as certain exemptions to FTE limitations, for state agencies and institutions of higher education.

### Full-Time Equivalent Employees Reporting

Following each fiscal quarter, each state agency and institution of higher education must file with the State Auditor’s Office a report for that fiscal quarter that provides:

- The number of full-time equivalent employees paid from funds in the state treasury and the number of full-time equivalent employees paid from funds outside the state treasury.\(^\text{128}\)

- The increase or decrease, if any, in the number of full-time equivalent employees from the fiscal quarter preceding the quarter covered by the report.

- The number of positions paid from funds in the state treasury and the number of positions paid from funds outside the state treasury.

- The number of individuals who performed services for the agency under contracts, including consultants and individuals employed under contracts for temporary help services.

- The number of managers, supervisors, and staff.\(^\text{129}\)

The report must be made in a format requested by the State Auditor’s Office and include the following:

- An organizational chart detailing the total number of full-time equivalent employees, without regard to the source of funds used to pay all or part of the salary of an employee, and the total number of managers, supervisors, and staff for each functional area in the state agency.

- The management-to-staff ratio for each functional area.

- A separate organizational chart that summarizes the categories of employees in the agency’s regional offices without regard to the source of funds used to pay all or part of the salary of an employee.\(^\text{130}\)

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\(^{128}\) For quarterly FTE reporting by state agencies and institutions of higher education to the State Auditor’s Office, the State Auditor’s Office considers “funds in the state treasury” and “funds outside the state treasury” to be “appropriated funds” and “non-appropriated funds,” respectively. For additional information on quarterly FTE reporting to the State Auditor’s Office, see the State Auditor’s Office Full-time Equivalent (FTE) Employee Reporting Instructions and Information at http://www.sao.state.tx.us/apps/fewebentry/FTEReportingInstructionsAndInformation.pdf.

\(^{129}\) Texas Government Code, Section 2052.103 (a).

\(^{130}\) Texas Government Code, Section 2052.103 (b).
The State Auditor’s Office publishes an annual Full-Time Equivalent Employees report for the Legislative Budget Board, the Governor’s Office, and the Comptroller of Public Accounts summarizing the results of the information provided by agencies.\textsuperscript{131}

The State Auditor’s Office provides additional data analysis and reports from its Full-Time Equivalent (FTE) System through its State Classification Team Web site at http://www.sao.state.tx.us/.

\textbf{Merit Selection Principles - Federal Laws or Regulations}

Some state agencies may be required by federal law or regulation to use a merit system of personnel administration for the agency or for a program administered under the agency.\textsuperscript{132} These agencies must, by rule, establish intra-agency policies and procedures that ensure compliance with the federal requirements and the recruitment, selection, and advancement of highly competent agency personnel.\textsuperscript{133}

A state agency must implement any additional merit principles required by federal law or regulation.\textsuperscript{134} A state agency may create a separate division within the agency to administer merit selection policies and procedures if the chief executive of the agency considers the creation necessary.\textsuperscript{135}

\textbf{Multiple Employment with the State}

A person who is employed by more than one state agency or institution of higher education may not receive benefits from the State that exceed the benefits provided for one full-time employee.\textsuperscript{136} State employees who are employed by multiple agencies and who work more than 40 hours per week may not accrue sick leave, vacation leave, or holidays at a rate that would exceed that for a full-time, 40 hour per week employee.\textsuperscript{137} An employee who holds two part-time state jobs may not quit one part-time job and transfer the leave to the remaining part-time job.\textsuperscript{138}

\textsuperscript{131} Texas Government Code, Section 2052.104 (b).
\textsuperscript{132} Texas Government Code, Section 655.001.
\textsuperscript{133} Texas Government Code, Section 655.002.
\textsuperscript{134} Texas Government Code, Section 655.003.
\textsuperscript{135} Texas Government Code, Section 655.004.
\textsuperscript{136} Texas Government Code, Section 667.001 (a) and (b).
\textsuperscript{137} Texas Government Code, Section 667.001 (b).
\textsuperscript{138} Texas Government Code, Section 667.003.
A person must be informed of the following requirements before he or she is employed by more than one agency or institution of higher education:139

- Separate vacation and sick leave records must be maintained for each employment.140

- Leave balance transfers are prohibited. For example, if the person separates from one employment, the person’s leave balances that were accrued under that employment may not be transferred to the remaining employments.141

- The employee accrues state service credit for all purposes as if the employee had only one employment.142

- The total state contribution toward the employee’s group insurance is limited to the amount specified in the General Appropriations Act for one full-time active employee.143

Overtime compensation accrues for each employment independently of every other employment. However, in most situations, for the purposes of the federal Fair Labor Standards Act (FLSA), the state is considered one employer. If an employee is subject to the overtime provisions of FLSA, the employing agencies and institutions of higher education are required to ensure that the person is compensated for all combined time actually worked that exceeds 40 hours per week. The agencies and institutions of higher education are required to cooperate to determine which agency or institution of higher education is responsible for ensuring that the employee is properly compensated according to those provisions.144

An employing agency or institution of higher education may not use multiple employments of an employee within the same agency or institution of higher education for the purpose of:

- Paying the employee for working more than 40 hours in a week instead of earning compensatory time in accordance with state law.

- Paying the employee a salary that is more than is allowed for either of the employee's positions.145

An employee must inform his or her employing state agency or institution of higher education before accepting additional employment with another agency or institution of higher education.146

A university system may establish a policy that defines a person’s employment as the total hours the person is assigned to one component of the system or to all components of the system. The policy

139 Texas Government Code, Section 667.001 (c).
140 Texas Government Code, Section 667.002.
141 Texas Government Code, Section 667.003.
142 Texas Government Code, Section 667.004.
143 Texas Government Code, Section 667.005.
144 Texas Government Code, Section 667.006 (a) and (b).
145 Texas Government Code, Section 667.006 (c).
146 Texas Government Code, Section 667.007.
applies to a person only if the person is employed by more than one institution of higher education and all the employing institutions of higher education are within the same university system.\(^\text{147}\)

### Appointments at State Institutions of Higher Education

An institution of higher education is required to determine whether employees who have more than one appointment with the institution of higher education hold only one position or one position for each appointment. The institution of higher education’s board of regents has the responsibility to determine whether an employee who holds more than one appointment at separate institutions of higher education (under the same board of regents) holds one position or one position for each appointment. If the two institutions of higher education are governed by separate boards, the employee is deemed to have more than one position.\(^\text{148}\)

A full-time employee at an institution of higher education who has more than one position may receive pay for working more than 40 hours in a week if the institution of higher education determines that pay in lieu of compensatory time is in the best interest of the institution of the higher education.\(^\text{149}\)

### Posting Job Vacancies

State agencies and institutions of higher education with job vacancies are required to list these vacancies with the Texas Workforce Commission in the WorkinTexas.com system. This applies only to vacancies for which candidates from outside the agency will be considered.\(^\text{150}\) Each notice of a job vacancy must be posted for a minimum of 10 working days unless the agency notifies the Texas Workforce Commission that the vacancy has been filled within this time frame.\(^\text{151}\) In addition to using the statutorily required methods to announce job vacancies, state agencies and institutions of higher education are encouraged to make other efforts to inform outside applicant recruitment sources of job vacancies.\(^\text{152}\)

A state agency or institution of higher education is not required to comply with job vacancy notice requirements when it transfers or reassigns an employee as part of a reorganization or merger mandated by the Legislature as long as the executive head of the agency or institution certifies that the transfer or reassignment is necessary for the proper implementation of the reorganization or merger.\(^\text{153}\)

### Probationary or Introductory Period

There is no legislation either requiring or prohibiting an employee probationary or introductory period. Agencies and institutions of higher education have discretion in this matter. The existence of a probationary or introductory period should be structured so that it does not diminish the State’s employment-at-will doctrine.

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\(^\text{147}\) Texas Government Code, Section 667.009.

\(^\text{148}\) Texas Government Code, Section 659.0411.

\(^\text{149}\) Texas Education Code, Section 51.963.

\(^\text{150}\) Texas Government Code, Section 656.001.

\(^\text{151}\) Texas Government Code, Section 656.024.

\(^\text{152}\) Texas Government Code, Section 656.025.

\(^\text{153}\) Texas Government Code, Section 656.026.
**Selective Service Registration**

A state agency in any branch of state government may not hire a person as an employee unless the person presents proof that they have registered for or are exempt from registration with the selective service system. Individuals who are exempt from registration include:

- Females.
- Lawfully admitted nonimmigrant aliens on visas.
- Members of the armed forces on full-time active duty, including cadets and midshipmen at military academies. However, they must register within 30 days after being released if they have not yet reached their 26th birthday.
- Students in Officer Procurement Programs at the Citadel, North Georgia College and State University, Norwich University, Virginia Military Institute, Texas A&M University, and Virginia Polytechnic Institute and State University. However, they must register within 30 days after being released if they have not yet reached their 26th birthday.
- Males in hospitals, mental institutions, or prisons. However, they must register within 30 days after being released if they have not yet reached their 26th birthday.
- Males that are continually confined to a residence, hospital, or institution or who are hospitalized or institutionalized for a medical reason as well as those who are incarcerated.

The Texas Office of the Attorney General issued an opinion that requires only those males who are between the ages of 18 and 25 years (inclusive) to furnish proof of either selective service registration or exemption from selective service as a condition of state employment.

For additional information, go to the Selective Service System’s Web site at http://www.sss.gov.

**Verification of Employment Eligibility**

An individual who is not a citizen of this country is protected from discrimination in hiring and in employment under the provisions of federal law and the Texas Labor Code. It is unlawful to discriminate on the basis of citizenship or “intending citizen” status. Federal law also prohibits an employer from knowingly hiring an individual who is not authorized to work in this country. To ensure compliance, employers are required to complete federal form I-9 upon hiring a person. This form must be completed within three business days of the hire.

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154 Texas Government Code, Section 651.005 (a).
155 Title 50, Appendix, United States Code (Military Selective Service Act, June 24, 1948), Section 456; and Who Must Register Chart, Selective Service System’s Web site at http://www.sss.gov/.
157 Texas Labor Code, Section 21.051; and Title 8, United States Code, Section 1324b.
158 Texas Labor Code, Section 21.051; and Title 8, Code of Federal Regulations, Sections 274a.2 (a) (2) and 274a.2 (b) (B) (ii).
The U.S. Citizenship and Immigration Service published a revised I-9 form with a revision date of March 8, 2013. After May 7, 2013, employers may not use previously accepted revisions.

Additional information regarding the employment eligibility verification process can be found on the U.S. Citizenship and Immigration Services’ Web site at www.uscis.gov.

**Volunteer Programs**

State agencies may use volunteer programs to assist the agency in providing quality services. A state agency that provides basic human mental or physical needs is required to consider volunteers as a resource, if feasible.\footnote{Texas Government Code, Sections 2109.001, 2109.002, and 2109.003.}

A volunteer program must include:

- An effective training program for paid staff and prospective volunteers.
- The use of paid staff to plan and implement the volunteer program.
- An evaluation mechanism to assess (1) the performance of the volunteers, (2) the cooperation of paid staff with the volunteers, and (3) the volunteer program.
- Follow-up studies to determine the effectiveness of the volunteer program.

State agencies with volunteer programs may:

- Reimburse volunteers for actual and necessary expenses incurred in the performance of volunteer services.
- Establish an insurance program to protect volunteers in the performance of services.
- Cooperate with private organizations that provide services that are similar to those provided by the state agency.
- Purchase engraved certificates, plaques, pins, or awards of a similar nature, with a value that does not exceed $75 for each volunteer, to recognize special achievement and outstanding services of volunteers.\footnote{Texas Government Code, Section 2109.004.}

A state agency that has a volunteer program must consider the use of volunteers in determining merit pay increases and performance evaluations.\footnote{Texas Government Code, Section 2109.005.}
Civilian Workforce Composition

Each biennium, the Texas Workforce Commission’s Civil Rights Division is required to determine the composition of the statewide civilian workforce and report this information to the Office of the Governor and the Legislature. This report is due by the fifth day of each regular legislative session. The report includes percentages of Caucasian Americans, African Americans, Hispanic Americans, females, and males within the state workforce by job category.\(^\text{162}\)

Workforce Analysis

Each biennium, each state agency and institution of higher education must analyze its current workforce and compare the numbers employed in each demographic group and job category to those available in the statewide civilian workforce. The intent of this analysis is to determine the percentage of exclusion or underutilization by each job category within each state agency.\(^\text{163}\)

In addition, state agencies and institutions of higher education must report equal employment opportunity information to the Texas Workforce Commission’s Civil Rights Division (Division) no later than November 1 of each year. The report must be submitted in the form prescribed by the Division. The Division will conduct an analysis of the equal employment opportunity information and report the results of the analysis to the Legislature, the Legislative Budget Board, and the Office of the Governor no later than January 1 of each odd-numbered year. The workforce analysis percentages for the state civilian workforce are available in the Division’s *Equal Employment Opportunity and Minority Hiring Practices Report*.\(^\text{164}\)

New Requirement

The 83rd Legislature enacted legislation amending the reporting requirements of the Texas Workforce Commission’s analysis of equal employment opportunity information.

Recruitment Plans

Based on workforce availability analyses or court-ordered remedies or agreements, state agencies and institutions of higher education are directed to develop and implement plans to recruit qualified African Americans, Hispanic Americans, and females (“protected classes”). The Texas Workforce Commission’s Civil Rights Division (Division) monitors employers to ensure that the employers’ plans are consistent with state statute. In addition, state agencies and institutions of higher education must report to the Division the number of protected class hires in each class title that the agency and institution made during the preceding fiscal year. This report is due no later than November 1 of each year.\(^\text{165}\)

\(^{162}\) Texas Labor Code, Section 21.0035.

\(^{163}\) Texas Labor Code, Section 21.501.

\(^{164}\) Texas Labor Code, Sections 21.552 (a) and 21.553 (b), as amended by Senate Bill 59 (83rd Legislature, Regular Session); and *Equal Employment Opportunity and Minority Hiring Practices Report*, Texas Workforce Commission’s Web site at http://www.twc.state.tx.us/.

Chapter 4

Federal Requirements: Fair Labor Standards Act and the Family and Medical Leave Act

The Fair Labor Standards Act (FLSA) and the Family and Medical Leave Act (FMLA) are federal laws that establish workplace requirements that may be applicable to state agencies and institutions of higher education. Specifically:

- FLSA establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments.

- FMLA allows eligible employees to take unpaid leave, or to substitute appropriate paid leave, for an FMLA qualifying event without fear of being terminated from their jobs or being forced into a lower job upon their return.

Fair Labor Standards Act (FLSA)

The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments. The U.S. Department of Labor’s Wage and Hour Division is responsible for providing guidance on and enforcing the FLSA. Additional information about the FLSA can be found at http://www.dol.gov/whd/flsa/index.htm.

The minimum wage in Texas is linked to the federal minimum wage under the Fair Labor Standards Act of 1938. As of July 24, 2009, the federal minimum wage is $7.25 per hour. In general, most employees working in state agencies and institutions of higher education are covered under the FLSA.

FLSA Nonexempt Employees

To be eligible for FLSA overtime pay, an employee must be considered nonexempt. A nonexempt employee covered by the FLSA must receive overtime pay for hours worked in excess of 40 in a workweek at a rate not less than 1.5 times the employee’s regular rate of pay. In general, the employer must total all the hours worked by the employee for that workweek and pay overtime compensation for each hour worked in excess of the overtime standard. However, the FLSA allows government employers to choose whether to compensate their nonexempt employees for

166 Texas Labor Code, Section 62.051.


168 Title 29, Code of Federal Regulations, Section 553.3.

169 Texas Government Code, Section 659.015; and Title 29, Code of Federal Regulations, Sections 778.101 and 778.110.
overtime in cash or in compensatory time off. In some situations, state agencies must pay FLSA overtime rather than providing FLSA compensatory time. These provisions are located in the Texas Government Code and in General Appropriations Act riders.

Employees subject to the FLSA are entitled to compensation for any hours worked in excess of 40 hours in one workweek in one of the following ways:

- The agency can allow or require the employee to take compensatory time off at the rate of 1.5 hours for each hour over 40 hours worked during the workweek.

- When granting FLSA compensatory time off is not practical, the employing agency has the discretion to compensate the employee at 1.5 times his or her regular rate of pay in effect at the time the work was performed for each hour worked over 40 during the workweek.

State agencies can require nonexempt employees who have requested leave to exhaust their FLSA overtime balances before using vacation leave. In addition, an employer remains free under the FLSA to decrease the number of hours that employees work. An employer may tell an employee to take off an afternoon, a day, or even an entire week to avoid the accumulation of additional overtime.

Paid leave and holidays are not counted as hours worked for determining FLSA overtime hours. However, if the total number of hours worked (if less than 40) plus the hours of paid leave or hours of paid holidays exceeds 40, the nonexempt employee must be allowed state compensatory time off equal to the number of hours in excess of 40 hours.

Nonexempt employees may accumulate an overtime credit up to 240 hours of FLSA overtime (160 overtime hours converted to straight time). Those employees engaged in public safety, emergency response, or a seasonal activity may accumulate up to 480 hours of FLSA overtime (320 overtime hours converted to straight time).

Nonexempt employees must be paid for any unused FLSA overtime at the time of separation from state employment. Upon separation from employment, an employee must be paid for unused FLSA compensatory time at either the final regular salary rate at the time of the employee’s separation or the average regular salary rate during the last three years of employment immediately prior to separation, whichever is higher. State agencies must pay employees for any accumulated FLSA overtime prior to transferring that employee to another agency.

See the section on Family and Medical Leave and the Use of Paid Leave in this chapter for additional information regarding FLSA compensatory time as it relates to the Family and Medical Leave Act.

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170 Title 29, Code of Federal Regulations, Section 553.20.
171 Texas Government Code, Section 659.015 (c).
173 Title 29, Code of Federal Regulations, Section 778.218.
174 Texas Government Code, Section 659.015 (f).
175 Texas Government Code, Section 659.015 (e); and Title 29, Code of Federal Regulations, Section 553.24.
176 Title 29, Code of Federal Regulations, Section 553.27 (b).
See Chapter 20 (Workers’ Compensation) for additional information regarding FLSA compensatory time use in relation to workers’ compensation income benefits.

**FLSA-Exempt Employees**

An exempt employee is one that the U.S. Department of Labor has exempted from FLSA minimum wage and overtime requirements because the employee is employed in a bona fide executive, administrative, or professional capacity. An employee’s exemption status cannot be determined by the job title of the employee and must be determined on the basis of whether the employee’s salary and duties meet the exempt requirements defined by applicable federal regulations.

An FLSA-exempt employee must receive his or her full salary for any week in which work is performed without regard to the number of days and hours worked. Exempt employees need not be paid for any workweek in which they perform no work. Exceptions to this general rule include the following:

- Deductions may be made for full-day absences for personal reasons other than sickness or disability.
- Deductions may be made for full-day absences for sickness or disability after the exhaustion of sick leave or workers’ compensation benefits.
- While an employer cannot make deductions from pay for absences of an exempt employee occasioned by jury duty, witness at a judicial action, or military duty, the employer can offset any amounts received by an employee for jury fees, witness fees, or military pay for a particular week against the salary due for that particular week without loss of the exemption.
- Deductions may be made for penalties due to safety infractions of major significance. Safety infractions of major significance include those relating to the prevention of serious danger in the workplace or to other employees.
- Deduction from pay of exempt employees may be made for unpaid disciplinary suspensions of one or more full days imposed in good faith for infractions of workplace conduct rules. Such suspensions must be imposed pursuant to a written policy applicable to all employees. Thus, for example, an employer may suspend an exempt employee without pay for three days for violating a generally applicable written policy prohibiting sexual harassment. Similarly, an employer may suspend an exempt employee without pay for 12 days for violating a generally applicable written policy prohibiting workplace violence.
- An employer is not required to pay the full salary in the initial or final week of employment. Rather, an employer may pay a proportionate part of an employee’s full salary for the time actually worked in the first and last week of employment.
- An employer is not required to pay the full salary for weeks in which an exempt employee takes unpaid leave under the Family and Medical Leave Act.

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178 Title 29, Code of Federal Regulations, Section 541.0.
179 Title 29, Code of Federal Regulations, Section 541.2.
180 Title 29, Code of Federal Regulations, Section 541.602 (a) and (b).
State agencies may reduce the pay of FLSA-exempt employees for absences of less than a full day for personal reasons or because of injury or illness when permission to use leave was not sought or was denied, accrued leave was exhausted, or the employee chose to use leave without pay.\(^ {181}\)

**Family and Medical Leave Act (FMLA)**

The Family and Medical Leave Act (FMLA) allows eligible employees to take unpaid leave, or to substitute appropriate paid leave, for an FMLA qualifying event without fear of being terminated from their jobs or being forced into a lower job upon their return.\(^ {182}\) The FMLA applies to all state agencies and institutions of higher education, with the exception of legislative agencies.

The U.S. Department of Labor’s Wage and Hour Division is responsible for administering and enforcing the FMLA and agencies and institutions of higher education should address specific questions related to the FMLA to the Wage and Hour Division. Additional information on the FMLA can be found on the U.S. Department of Labor’s Web site at: [http://www.dol.gov/dol/topic/benefits-leave/fmla.htm](http://www.dol.gov/dol/topic/benefits-leave/fmla.htm).

Employees who do not qualify for family and medical leave may be entitled to parental leave. See Chapter 11 (General Leave Provisions) for information about state parental leave.

**Family and Medical Leave Eligibility**

Eligibility for family and medical leave is limited to employees who have worked for the State for at least 12 months. The 12 months of employment do not need to be consecutive or continuous. However, an agency or institution of higher education does not have to include employment prior to a break in service of seven or more years unless the break is occasioned by the employee’s fulfillment of his or her National Guard or Reserve military obligation (as protected under the Uniformed Services Employment and Reemployment Rights Act).\(^ {183}\) In addition, the employee must have worked a minimum of 1,250 hours during the 12 months immediately preceding the start date of family and medical leave.\(^ {184}\)

For purposes of family and medical leave, the State is considered a single employer.\(^ {185}\) Agencies and institutions of higher education should credit time worked for other state agencies and institutions of higher education when considering family and medical leave eligibility.

**Family and Medical Leave Entitlement**

The FMLA entitles all eligible employees to a total of 12 weeks of job-protected leave during a 12-month period for one or more of the following reasons:

- The birth and subsequent care of a newborn child.
- The placement of a child into the home of an employee or with the employee for adoption or foster care.

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182 Title 29, Code of Federal Regulations, Section 825.100.
183 Title 29, Code of Federal Regulations, Section 825.110 (b).
184 Texas Government Code, Section 661.912 (a).
185 Title 29, Code of Federal Regulations, Section 825.108 (c) (1).
- The need to care for a spouse, child, or parent with a serious health condition. (A child includes a biological, adopted, or foster child, stepchild, a legal ward, or child of a person standing in loco parentis. A parent is defined as a biological, adoptive, step, or foster parent, or individual who stood in loco parentis to an employee when the employee was a child.)\(^{186}\)

- A serious health condition that renders the employee unable to work.

- A qualifying exigency arising out of the fact that the employee’s spouse, son, daughter, or parent is a covered military member on active duty (or has been notified of an impending call or order to active duty) in support of a contingency operation. Examples of a qualifying exigency may include: short-term deployment; military events and related activities; child care duties and school activities; financial and legal arrangements; counseling; rest and recuperation; and post-deployment activities.\(^{187}\)

If the leave is for the birth and care of a child, or placement for adoption or foster care, it must conclude within 12 months of the birth or placement of the child.\(^{188}\)

Military caregiver leave - State agencies and institutions of higher education must grant an eligible employee who is a spouse, son, daughter, parent, or next of kin of a current member of the U.S. Armed Forces (including a member of the National Guard or Reserves) with a serious injury or illness up to a total of 26 workweeks of unpaid leave during a “single 12-month period” to care for the service member.\(^{189}\) This is known as military caregiver leave. This approach is required regardless of the method used by the employer to determine the employee’s 12 workweeks of leave entitlement for other FMLA qualifying reasons.\(^{190}\)

In cases in which eligible spouses are employed by the same employer, the married employees are limited to a combined total of 12 weeks of family and medical leave for the following reasons:

- Birth of a child and care of a child after birth.

- Placement of a child with the employee for adoption or foster care and to care for a newly placed child.

- To care for a parent who has a serious health condition (or 26 workweeks if the leave is granted to care for a covered service member with a serious injury or illness).\(^{191}\)


\(^{188}\) Title 29, Code of Federal Regulations, Sections 825.120 (a) (2) and 825.121 (2).

\(^{189}\) Title 29, Code of Federal Regulations, Sections 825.100 (a) and 825.127 (a), (b), and (e).


\(^{191}\) Title 29, Code of Federal Regulations, Sections 825.201, 825.121 (a) (3), and 825.127 (d) and (e); and U.S. Department of Labor Fact Sheet 28F at http://www.dol.gov/whd/regs/compliance/whdfs28f.htm.
Family and Medical Leave Notice and Certification

Employee Notice

If the need for family and medical leave is foreseeable, an employee seeking to use family and medical leave is required to provide a 30-day advance notice of the need for the leave. If notice cannot be provided 30 days in advance, the employee should notify his or her employer as soon as practicable. In most cases, this means the same day or the next business day; however, the determination of when an employee could practicably provide notice should take into consideration the individual facts and circumstances.192

For the employer to determine whether FMLA applies to a leave request, the employee must provide sufficient information regarding the nature of the request. If an employee is seeking leave for the first time for a family and medical leave qualifying event, the employee does not need to expressly assert his or her family and medical leave rights or even mention family and medical leave. The employee’s verbal request may be sufficient to make the employer aware that the employee may qualify for family and medical leave.193

However, when an employee seeks leave due to a family and medical leave qualifying event for which the employer has previously provided the employee with family and medical leave protection, the employee must specifically reference either the qualifying reason for the leave or the need for family and medical leave.194

Unless unusual circumstances exist, an employer may require an employee to comply with the employer’s usual and customary notice and procedural requirements for requesting leave.195

Employer Notice

State agencies and institutions of higher education are required to post in a location that can be seen by employees and applicants a notice that explains an employee’s rights and responsibilities under the FMLA. Furthermore, employers must either include a general notice in the employee handbook or other written guidance provided to employees concerning family and medical leave benefits or distribute a general notice to each new employee upon hiring.196

Within five days, absent extenuating circumstances, of when an employee requests family and medical leave or when the employer acquires knowledge that an employee’s leave may be for a family and medical leave qualifying event, the employer must notify the employee verbally or in writing that the employee is eligible to take family and medical leave. The employer’s written notice must include details about the specific expectations for and obligations of the employee and explain any consequences of a failure to meet the obligations.197

192 Title 29, Code of Federal Regulations, Section 825.302 (a) and (b).
193 Title 29, Code of Federal Regulations, Sections 825.302 (c) and 825.303 (b).
194 Title 29, Code of Federal Regulations, Section 825.302 (c).
195 Title 29, Code of Federal Regulations, Section 825.302 (d).
196 Title 29, Code of Federal Regulations, Section 825.300 (a).
197 Title 29, Code of Federal Regulations, Section 825.300 (b), (c), and (d).
Certification

A state agency or institution of higher education may require that an employee’s request for leave due to a serious health condition affecting the employee or a covered family member be supported by a health care provider’s certification. The employer may also request, at the employer’s expense, second and third medical opinions. In addition, the employer may require periodic recertification of a serious health condition. An employer may use a health care provider, a human resource professional, a leave administrator, or a management official—but not the employee’s direct supervisor—to authenticate or clarify a medical certification of a serious health condition.

If the family and medical leave is for a qualifying exigency, an employer may require a statement or description, signed by the employee, of appropriate facts regarding the qualifying exigency for which family medical leave is requested, including information on the type of qualifying exigency.

If the family and medical leave is to care for a covered service member, also known as military caregiver leave, an employer may require an employee to obtain a certification completed by an authorized health care provider of the covered service member. Included in the documentation should be a statement or description of appropriate medical facts, sufficient to support the need for leave, regarding the covered service member's health condition for which FMLA leave is requested.

An employer may have a uniformly-applied policy or practice requiring employees returning from leave for their own serious health condition to submit a certification that they are able to resume work. If reasonable safety concerns exist, an employer may, under certain circumstances, require such a certification for employees returning from intermittent family and medical leave.

Family and Medical Leave and the Use of Paid Leave

The FMLA entitlement of job-protected leave is generally unpaid; however, vacation leave, sick leave, state compensatory time, administrative leave, and banked holiday time are considered state benefits and can be counted toward an employee’s 12-week FMLA entitlement (or 26 weeks of military caregiver leave entitlement). State agencies and institutions of higher education can require an employee to use all vacation and sick leave prior to being placed on a leave without pay status.

In addition, accrued Fair Labor Standards Act overtime for nonexempt employees may be counted against the 12-week FMLA entitlement (or 26 weeks of military caregiver leave entitlement). If an employee requests and is permitted to use accrued Fair Labor Standards Act compensatory time to receive pay for time taken off for a family and medical leave reason, or if the employer requires accrued Fair Labor Standards Act compensatory time to be taken, the compensatory time taken may be counted against the employee’s FMLA leave entitlement.

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198 Title 29, Code of Federal Regulations, Section 825.305 (a).
199 Title 29, Code of Federal Regulations, Section 825.307 (b) and (c).
200 Title 29, Code of Federal Regulations, Section 825.308.
201 Title 29, Code of Federal Regulations, Section 825.307 (a).
202 Title 29, Code of Federal Regulations, Section 825.309 (b) (1).
203 Title 29, Code of Federal Regulations, Section 825.310 (a) and (b) (4).
204 Title 29, Code of Federal Regulations, Section 825.312 (a) and (f).
205 Texas Government Code, Section 661.912 (b); and Title 29, Code of Federal Regulations, Section 825.207 (a).
206 Title 29, Code of Federal Regulations, Section 825.207 (f).
Employees on workers’ compensation or receiving temporary disability benefits cannot be required, but may elect to use, paid leave prior to taking unpaid family and medical leave.207

Sick leave may be used in conjunction with family and medical leave when a child under the age of three is adopted, regardless of whether the child is ill at the time of adoption. However, a state employee on family and medical leave who is the father of a child may use his sick leave only if the child is ill due to childbirth or to care for his spouse while she is recovering from labor and delivery.208

Family and medical leave may be used intermittently if required by a physician to address a serious illness or because of a qualifying exigency. If the request to use intermittent leave is for a planned medical treatment, the employee must make a reasonable effort to schedule the treatment in a manner that does not unduly disrupt the employer’s business operations.209 Employees requesting intermittent leave after the birth of a child or placement of a child for adoption or foster care must get employer approval for the intermittent leave.210

As stated previously, for purposes of family and medical leave, the State is considered a single employer; therefore, agencies and institutions of higher education should research any leave taken by the employee while previously employed with the State.

**Determining the 12-Month Leave Entitlement Period**

State agencies and institutions of higher education may use any one of the following periods to administer the 12-week leave entitlement:

- A calendar year.
- Any fixed 12-month period, such as a fiscal year or anniversary date to anniversary date.
- A 12-month period measured forward from the date an employee first uses family and medical leave.
- A rolling 12-month period measured backward from the date an employee uses any family and medical leave.211

State agencies and institutions of higher education wishing to change from one method of determining the 12-week leave entitlement to another method must give at least 60-days notice to all employees. Employees retain the full benefit of 12 weeks of leave under whichever method yields the greatest benefit to employees during the 60-day transition period.212

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210 Title 29, Code of Federal Regulations, Section 825.202 (c).
211 Title 29, Code of Federal Regulations, Section 825.200 (b).
212 Title 29, Code of Federal Regulations, Section 825.200 (d).
Job Restoration and Maintenance of Health Benefits

An employer may have a uniformly applied policy requiring employees returning from leave for their own serious health conditions to submit a certification that they are able to resume work.\(^{213}\) If reasonable safety concerns exist, an employer may, under certain circumstances, require such a certification for employees returning from intermittent family and medical leave.\(^{214}\)

An employee who takes family and medical leave must be returned to the same job or a job with equivalent status and pay, even if the employee has been replaced or his or her position has been restructured to accommodate the employee’s absence. Furthermore, the time that an employee was on such leave cannot be counted against the employee under a “no fault” attendance policy.\(^{215}\)

During the time an employee is on family and medical leave, the employer must continue the employee’s health benefits. An employee who takes family and medical leave is still responsible for paying his or her portion of health insurance premiums.\(^{216}\)

For purposes of determining the amount of leave used by an employee, the fact that a holiday may occur within a week taken as family and medical leave has no effect; the week is counted as a week of family and medical leave. However, if for some reason the employer’s business activity has temporarily ceased and employees generally are not expected to report for work for one or more weeks (for example, a school closing for two weeks during the Christmas/New Year holidays or for summer vacation), the days on which the employer’s activities have ceased do not count against the employee’s FMLA entitlement.\(^{217}\)

An employee, excluding an employee returning from unpaid military leave during a national emergency, does not earn state service credit, vacation leave, or sick leave for any full calendar months of leave without pay while on family and medical leave.\(^{218}\)

\(^{213}\) Title 29, Code of Federal Regulations, Section 825.312 (a).

\(^{214}\) Title 29, Code of Federal Regulations, Section 825.312 (f).

\(^{215}\) Title 29, Code of Federal Regulations, Sections 825.214, 825.215, and 825.220 (c).


\(^{217}\) Title 29, Code of Federal Regulations, Section 825.200 (h).

\(^{218}\) Texas Government Code, Sections 661.904 and 661.909 (f).
State Compensatory Time

In some situations, state employees may be eligible for state compensatory time. State compensatory time is accrued on a “straight” time basis, or one hour for one hour worked.  

State Compensatory Time for Nonexempt Employees Subject to FLSA

When a nonexempt employee takes leave or when a holiday occurs, the nonexempt employee is eligible for state compensatory time if the total number of hours worked (if less than 40 hours) plus any paid leave or paid holidays exceeds 40 in one workweek. If this occurs, the nonexempt employee must be allowed state compensatory time off for this additional time on an hour-for-hour basis. The state compensatory time off must be used within 12 months of the end of the workweek in which it was earned or it lapses. This is different from FLSA overtime in which the nonexempt employee earns FLSA overtime by physically working more than 40 hours in a workweek. See Chapter 4 (Federal Requirements: Fair Labor Standards Act and the Family and Medical Leave Act) for additional information regarding FLSA overtime provisions.

State compensatory time off earned by Department of Criminal Justice correctional officers must be taken during the 24-month period following the end of the workweek in which the compensatory time was accrued or the compensatory time lapses.

Generally, employees will not be paid for any unused state compensatory time and there are no provisions in statutes or the General Appropriations Act that allow for the conversion of this time to any other type of leave. However, there are some situations in which the payment for state compensatory time can be authorized. Those situations are identified and summarized below.

State Compensatory Time for Employees Exempt from FLSA Overtime Provisions

At the discretion of the agency’s executive director, an employee who is exempt from the overtime provisions of the FLSA may be allowed to accrue state compensatory time for work hours that exceed 40 in a workweek. Work hours, for the purpose of accruing state compensatory time, consist of paid leave, holidays, and actual hours worked. Part-time, FLSA-exempt employees may accrue state compensatory time when the number of actual work hours exceeds the number of hours that the employee was designated to work.

If an exempt employee does not use state compensatory time within 12 months of when it was earned, the employee loses this time.

219 Texas Government Code, Sections 659.015 (f) and 659.016 (b).
220 Texas Government Code, Section 659.015 (f) and (g).
221 Texas Government Code, Section 659.015 (k).
222 Texas Government Code, Section 659.015 (g).
223 Texas Government Code, Section 659.016 (b).
224 Texas Government Code, Section 659.016 (c).
Generally, an employee will not be paid for accrued but unused state compensatory time. However, there are some situations where the payment of state compensatory time can be authorized. These situations are identified and summarized below.

**State Compensatory Time for Emergency Services Personnel**

An exception for the use of state compensatory time exists for selected emergency services personnel who provide services during emergency situations. Emergency services personnel includes firefighters, police officers, and other peace officers; emergency medical technicians; emergency management personnel; and other individuals whose duties require them to provide services for the benefit of the general public during emergency situations.

State employees not subject to the overtime provisions of the FLSA and who qualify as emergency services personnel may be allowed to take state compensatory time during the 18-month period following the end of the workweek in which the compensatory time was accrued. Legislative employees, including employees of the Lieutenant Governor’s Office or legislative agency employees are not eligible to be classified as emergency services personnel for the purposes of accruing state compensatory time under these provisions.

In those situations in which an emergency personnel employee provides services during emergency situations, the employee may also be paid at the employee’s regular hourly salary rate for all or part of the compensatory hours accrued during the disaster in the preceding 18 months. The employee’s compensatory time balance must be reduced by one hour for each hour for which the employee is paid.

**Payment of State Compensatory Time in Certain Situations**

In certain situations, with the authorization of the administrative head or designee, an employee may be paid for state compensatory time that the employee earned for work directly related to a disaster or an emergency declared by the appropriate officer of the state or federal government. In addition, an employee of a state mental health or mental retardation facility may be paid for state compensatory time if the agency determines that taking the compensatory time off would disrupt the business functions of the agency.

Employees at institutions of higher education and those involved in public safety work (for example, highway construction, highway maintenance, and emergency response activities) may be paid for state compensatory time if taking the time off would be disruptive to normal teaching, research, or other critical functions.

**Use of Compensatory Time before Lapsing**

If an employee of a state agency (defined by the Texas Government Code, Section 658.001) submits a written request to use accrued compensatory time not later than the 90th day before the date on which the accrued compensatory time will lapse, the employer must approve in writing the employee’s

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226 Texas Government Code, Section 659.025 (d).
227 Texas Government Code, Sections 659.015 (i) and 659.016 (i).
228 Texas Government Code, Sections 659.015 (j) and 659.016 (j).
229 Texas Government Code, Section 659.015 (g).
request or provide the employee with an alternative date on which the employee may use the compensatory time.\textsuperscript{230}

The employing agency is encouraged to reasonably accommodate the employee's use of the accrued compensatory time before it lapses.\textsuperscript{231}

There are no statutory provisions that allow for the conversion of state compensatory time or holiday compensatory time to any other type of leave. Subject to the exceptions noted above, if an employee does not use the accrued time within 12 months of earning it, the employee loses this time.\textsuperscript{232}

**Notification of Compensatory Time Policy**

A state agency must notify its employees annually of the State’s policy on compensatory time and must accommodate to the extent practicable an employee’s request to use accrued compensatory time.\textsuperscript{233}

For a state employee who has been activated to military service as a member of the reserve component of the armed forces, a state agency must:

- Provide a statement containing the balance of the employee’s accrued state compensatory time, and
- Accommodate the employee’s request to use the balance of his or her accrued state compensatory time before the compensatory time expires.\textsuperscript{234}

**Compensatory Time for Persons Governing State Agencies**

A member of the governing body of a state agency or a single state officer who governs a state agency may not accrue compensatory time.\textsuperscript{235}

An employee who acts as the administrative head of a state agency, including an executive director, is not prohibited from accruing compensatory time.\textsuperscript{236}

**Compensatory Time and Assigned Place of Employment**

State agency employees in the executive branch may not accumulate compensatory time for hours worked during any calendar week at a location other than the employee’s regular or temporarily assigned place of employment, except under circumstances specified in the General Appropriations Act. However, for compensatory time purposes, an employee may accumulate compensatory time for hours worked during any calendar week at the employee’s personal residence if the employee obtains advance approval from the agency’s administrative head or designee.\textsuperscript{237}

\textsuperscript{230} Texas Government Code, Section 659.022 (a).
\textsuperscript{231} Texas Government Code, Section 659.022 (b).
\textsuperscript{232} Texas Government Code, Sections 659.015 (g) and 659.016 (c).
\textsuperscript{233} Texas Government Code, Section 659.023 (a) and (b).
\textsuperscript{234} Texas Government Code, Section 659.023 (c).
\textsuperscript{235} Texas Government Code, Section 659.024 (c).
\textsuperscript{236} Texas Government Code, Section 659.024 (b).
\textsuperscript{237} Texas Government Code, Section 659.018.
**Holiday Compensatory Time**

Employees who must work on a designated national or state holiday will be allowed holiday compensatory time off during the 12-month period following the date of the holiday if the state employee is entitled to a paid day off from working for a state agency on the holiday. Employees are required to give reasonable advance notice when taking holiday compensatory time; however, employees do not have to specify the reason for the request. Holiday compensatory time is earned on an hour per hour basis.

An institution of higher education, as defined by Section 61.003 of the Texas Education Code, may allow an employee who is required to work on a national or state holiday that does not fall on a Saturday or Sunday to take holiday compensatory time off or may instead pay the employee at the employee’s regular rate of pay for that time if the institution determines that allowing holiday compensatory time off would disrupt normal teaching, research, or other critical functions.

The following employees are entitled to one hour of holiday compensatory time off for each hour worked on a federal or state holiday that falls on a Saturday or Sunday:

- A peace officer commissioned under Article 2.12 of the Texas Code of Criminal Procedure.
- A Department of Public Safety employee who performs communications or dispatch functions related to traffic law enforcement.
- A public security officer as defined by the Texas Occupations Code, Section 1701.001.
- A Parks and Wildlife Department employee who performs communications and dispatch services to assist law enforcement officers in performing law enforcement duties.

**Transfer of Holiday Compensatory Time between State Agencies**

State agencies are required to accept a transfer balance of holiday compensatory time if the employee transfers as a direct result of:

- The Legislature transferring authority or duties from one agency to another, or
- A requirement by the State Council on Competitive Government to bid a commercially available service that a state agency previously performed.

State agencies are not required to accept a transfer balance of holiday compensatory time if the transferring employee is required to apply for the new position.

The Texas Attorney General has determined there is no authority that would authorize the transfer of compensatory time when an employee transfers from one agency to another or the payment of compensatory time when an employee terminates state employment. The Attorney General has

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238 Texas Government Code, Section 662.007 (a) and (b).
239 Texas Government Code, Section 662.007 (c).
240 Texas Government Code, Section 662.005 (b).
241 Texas Government Code, Section 662.0071.
also ruled that the estate of a deceased employee may not be paid for the employee’s earned, but unused, compensatory time.243

**Authorizations for Payment of Holiday and State Compensatory Time**

In most cases, state agencies are not allowed to pay for accrued holiday and state compensatory time; however, in certain circumstances the General Appropriations Act provides for payment of holiday and state compensatory time.

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Chapter 6
Position Classification Plan

Position Classification Plan Overview

The Position Classification Plan (Plan), established by the Position Classification Act, requires most state agencies to comply with the salary schedules and compensation provisions of Article IX of the General Appropriations Act. \(^{244}\)

The Plan is administered by the State Classification Team located in the State Auditor’s Office. \(^{245}\)

Responsibilities of the State Classification Team include:

- Maintaining the Plan and ensuring that it is current.
- Advising and assisting state agencies to ensure equitable and uniform application of the Plan.
- Conducting position classification audits to ensure conformity with the Plan.
- Making recommendations to the Governor and the Legislature as necessary and appropriate regarding the operation and improvement of the Plan. \(^{246}\)

The Plan establishes job classification titles for full-time, part-time, hourly, and temporary employees. \(^{247}\) The job classifications within the Plan are defined as classified positions. Each job classification title is assigned to a salary group within a classification salary schedule. The classification salary schedules and job classification titles are contained in the most recent edition of the General Appropriations Act. \(^{248}\)

The Plan, the General Appropriations Act, and the Texas Government Code provide guidelines for all classified positions.

Agencies Subject to the Position Classification Plan

State agencies that are subject to the Plan include:

- General government agencies.
- Health and human services agencies.
- Courts (except for judges, district attorneys, and assistant district attorneys).
- Public safety and criminal justice agencies.

\(^{244}\) Texas Government Code, Sections 654.001 and 654.011 (a).
\(^{245}\) Texas Government Code, Sections 654.036 and 654.031.
\(^{246}\) Texas Government Code, Section 654.036.
\(^{247}\) Texas Government Code, Section 654.011 (a).
\(^{248}\) General Appropriations Act (83rd Legislature), Article IX, Section 2.01.
- Natural resources agencies.
- Business and economic development agencies.
- Regulatory agencies.
- Agencies of public education (limited to the Texas Education Agency, School for the Blind and Visually Impaired, and the School for the Deaf).  

**Agencies’ Use of the Position Classification Plan**

Agencies should use an occupationally specific job classification title contained in the Plan that is appropriate to a position and is not agency specific.

Agencies may determine the appropriate rate of pay within the appropriate salary range for employees at the time of initial employment with the agency, which includes rehires and employees who transfer from another state agency or institution of higher education. State agencies subject to the Position Classification Act are responsible for ensuring that all positions are classified properly on an annual basis and may perform a monthly review of job assignments.

**Bona Fide New Positions**

The Texas Government Code gives the Governor the authority to exempt bona fide new positions during the biennium. A “bona fide new position” is defined as a new position established to accomplish duties related to programs or functions that were not anticipated, and for that reason not funded under the General Appropriations Act. It may not be established for the sole purpose of adjusting the salary of an existing position.

The Comptroller may not pay compensation for the position until formal notification of the action of the Governor to exempt the position is filed with the State Auditor’s Office and the Legislative Budget Board.

An exemption made during the first year of a biennium may be carried over to the second year. Pay may be adjusted during the second year, but this adjustment can be no higher than adjustments authorized for classified positions.

**State Job Descriptions**

The State Classification Team prepares general job descriptions for state agencies to use. Agencies should use the state job descriptions as guidelines and develop functional job descriptions that are more specific to the work of the agency and its employees.

The Plan provides that whenever “General Qualification Guidelines” are specified for each job, they are only meant to represent the qualifications commonly wanted by employing officers of the State.

\[\text{249} \text{ Texas Government Code, Section 654.011 (a).}\]
\[\text{250} \text{ Texas Government Code, Section 654.014 (b).}\]
\[\text{251} \text{ Texas Government Code, Section 654.0155.}\]
\[\text{252} \text{ Texas Government Code, Section 654.0125.}\]
and do not have the force of law. This includes specifications for experience, training, education, knowledge, skills, abilities, and physical conditions.  

**Classification Salary Schedules**

The Plan has three salary schedules: Schedules A, B, and C. Schedule A includes paraprofessional, administrative support, maintenance, service, and technical positions. Schedule B includes primarily professional and managerial positions, while Schedule C covers commissioned law enforcement officers who are employed by the Department of Public Safety, the Parks and Wildlife Department, the Alcoholic Beverage Commission, and the Department of Criminal Justice. Only executive directors and specific positions remain exempt from the Plan.

**Fiscal Year 2014-2015 Classification Salary Schedules A and B**

The classification salary schedules for Schedules A and B for the 2014–2015 biennium are listed in Tables 6-1 and 6-2 and Tables 6-3 and 6-4, respectively.

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253 Texas Government Code, Section 654.015.
254 State Auditor’s Office’s State Classification Team Web site at www.hr.sao.state.tx.us/Compensation/structure.html.
255 Texas Government Code, Section 654.012.
256 General Appropriations Act (83rd Legislature), Article IX, Section 2.01.
### Table 6-2

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<td>$54,761</td>
<td>$67,278</td>
</tr>
<tr>
<td>A20</td>
<td>$45,158</td>
<td>$58,573</td>
<td>$71,988</td>
</tr>
</tbody>
</table>
Table 6-3

<table>
<thead>
<tr>
<th>Salary Group</th>
<th>Minimum Salary</th>
<th>Midpoint</th>
<th>Maximum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>B10</td>
<td>$24,310</td>
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<td>$25,732</td>
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<td>$27,240</td>
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<td>B13</td>
<td>$28,839</td>
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<td>$49,780</td>
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<tr>
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<td>$34,233</td>
<td>$43,482</td>
<td>$52,730</td>
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<td>B17</td>
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<td>B19</td>
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<td>$53,688</td>
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<td>B20</td>
<td>$44,273</td>
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<td>$47,331</td>
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<td>$50,602</td>
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<td>B23</td>
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<tr>
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<td>$74,859</td>
<td>$99,188</td>
<td>$123,517</td>
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<tr>
<td>B28</td>
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<td>$109,107</td>
<td>$135,869</td>
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<tr>
<td>B29</td>
<td>$90,579</td>
<td>$120,018</td>
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<td>B30</td>
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<td>$240,700</td>
</tr>
<tr>
<td>B35</td>
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<td>$212,618</td>
<td>$264,769</td>
</tr>
<tr>
<td>Salary Group</td>
<td>Minimum Salary</td>
<td>Midpoint</td>
<td>Maximum Salary</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------</td>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
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<td>$42,730</td>
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<td>$45,257</td>
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<td>B14</td>
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<td>$47,936</td>
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<td>B15</td>
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<td>$50,776</td>
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<td>B16</td>
<td>$34,918</td>
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<td>$53,785</td>
</tr>
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<td>$46,976</td>
<td>$56,975</td>
</tr>
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<td>$39,521</td>
<td>$51,199</td>
<td>$62,877</td>
</tr>
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<td>$54,761</td>
<td>$67,278</td>
</tr>
<tr>
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<td>$45,158</td>
<td>$58,573</td>
<td>$71,988</td>
</tr>
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<td>B21</td>
<td>$48,278</td>
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<td>B22</td>
<td>$51,614</td>
<td>$67,017</td>
<td>$82,419</td>
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<td>B23</td>
<td>$55,184</td>
<td>$71,686</td>
<td>$88,188</td>
</tr>
<tr>
<td>B24</td>
<td>$59,004</td>
<td>$76,683</td>
<td>$94,361</td>
</tr>
<tr>
<td>B25</td>
<td>$63,104</td>
<td>$82,036</td>
<td>$100,967</td>
</tr>
<tr>
<td>B26</td>
<td>$69,415</td>
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<td>$114,534</td>
</tr>
<tr>
<td>B27</td>
<td>$76,356</td>
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<td>$125,987</td>
</tr>
<tr>
<td>B28</td>
<td>$83,991</td>
<td>$111,289</td>
<td>$138,587</td>
</tr>
<tr>
<td>B29</td>
<td>$92,390</td>
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</tr>
<tr>
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<td>$101,630</td>
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<td>$167,689</td>
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<td>B31</td>
<td>$111,793</td>
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<td>$184,458</td>
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<td>B32</td>
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<td>$202,904</td>
</tr>
<tr>
<td>B33</td>
<td>$135,269</td>
<td>$179,232</td>
<td>$223,195</td>
</tr>
<tr>
<td>B34</td>
<td>$148,796</td>
<td>$197,155</td>
<td>$245,514</td>
</tr>
<tr>
<td>B35</td>
<td>$163,676</td>
<td>$216,871</td>
<td>$270,065</td>
</tr>
</tbody>
</table>
Fiscal Year 2014-2015 Classification Salary Schedule C

Salary Schedule C contains salaries for the State’s law enforcement positions and is part of the Plan (see Tables 6-5 and 6-6).\textsuperscript{257}

Table 6-5

<table>
<thead>
<tr>
<th>Salary Group</th>
<th>Fiscal Year 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 4</td>
</tr>
<tr>
<td>C1</td>
<td>$37,576</td>
</tr>
<tr>
<td>C2</td>
<td>$41,052</td>
</tr>
<tr>
<td>C3</td>
<td>$49,582</td>
</tr>
<tr>
<td>C4</td>
<td>$64,085</td>
</tr>
<tr>
<td>C5</td>
<td>$71,378</td>
</tr>
<tr>
<td>C6</td>
<td>$83,574</td>
</tr>
<tr>
<td>C7</td>
<td>$93,932</td>
</tr>
<tr>
<td>C8</td>
<td>$102,357</td>
</tr>
</tbody>
</table>

Table 6-6

<table>
<thead>
<tr>
<th>Salary Group</th>
<th>Fiscal Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 4</td>
</tr>
<tr>
<td>C2</td>
<td>$43,007</td>
</tr>
<tr>
<td>C3</td>
<td>$51,943</td>
</tr>
<tr>
<td>C4</td>
<td>$70,938</td>
</tr>
<tr>
<td>C5</td>
<td>$78,617</td>
</tr>
<tr>
<td>C6</td>
<td>$96,491</td>
</tr>
<tr>
<td>C8</td>
<td>$113,514</td>
</tr>
</tbody>
</table>

\textsuperscript{257} General Appropriations Act (83rd Legislature), Article IX, Section 2.01.
Classification Compliance Audits

As part of the requirements established in the Texas Government Code, the State Classification Team in the State Auditor’s Office has a responsibility to conduct classification compliance audits.258 The objective of these audits is to determine whether agencies conform to the State Position Classification Plan by ensuring proper classification of positions. If these audits reveal misclassifications, the State Classification Team provides written notice to the appropriate agency heads. The steps available to resolve misclassifications include:

- Reclassifying the employee to a job classification title that is consistent with the work that is actually performed.
- Changing the employee’s duties to conform to the assigned job classification title.
- Obtaining a new job classification title and salary range.259

Additional information on classification compliance audits is available in the Classification Compliance Audit Resource Guide on the State Auditor’s Office’s State Classification Team Web site at http://www.hr.sao.state.tx.us/.

Salary Studies

Each biennium, the State Classification Team submits to the Legislature recommended modifications to the Position Classification Plan (Plan). Modifications may take the form of new job classification titles; reallocations of existing job classification titles; changes to job classification titles and job classification numbers; and deletion of job classification titles. In reviewing the Plan, the State Classification Team makes periodic studies of salary rates in both the public and private sector industries for similar work performed in state government. The objective of the review is to determine (1) the competitiveness of the Plan and (2) whether changes to the Plan are needed to ensure that the Plan effectively meets the needs of its users.260 The results of those studies are reported to the Governor’s Budget Office and the Legislative Budget Board prior to October 1 preceding each regular session of the Legislature.261

In addition, before September 1 of each even-numbered year, the State Classification Team will survey the local law enforcement departments that employ more than 1,000 commissioned law enforcement officers to gather information about the total compensation provided by the departments to law enforcement officers. The results of this survey will be analyzed and reported to the Legislature before January 1 of each odd-numbered year. The report will contain information that identifies the five local law enforcement departments that provide the highest average total compensation to local law enforcement officers who have been employed by the local law enforcement departments at the maximum salary level.262

These studies and recommendations can be found on the State Auditor’s Office’s State Classification Team Web site at http://www.hr.sao.state.tx.us/.

258 Texas Government Code, Section 654.036 (3).
259 Texas Government Code, Section 654.038.
261 Texas Government Code, Section 654.037 (a).
262 Texas Government Code, Section 654.037 (b).
Chapter 7

Positions Exempt from the Position Classification Plan

The State has a limited number of positions that are exempt from the Position Classification Plan (Plan) at state agencies. These positions include:

- A constitutional officer or official.
- An elected officer or official.
- An officer appointed by the Governor.
- The chief executive of a state agency.
- A teacher in public schools, a special school of the State, or state institution of higher education.
- Personnel employed by state institutions of higher education.
- A professional compensated for services on a fee basis.
- An employee excluded from the Plan by executive order of the Governor or at the direction of the Legislature.\(^{263}\)

The number of authorized positions for a title listed in a “Schedule of Exempt Positions” may be exceeded only:

- For the purpose of hiring a replacement in a key management position as certified by the chief administrator of the agency.
- If the current incumbent of the position has formally resigned or otherwise announced irrevocable plans to vacate the position.
- For a period of time not to exceed the equivalent of one month’s salary per fiscal year per terminating incumbent (excluding time spent on the payroll for the purpose of exhausting accrued vacation leave or state compensatory time).
- If exceptions are reported as prescribed for payroll reporting procedures.\(^{264}\)

Salary Groups and Not-to-Exceed Rates for Exempt Positions

Salary Groups

The State currently has eight salary groups for positions exempt from the Position Classification Plan. Each salary group has a corresponding salary range that establishes the appropriate minimum and maximum annual salary for each position assigned to that group (see Table 7-1). Within the General

\(^{263}\) Texas Government Code, Section 654.012.

\(^{264}\) General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (e) (2).
Appropriations Act, the Legislature authorizes and designates the title and assigned salary group for each position listed in an agency’s Schedule of Exempt Positions.

Table 7-1

<table>
<thead>
<tr>
<th>Group</th>
<th>Minimum Salary</th>
<th>Maximum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$70,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>2</td>
<td>$80,500</td>
<td>$126,600</td>
</tr>
<tr>
<td>3</td>
<td>$92,600</td>
<td>$145,600</td>
</tr>
<tr>
<td>4</td>
<td>$106,500</td>
<td>$167,500</td>
</tr>
<tr>
<td>5</td>
<td>$122,500</td>
<td>$192,600</td>
</tr>
<tr>
<td>6</td>
<td>$140,900</td>
<td>$221,500</td>
</tr>
<tr>
<td>7</td>
<td>$162,000</td>
<td>$254,700</td>
</tr>
<tr>
<td>8</td>
<td>$186,300</td>
<td>$292,500</td>
</tr>
</tbody>
</table>

Not-to-Exceed Rates

In addition to having assigned salary groups, most exempt positions have “authorized salaries” listed in the agencies’ Schedule of Exempt Positions, often referred to as “not-to-exceed (NTE) rates,” which are set by the Legislature and identified in the General Appropriations Act. If an agency’s Schedule of Exempt Positions has an NTE rate that is less than the maximum salary listed in Table 7-1, the NTE rate listed in the agency’s Schedule of Exempt Positions in the General Appropriations Act prevails. These NTE rates cannot be changed unless specifically authorized in accordance with the General Appropriations Act.

Exempt Employees Salaries

As noted above, the Legislature sets an agency’s NTE rate for exempt positions identified within the agency’s Schedule of Exempt Positions. The Governor has the authority to set compensation in an amount not to exceed the maximum salary, but not less than the minimum, for positions within specific agencies listed in Table 7-2, notwithstanding the salary rate listed in an agency’s Schedule of Exempt Positions. In addition, the Governor may designate the title and set the compensation rate of positions exempt from the Position Classification Plan that are used by the Office of the Governor. The salary provided by the General Appropriations Act for the Governor is an annual salary and is not reduced during the Governor’s absence from the state.

Table 7-2 lists the agencies, positions, and salary groups for which the Governor is authorized to designate the compensation rate.

265 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (b) (2).
266 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (a).
267 General Appropriations Act (83rd Legislature), Article I, Office of the Governor, Riders 2 and 6.
268 General Appropriations Act (83rd Legislature), Article I, Office of the Governor, Rider 3.
### Table 7-2

**Agencies Authorized to Have Exempt Positions**  
**Titles and Salaries Set by the Governor**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Position</th>
<th>Salary Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary of State</td>
<td>Secretary of State</td>
<td>Group 5</td>
</tr>
<tr>
<td>Office of State-Federal Relations</td>
<td>Executive Director</td>
<td>Group 3</td>
</tr>
<tr>
<td>Health and Human Services Commission</td>
<td>Executive Commissioner</td>
<td>Group 8</td>
</tr>
<tr>
<td>Texas Education Agency</td>
<td>Commissioner of Education</td>
<td>Group 8</td>
</tr>
<tr>
<td>Adjutant General’s Department</td>
<td>Adjutant General</td>
<td>Group 5</td>
</tr>
<tr>
<td>Department of Criminal Justice</td>
<td>Presiding Officer, Board of Pardons and Paroles</td>
<td>Group 4</td>
</tr>
<tr>
<td>Department of Criminal Justice</td>
<td>Parole Board Members (6)</td>
<td>Group 3</td>
</tr>
<tr>
<td>Commission on Environmental Quality</td>
<td>Commissioners (3)</td>
<td>Group 6</td>
</tr>
<tr>
<td>Department of Housing and Community Affairs</td>
<td>Executive Director</td>
<td>Group 5</td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td>Commissioners (2)</td>
<td>Group 5</td>
</tr>
<tr>
<td>Texas Workforce Commission</td>
<td>Commission Chair</td>
<td>Group 6</td>
</tr>
<tr>
<td>State Office of Administrative Hearings</td>
<td>Chief Administrative Law Judge</td>
<td>Group 5</td>
</tr>
<tr>
<td>Department of Insurance</td>
<td>Commissioner of Insurance</td>
<td>Group 6</td>
</tr>
<tr>
<td>Office of Public Insurance Counsel</td>
<td>Public Counsel</td>
<td>Group 4</td>
</tr>
<tr>
<td>Public Utility Commission of Texas</td>
<td>Commissioners (3)</td>
<td>Group 6</td>
</tr>
<tr>
<td>Office of Public Utility Counsel</td>
<td>Public Counsel</td>
<td>Group 4</td>
</tr>
<tr>
<td>Bond Review Board</td>
<td>Executive Director</td>
<td>Group 3</td>
</tr>
<tr>
<td>Department of Insurance</td>
<td>Commissioner of Workers’ Compensation</td>
<td>Group 5</td>
</tr>
</tbody>
</table>

Some state agencies have authority within the General Appropriations Act to request an increase in the authorized salary (NTE rate) for an exempt position by submitting a request to the Governor’s Office and the Legislative Budget Board. (See Table 7-3 for a list of agencies and positions.) The request must include:

- The date that the board (when applicable for an agency with a governing board) approved the request.
- A statement that justifies the need to exceed the salary limitations in the agency’s Schedule of Exempt Positions.
- The source(s) of funds to be used to pay the additional salary amount.

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269 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (b) (1) and (3).
An agency’s governing board may make this request no more than once per fiscal year or upon a vacancy in the exempt position. After submission of the request, the agency can consider it approved if neither the Legislative Budget Board nor the Governor’s Office issues a written disapproval by:

- The 10th business day after the Legislative Budget Board staff submits the results of its review to the chairperson of the House Appropriations Committee, the chairperson of the Senate Finance Committee, the Speaker of the House, and the Lieutenant Governor; and

- The 10th business day after the Governor’s Office received the request for the increase.

If a proposed salary increase is approved, the Legislative Budget Board must notify the affected agency, the Governor’s Office, and the Office of the Comptroller of Public Accounts. 270

Table 7-3 lists the agencies, positions, and salary groups that are authorized to request an increase in the salary (NTE rate) of an exempt position by submitting a request to the Governor’s Office and the Legislative Budget Board.

Table 7-3

<table>
<thead>
<tr>
<th>Agencies Authorized to Request a Salary Increase for Exempt Positions within the General Appropriations Act 271</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Department of State Health Services</td>
</tr>
<tr>
<td>Department of Family and Protective Services</td>
</tr>
<tr>
<td>Higher Education Coordinating Board</td>
</tr>
<tr>
<td>Department of Aging and Disability Services</td>
</tr>
<tr>
<td>Department of Information Resources</td>
</tr>
<tr>
<td>Department of Assistive and Rehabilitative Services</td>
</tr>
<tr>
<td>Texas Lottery Commission</td>
</tr>
<tr>
<td>Juvenile Justice Department</td>
</tr>
<tr>
<td>Preservation Board</td>
</tr>
<tr>
<td>School for the Blind and Visually Impaired</td>
</tr>
<tr>
<td>School for the Deaf</td>
</tr>
</tbody>
</table>

In addition to all other requirements and limits established under an agency’s bill pattern, requests for a salary increase for exempt positions listed in Tables 7-2 and 7-3 must be:

- In writing;
- Signed by the presiding officer of the governing board (for an agency with a governing board);

270 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (c).
271 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (c) (6).
- Submitted to the Governor, the Legislative Budget Board, and the Office of the Comptroller of Public Accounts; and
- Approved by the governing board (for an agency with a governing board) in a public meeting.272

**Salary Supplements for Exempt Positions**

Classified employees or employees in exempt positions funded by the General Appropriations Act cannot receive a salary supplement from any source unless specifically authorized by statute or the General Appropriations Act.273

In addition to salary amounts appropriated by the General Appropriations Act and identified in the schedule of exempt positions, some exempt positions may receive a salary supplement. See Chapter 8 (Salary Administration) for additional information about reporting and disclosing salary supplements.

**Provisions for Salaries in the Judiciary Branch**

Judges and justices in the Judicial Branch may have specific salaries. Table 7-4 provides an outline of those provisions.

Table 7-4

<table>
<thead>
<tr>
<th>Title</th>
<th>Minimum Salary</th>
<th>Maximum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Judge</td>
<td>$125,000 a</td>
<td>Combined salary (state and county sources) may not exceed the amount that is $5,000 less than the salary provided for a justice of a court of appeals.</td>
</tr>
<tr>
<td>Justice, Court of Appeals</td>
<td>110 percent of salary of district judge</td>
<td>Combined salary (state and county sources) may not exceed the amount that is $5,000 less than the salary provided for a justice of the Texas Supreme Court.</td>
</tr>
<tr>
<td>Justice, Supreme Court and Judge, Criminal Court of Appeals a</td>
<td>120 percent of salary of district judge</td>
<td>None listed.</td>
</tr>
<tr>
<td>Chief Justice of Supreme Court, Presiding Judge of Criminal Court of Appeals, and Chief Justice of a Court of Appeals</td>
<td>$2,500 more than salary provided for other justices or judges of the court</td>
<td>Combined salary may not exceed the amount that is $2,500 less than the salary provided for a justice of the Texas Supreme Court.</td>
</tr>
</tbody>
</table>

a The 83rd Legislature approved a judicial salary increase.
b This excludes chief justice positions.

The Office of the Comptroller of Public Accounts provides oversight to ensure the required salary limitations for the judiciary branch are maintained. If a salary combined with additional

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272 General Appropriations Act (83rd Legislature), Article IX, Section 3.04 (d).
274 Texas Government Code, Section 659.012.
compensation from other sources would be in excess of the limitation, the Comptroller must reduce the state salary by the excess amount.275

**Appellate Court Salary Limits for Attorneys**

Intermediate appellate courts may not pay more than one chief staff attorney promoted or hired after September 1, 2013, more than $94,950 annually. In addition, no intermediate appellate court may pay other permanent legal staff hired or promoted after September 1, 2013, more than $84,175 annually. This provision does not apply to appellate court law clerk positions.276

**Provisions for Educational Institutions**

Out of the educational and general funds appropriated to general academic institutions, community colleges, health centers, health science centers, and medical education programs, the Legislature sets a not-to-exceed rate for the salary of a president or chancellor. All presidents and chancellors may receive additional amounts for a house, utilities, and/or supplement from institutional funds. Table 7-5 lists those rates and the positions to which they apply.

<table>
<thead>
<tr>
<th>Title</th>
<th>Not To Exceed Rate (Paid from Appropriated Funds)</th>
<th>Not to Exceed Rate for Housing Allowance(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>President, Higher Education Institution</td>
<td>$65,945</td>
<td>$7,200</td>
</tr>
<tr>
<td>Chancellor, Higher Education Institution</td>
<td>$70,231</td>
<td>$7,200</td>
</tr>
<tr>
<td>Campus President, Texas State Technical College</td>
<td>$63,654</td>
<td>$7,200</td>
</tr>
<tr>
<td>Chancellor, Texas State Technical College</td>
<td>$70,231</td>
<td>$7,200</td>
</tr>
</tbody>
</table>

\(^a\) If a house owned by the institution, system, or program is not available, additional amounts from private or institutional funds may be provided in lieu of housing and utilities, where required.

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275 Texas Government Code, Section 659.012 (e).
277 General Appropriations Act (83rd Legislature), Article III, Special Provisions Relating Only to State Agencies of Higher Education, Section 5 (2) and (3); and General Appropriations Act (83rd Legislature), Article III, Special Provisions Relating Only to Components of Texas State Technical College, Riders 9 and 10.
Salary Study on Exempt Positions

The State Auditor’s Office is directed to conduct a study similar to the biennial study on the State’s Position Classification Plan that reviews the compensation of exempt positions and executive compensation as provided in Articles 1 through 8 of the General Appropriations Act. The study should compare exempt positions from different agencies and take into account the following:

- Size of an agency’s annual appropriations.
- Full-time equivalent (FTE) level.
- Market average compensation for similar executive positions.
- Exempt position salary as compared to classified positions within the agency.
- Other objective criteria the State Auditor’s Office deems appropriate.

The study must be submitted to all members of the Legislature and the director of the Legislative Budget Board no later than September 1, 2014.²⁷⁸

²⁷⁸ General Appropriations Act (83rd Legislature), Article IX, Section 3.08.
Chapter 8
Salary Administration

General Information

For salary administration purposes, there are two types of positions:

- Classified positions paid in accordance with the Classification Salary Schedules.  
279

- Positions that are exempted from the Position Classification Plan by authority of the Legislature or the Governor. Salaries for these positions must be set in accordance with the General Appropriations Act.  
280

The following sections relate primarily to salary administration for classified employees in state agencies.

Part-time and Hourly Employees

Regular, full-time positions may be filled by part-time and hourly employees.  
281 The salary rates for part-time and hourly employees are to be proportionate to those of full-time employees. Part-time employees must be appropriately classified with titles from the Position Classification Plan or appropriate exempt titles.  
282 For group benefits purposes, a full-time employee is an employee who works 30 or more hours per week.  
283

New Requirement

The 83rd Legislature enacted legislation amending the number of hours per week an employee must work in order to be considered a “full-time employee” for group benefits purposes.

Salary at the Time of Hire

State agencies have the authority to determine, at the time of initial employment, the salary rate within the applicable salary group for all classified positions.  
284 Initial employment includes rehires and interagency transfers.

279 General Appropriations Act (83rd Legislature), Article IX, Section 2.01.

280 Texas Government Code, Sections 654.012, 654.0125, and 659.011; and General Appropriations Act (83rd Legislature), Article IX, Section 3.04.

281 Texas Government Code, Section 658.009.

282 Texas Government Code, Section 659.019 (a).

283 Texas Insurance Code, Section 1551.003 (9), as amended by Senate Bill 1459 (83rd Legislature, Regular Session).

284 Texas Government Code, Section 654.014 (b).
Salary Limitations

State employees must be paid at a salary rate that falls within the salary range of the applicable salary group.\textsuperscript{285} Therefore, a promotion, reclassification, or other salary adjustment may not result in an employee receiving a salary in excess of the maximum rate or below the minimum rate authorized for his or her salary group.\textsuperscript{286}

Salary Supplementation

Classified employees or employees in exempt positions funded by the General Appropriations Act cannot receive a salary supplement from any source unless specifically authorized by statute or the General Appropriations Act.\textsuperscript{287}

Additionally, appropriated funds to state agencies and institutions of higher education may not be expended until a report showing the amount and sources of salary supplements has been reported to the Secretary of State, State Auditor, and Comptroller of Public Accounts.\textsuperscript{288}

State agencies—including institutions of higher education as defined by the Texas Education Code, Section 61.003—that accept from a person gifts, grants, donations, or other considerations that the person designates to be used as a salary supplement for an employee of the agency or institution must post on its Web site the amount of each gift, grant, donation, or consideration provided. In addition, a state agency or institution of higher education that accepts from a person gifts, grants, donations, or other considerations that the person designates to be used as a salary supplement for an employee of the agency or institution must by rule adopt conflict of interest provisions regarding the acceptance of gifts, grants, donations, or other considerations to be used as salary supplements. The conflict of interest provisions must be posted on the agency’s or institution’s Web site.\textsuperscript{289}

When a state agency or institution of higher education receives a gift, grant, donation, or other consideration for the purpose of a salary supplement from an entity created solely to provide support for the agency or institution, the agency or institution must compile and report to the State Auditor and the Legislature certain information regarding the gift, grant, donation, or other consideration as described in Texas Government Code, Section 659.0201 (d).\textsuperscript{290}

In addition, when a state agency or institution of higher education receives from a person a gift, grant, donation, or other consideration that is designated to be used as a salary supplement for a named person, position, or endowment, the agency or institution must report to the State Auditor certain information regarding the gift, grant, donation, or other consideration as described in Texas Government Code, Section 659.0201 (i).\textsuperscript{291}

\textsuperscript{285} General Appropriations Act (83rd Legislature), Article IX, Section 3.01 (d).
\textsuperscript{286} Texas Government Code, Section 659.259 (b) and (c).
\textsuperscript{287} Texas Government Code, Section 659.020.
\textsuperscript{288} General Appropriations Act (83rd Legislature), Article IX, Section 3.02.
\textsuperscript{289} Texas Government Code, Section 659.0201 (a), (b), and (c), as amended by House Bill 12 (83rd Legislature, Regular Session).
\textsuperscript{290} Texas Government Code, Section 659.0201 (d) and (e), as amended by House Bill 12 (83rd Legislature, Regular Session).
\textsuperscript{291} Texas Government Code, Section 659.0201 (i), as amended by House Bill 12 (83rd Legislature, Regular Session).
The 83rd Legislature enacted legislation regarding the disclosure and reporting of gifts, grants, donations, or other considerations accepted by state agencies and institutions of higher education to be used as salary supplements for employees of the agency or institution.

**Conversion of Exempt Employees to Classified Positions**

An employee who transfers from an exempt position to a classified position within an agency is entitled to receive an annual salary in the salary group to which the classified position is allocated. The employee’s annual salary after the transfer may not exceed the rate received by the employee when holding the exempt position or the maximum rate of the salary group to which the classified position is allocated. The employee may receive his or her current salary or the maximum rate of the new salary group, whichever is lower.  

A merit salary increase for an employee who transfers to a classified position from an exempt position may not take effect if the employee has spent fewer than six months in the classified position or the increase would take the employee’s salary beyond the maximum of his or her new salary group.

The Legislative Budget Board and the Governor may approve, upon receiving the employing state agency’s application, an exception to the salary limitation for a state employee who transfers from an exempt position to a classified position if the employee’s job responsibilities with the agency have changed substantially during the biennium.

A transfer from an exempt position to a classified position is not considered initial employment; therefore, agency heads can designate an employee’s pay rate only in accordance with the provisions stating that the compensation rate must not exceed an employee’s current salary rate or the maximum rate of the employee’s salary group.

**Reassignment of Executive Directors**

An executive director may not be reassigned to another position within the agency or at another agency that is controlled by the same governing body unless, in an open meeting, the governing body votes to approve the proposed reassignment.

293 Texas Government Code, Section 659.253 (c).
294 Texas Government Code, Section 659.253 (d).
295 Texas Government Code, Section 659.253 (b).
296 Texas Government Code, Section 669.002.
Demotions

A demotion is a change from one classification title to another classification title in a salary group with a lower minimum salary rate.297 The salary of a demoted employee in Classification Salary Schedule A will be reduced at least $30 a month from the base salary for full-time employees. The salary of a demoted employee in Classification Salary Schedule B will be reduced by at least 3.4 percent.298

An agency is not required to reduce a demoted employee’s salary if:

- The demotion was accepted in lieu of a layoff that resulted from a reduction in force. An employee demoted under these circumstances may not receive a salary rate that exceeds the employee’s salary rate before the demotion.
- The employee was selected for another position in a lower salary group as a result of applying for the position. An employee under these circumstances may not receive a salary rate that exceeds the maximum rate of the lower salary group.299

Equity Adjustments

A state agency can increase the salary of a classified employee to any rate within the employee’s salary group as necessary to maintain desirable salary relationships between and among employees of the agency or between employees of the agency and employees who hold similar positions in relevant labor markets.300

A classified employee may receive an equity adjustment if the employee has worked in his or her current position for at least six months while maintaining a satisfactory level of job performance. An employee may not receive more than one equity adjustment during a fiscal year.301 State agencies must establish written rules regarding equity adjustments and must consider the education, skills, related work experience, length of service, and job performance of agency employees and similar employees in the relevant labor market. These rules must include procedures under which the agency will review and analyze the salary relationships between agency employees who receive salaries under the same job classification and perform the same type and level of work to determine if inequities exist.302

In providing an equity adjustment, the salary must increase but still remain within the same salary group without a change to the job classification or salary group.303

297 Texas Government Code, Section 659.257 (b).
299 Texas Government Code, Section 659.257 (f) and (g).
300 General Appropriations Act (83rd Legislature), Article IX, Section 3.07 (a).
301 General Appropriations Act (83rd Legislature), Article IX, Section 3.07 (c).
302 General Appropriations Act (83rd Legislature), Article IX, Section 3.07 (b) and (d).


**Lateral Transfers**

A lateral transfer is a change-in-duty assignment of an agency employee that moves the employee to another job classification title in the same salary group. An example might be an Accountant V (Salary Group B21) who moves to Accounts Examiner V (Salary Group B21). When a lateral transfer occurs, the salary can be increased, it can remain the same, or it can decrease within the salary group. If an increase is provided, it can be no more than 3.4 percent above the employee’s salary prior to the transfer. If the salary decreases, it may not decrease below the minimum of the salary group. A state employee’s annual salary rate immediately after a transfer may not exceed the maximum rate for the salary group.\(^{304}\) An increase in salary is not authorized for employees moving to a different position in the same job classification at the same agency. An example might be an Accountant IV in the finance division who moves to an Accountant IV in the human resources division.

**Reallocations**

In this chapter, “higher salary group” means a salary group with a higher minimum salary rate, and “lower salary group” means a salary group with a lower minimum salary rate.\(^{305}\)

Reallocations refer to the process by which the General Appropriations Act assigns specific classified positions to a salary group that differs from the previously designated salary group.\(^{306}\)

A classified employee whose position is reallocated to a higher salary group will receive the minimum rate in the higher salary group or the salary he or she would have received without the reallocation, whichever is higher. Salaries of employees may not be increased more than 6.8 percent for the purpose of maintaining desirable salary relationships among employees in the affected positions.\(^{307}\)

Employees whose positions are reallocated to lower salary groups will receive the salaries they would have received had their positions not been reallocated. However, the employees’ salaries should not exceed the maximum rates for the lower salary groups.\(^{308}\)

**Reclassifications**

Reclassification is defined as a change in the classification of a position to another classification title as a result of a classification review or agency reorganization. The purpose of a reclassification is to properly classify a position based on the actual duties currently performed by an employee. It does not refer to a change in an employee’s duty assignment. A position may be reclassified at any time to correct a discrepancy.\(^{309}\)

Annually, all agencies covered by the Position Classification Act are

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\(^{305}\) Texas Government Code, Section 659.254 (b).

\(^{306}\) Texas Government Code, Section 659.254 (c) and (d).

\(^{307}\) Texas Government Code, Section 659.254 (c).

\(^{308}\) Texas Government Code, Section 659.254 (d).

\(^{309}\) Texas Government Code, Section 654.0156.
required to review individual job assignments to ensure that each employee is classified properly. In addition, an agency may perform a monthly review of job assignments.\textsuperscript{310}

A classified employee whose position is reclassified to a higher salary group will receive the minimum rate in the higher salary group or the salary he or she would have received without the reclassification, whichever is higher. Salaries of employees may not be increased more than 6.8 percent for the purpose of maintaining desirable salary relationships among employees in the affected positions.\textsuperscript{311}

Employees whose positions are reclassified to a lower salary group will receive the salaries they would have received had their positions not been reclassified. However, the employees’ salaries should not exceed the maximum rates for the lower salary groups.\textsuperscript{312} Consequently, if the employee’s salary prior to the reclassification is above the maximum salary of the lower salary group, the employee will receive the maximum salary of his or her salary group.

\textbf{Salary Reduction for Disciplinary Reasons}

Agency heads may reduce a classified employee’s pay for disciplinary reasons if warranted by the employee’s performance. The reduced salary cannot be lower than the minimum rate of the employee’s current salary group. Pay may be restored to any rate within the same salary group, up to and including the employee’s prior rate, as performance improves without accounting for the increase as a merit increase.\textsuperscript{313}

\textbf{Promotions}

A promotion is a change in classification title that provides a higher minimum salary rate, requires higher qualifications, and involves a higher level of responsibility.\textsuperscript{314}

An employee promoted to a position in Classification Salary Schedule A will receive at least a $30 per month increase to the base salary for a full-time employee or the minimum salary rate of the new salary group, whichever is higher. An employee promoted to a position in Classification Salary Schedule B will receive at least a 3.4 percent increase or the minimum salary rate of the new salary group, whichever is higher. In addition, agency administrators have the discretion to grant a promoted employee a salary amount up to and including the maximum rate of the new salary group.\textsuperscript{315}

\begin{footnotes}
\item[310] Texas Government Code, Section 654.0155.
\item[311] Texas Government Code, Section 659.254 (c).
\item[312] Texas Government Code, Section 659.254 (d).
\item[313] Texas Government Code, Section 659.258 (b).
\item[314] Texas Government Code, Section 659.256 (b).
\item[315] Texas Government Code, Section 659.256 (c) and (d); and \textit{Reason Codes Quick Reference for State Agencies}, Fiscal Years 2014-2015 (Salary Action Code 020), Comptroller of Public Accounts’ Web site at \url{https://fmx.cpa.state.tx.us/fmx/payper/reascode/14-15/ReasonCodeQuickRef.php}.
\end{footnotes}
**Temporary Assignments**

To facilitate the work of state agencies during emergencies or special circumstances, an employee may be temporarily assigned to other duties for a period not to exceed six months. During that time, the employee will receive at least the same amount of pay he or she received prior to the reassignment. An employee may not be temporarily assigned to a position with a lower minimum salary rate. Temporary assignments will not exceed 6 months in a 12-month period. An employee temporarily designated to act as the administrative head of a state agency may continue to receive a salary for a classified position in an amount not to exceed the amount established by the General Appropriations Act for the administrative head of the agency. During the temporary assignment, an agency cannot award a merit increase to or promote or demote the employee.\(^{316}\)

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\(^{316}\) Texas Government Code, Section 659.260.
Chapter 9
Employee Compensation

Employee Compensation Overview

There are various statutes and policies that determine pay for employees in state agencies and institutions of higher education. This chapter provides an overview of these statutes, but does not cover individual state agency or higher education institution policies and procedures related to employee compensation.

Salary Limitations

The General Appropriations Act does not limit the total amount agencies may expend for merit salary increases and promotions.317

Recovering Excess Compensation Paid

State agencies and institutions of higher education are authorized to recover overpayments of compensation to employees.318 The Comptroller of Public Accounts may adopt rules and establish procedures to administer the recovery of overpayments.319 Overpayments of compensation includes base salary or wages, longevity or hazardous duty pay, benefit replacement pay, payment for the balance of vacation and sick leave, payment for the accrued balance of vacation time, and an emolument in lieu of base salary or wages.320

If requesting recovery of an overpayment, the agency or institution of higher education must first notify the employee before collection action.321 The agency or institution of higher education may request that the Comptroller of Public Accounts recover the overpayment.322 No statute of limitations bars the State’s recovery of employee indebtedness.323

Information Regarding Staff Compensation

State agencies, including institutions of higher education as defined by the Texas Education Code, Section 61.003, must make available to the public certain information regarding the compensation of their staff. Specifically, state agencies and institutions of higher education must post on their Web sites the following information:

- The number of full-time equivalent employees employed by the agency or institution.
- The amount of legislative appropriations to the agency or institution for each fiscal year of the current fiscal biennium.

317 General Appropriations Act (83rd Legislature), Article IX, Section 3.03.
318 Texas Government Code, Section 666.002 (a).
319 Texas Government Code, Section 666.008.
320 Texas Government Code, Section 666.001 (1).
321 Texas Government Code, Sections 666.002 (a) (1) and 666.003.
322 Texas Administrative Code, Title 34, Section 5.40; and Texas Government Code, Section 666.002 (b).
The agency’s or institution’s methodology, including any employment market analysis, for determining the compensation of executive staff employed by the agency or institution, along with the name and position of the person who selected the methodology.

Whether executive staff is eligible for a salary supplement.

The market average for compensation of similar executive staff in the private and public sectors.

The average compensation paid to employees of the agency or institution who are not executive staff.

The percentage increase in compensation of executive staff for each of the five preceding fiscal years and the percentage increase in legislative appropriations to the agency or institution for each of the five preceding fiscal years.

Compensation includes “an emolument provided in lieu of base salary or wages or a supplement to base salary or wages.” Executive staff means staff as defined by Texas Government Code, Section 659.026 (a) (2).

### New Requirement

The 83rd Legislature enacted legislation requiring state agencies and institutions of higher education to make available to the public, by posting on their Web sites, certain information regarding the compensation of their staff.

### Benefit Replacement Pay

Prior to January 1, 1996, the State paid a portion of the federal taxes for eligible state employees and eligible state-paid judges under the Federal Insurance Contributions Act (FICA). This payment was commonly known as state-paid Social Security. Beginning with wages paid January 1, 1996, this state-paid Social Security ceased. The Legislature chose to offset the effects of the repeal of the state’s payment of the taxes imposed on state employees and state-paid judges under FICA by paying a new entitlement called benefit replacement pay.

To be eligible, an employee must have been employed by the State on August 31, 1995, and must have been:

- Eligible for the state-paid Social Security contribution under Section 606.064 of the Texas Government Code.
- Using unpaid leave from a position with a state agency, if the employee would have been otherwise eligible; or

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324 Texas Government Code, Section 659.026, as amended by House Bill 12 (83rd Legislature, Regular Session).
Benefit replacement pay is equal to 5.85 percent of the first $16,500 of FICA wages earned during the pay period and the additional retirement contribution that would have been paid by the employee because of receiving benefit replacement pay. The total paid out (not including the retirement contribution) may not exceed $965.25 each calendar year for a state agency employee. The benefit replacement pay for employees at institutions of higher education participating in the Teacher Retirement System may not exceed $1,031.25.

State agencies have the option of providing benefit replacement pay in equal installments during the calendar year. This practice is known as “leveling.” This option exists if the employee’s FICA wages are anticipated to be at least $16,500 during the year in which the leveling would occur. If an employee chooses to receive benefit replacement pay in equal installments and then terminates his or her employment before year end, the employee will not be paid the difference between the benefit replacement pay received and the amount the employee would have received had the installment plan not been chosen.

An eligible employee who leaves state employment for 30 or more consecutive days becomes ineligible to receive benefit replacement pay upon re-employment with the State. An eligible state employee who retired from state employment on or after June 1, 2005, and who receives an annuity based wholly or partly on services as a state officer or state employee in a public retirement system, is ineligible to receive benefit replacement pay upon re-employment with the State.

### Hazardous Duty Pay

A state employee is eligible for hazardous duty pay if he or she is a state employee for any portion of the first work day of the month and has completed at least 12 months of lifetime service credit (by the last day of the preceding month). Those state employees eligible for hazardous duty pay include:

- A commissioned law enforcement officer of the Department of Public Safety, the Texas Facilities Commission, the Alcoholic Beverage Commission, or the Department of Criminal Justice.
- A commissioned security officer of the Comptroller of Public Accounts.
- A law enforcement officer commissioned by the Parks and Wildlife Department.
- A commissioned peace officer of an institution of higher education.
- An employee or official of the Board of Pardons and Paroles or the Department of Criminal Justice’s Parole Division if the employee or official has routine, direct contact with inmates or with administratively released prisoners.
- An individual certified as having begun employment as a law enforcement officer or custodial officer unless the employee ceased that employment.
- An employee who received hazardous duty pay before May 29, 1987, based on the terms of any state law if the individual holds a position designated under that law as eligible for pay.\(^{332}\)

Department of Criminal Justice employees hired after August 31, 1985, must occupy positions approved by the Texas Board of Criminal Justice and meet statutory criteria to receive hazardous duty pay.\(^{333}\)

The Alcoholic Beverage Commission is authorized to pay hazardous duty pay to any commissioned law enforcement personnel as prescribed by law. It is further provided that individuals who had received hazardous duty pay as of August 31, 1981, will continue to receive hazardous duty pay for the 2014-2015 biennium. Individuals hired after August 31, 1981, will not be eligible to receive hazardous duty pay unless so authorized by statute.\(^{334}\)

**Hazardous Duty Pay Lifetime Service Credit**

The amount of an employee’s hazardous duty pay is based on the number of months served in a hazardous duty position, which is also known as “lifetime service credit.”\(^{335}\) The number of months is determined on the last day of the preceding month. To be considered a full-time employee, the employee must be an employee for a portion of the first workday of the month.\(^{336}\) For a part-time employee, hazardous duty pay is proportional to the amount given to a full-time employee.\(^{337}\)

**Amount of Hazardous Duty Pay**

In most cases, the amount of a full-time employee’s hazardous duty pay for a particular month is $10 for each 12-month period of lifetime service credit accrued by the employee.\(^{338}\) The state agency that employs the individual at the beginning of the first workday of the month is responsible for paying hazardous duty pay for that month.\(^{339}\)

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\(^{332}\) Texas Government Code, Section 659.301 (5).

\(^{333}\) General Appropriations Act (83rd Legislature), Article V, Department of Criminal Justice, Rider 16.

\(^{334}\) General Appropriations Act (83rd Legislature), Article V, Alcoholic Beverage Commission, Rider 3.

\(^{335}\) Texas Administrative Code, Title 34, Section 5.39 (a) (6).

\(^{336}\) Texas Government Code, Section 659.302 (a).

\(^{337}\) Texas Government Code, Section 659.305 (f).

\(^{338}\) Texas Government Code, Section 659.305 (f).

\(^{339}\) Texas Government Code, Section 659.306.
Jury Service and Witness Fees

A deduction may not be made from the salary or wages of a state employee because the employee is called for jury service, including a deduction for any fee or compensation the employee receives for the jury service.\footnote{Texas Government Code, Section 659.005 (a).}

A state officer or employee who appears as a witness in an official capacity in a judicial proceeding or legislative hearing may not accept or receive a witness fee for the appearance.

A state officer or employee who appears as a witness in a capacity that is other than as a state officer or employee in a judicial proceeding or legislative hearing and to testify from personal knowledge concerning matters related to the proceeding or hearing is entitled to receive any customary witness fees for the appearance.

A state officer or employee who appears as an expert witness in a judicial proceeding or legislative hearing may accept compensation for the appearance only if the person is not also compensated by the State for his or her time in making the appearance, and the state officer or employee may accept reimbursement for travel expenses only if the expenses are not reimbursed by the State. For these purposes, paid leave is not considered time compensated by the State.

A state officer or employee may receive reimbursement for travel and a per diem or reimbursement for expenses connected to an appearance in an official capacity as a witness in a judicial proceeding or legislative hearing only from the State or the judicial body, but not from both the State and the judicial body.\footnote{Texas Government Code, Section 659.005 (b), (c), (d), and (e).}

Longevity Pay

Longevity pay is provided to all eligible full-time employees who are not on leave without pay the first workday of the month and who have at least two years of lifetime service credit. Part-time employees do not receive longevity pay on a proportional basis.\footnote{Texas Government Code, Section 659.043 (a).} Those ineligible for longevity pay include members of the Legislature; individuals elected to public office; an independent contractor or an employee of an independent contractor; temporary state employees; officers or employees of public junior colleges; academic employees of institutions of higher education; and employees who retired from state employment on or after June 1, 2005, and who receives an annuity based wholly or partly on service as a state officer or state employee.\footnote{Texas Government Code, Section 659.042.} The Comptroller of Public Accounts is responsible for issuing rules and procedures for the administration of longevity pay.\footnote{Texas Government Code, Section 659.047.}

Accrual of Lifetime Service Credit

Length of service for longevity pay is determined in the same manner as length of service for vacation leave. For the purposes of longevity pay, an employee accrues lifetime service credit for the period in which the employee:

\footnote{Texas Government Code, Section 659.005 (a).}
\footnote{Texas Government Code, Section 659.005 (b), (c), (d), and (e).}
\footnote{Texas Government Code, Section 659.043 (a).}
\footnote{Texas Government Code, Section 659.042.}
\footnote{Texas Government Code, Section 659.047.}
• Serves as a full-time, part-time, or temporary state employee or otherwise serves as an employee of the state;

• Serves as a member of the legislature;

• Holds a statewide office that is normally filled by a vote of the people; or

• Serves as an academic employee of a state institution of higher education.

An employee who is on leave without pay for an entire calendar month does not accrue lifetime service credit for the month. An employee who is on leave without pay for less than an entire calendar month accrues lifetime service credit for the month if the employee otherwise qualifies to accrue credit.

An employee who simultaneously holds two or more positions that each accrues lifetime service credit accrues credit for only one of the positions.

An employee who begins working on the first workday of a month in a position that accrues lifetime service credit is considered to have begun working on the first day of the month.

An employee does not accrue lifetime service credit for a period in which the employee serves as an officer or employee of a public junior college.

The amount of an employee’s lifetime service credit does not include the period served in a hazardous duty position if the employee is entitled to receive hazardous duty pay or is receiving the maximum amount of hazardous duty pay that the Juvenile Justice Department may pay to the employee.\footnote{Texas Government Code, Section 659.046.}

Table 9-1 on the next page lists the amounts of longevity pay that eligible employees receive based upon years of service.\footnote{Texas Government Code, Section 659.044.}
Table 9-1

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Monthly Longevity Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 years</td>
<td>$0</td>
</tr>
<tr>
<td>At least 2 but less than 4 years</td>
<td>$20</td>
</tr>
<tr>
<td>At least 4 but less than 6 years</td>
<td>$40</td>
</tr>
<tr>
<td>At least 6 but less than 8 years</td>
<td>$60</td>
</tr>
<tr>
<td>At least 8 but less than 10 years</td>
<td>$80</td>
</tr>
<tr>
<td>At least 10 but less than 12 years</td>
<td>$100</td>
</tr>
<tr>
<td>At least 12 but less than 14 years</td>
<td>$120</td>
</tr>
<tr>
<td>At least 14 but less than 16 years</td>
<td>$140</td>
</tr>
<tr>
<td>At least 16 but less than 18 years</td>
<td>$160</td>
</tr>
<tr>
<td>At least 18 but less than 20 years</td>
<td>$180</td>
</tr>
<tr>
<td>At least 20 but less than 22 years</td>
<td>$200</td>
</tr>
<tr>
<td>At least 22 but less than 24 years</td>
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</tr>
<tr>
<td>At least 42 years or greater</td>
<td>$420</td>
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</tbody>
</table>

**Longevity Pay for State Judges and Justices**

A judge or justice who receives a salary paid by the State, is a member of the Judicial Retirement System of Texas Plan I or the Judicial Retirement System of Texas Plan II, and is an active judge (as defined by Texas Government Code, Section 74.041) is entitled to longevity pay. The monthly amount of longevity pay to which a judge or justice is entitled is equal to the product of .031 multiplied by the amount of the judge’s or justice’s current monthly state salary. Longevity pay becomes payable beginning with the month following the month in which the judge or justice completes 16 years of service for which credit is established in the applicable retirement system.\(^{347}\) Longevity pay paid to a judge or justice is not included as part of the judge’s or justice’s combined salary from state and county sources for purposes of the salary limitations provided by Texas Government Code, Section 659.012.\(^{348}\)

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\(^{347}\) Texas Government Code, Section 659.0445 (a) and (b).

\(^{348}\) Texas Government Code, Section 659.0445 (e).
Longevity Pay for Return-to-Work Retirees

A state employee who retired from state employment before June 1, 2005, and who returned to state employment before September 1, 2005, is entitled to receive longevity pay. The monthly amount of longevity pay the employee is entitled to receive equals the amount of longevity pay that the employee was entitled to receive immediately before September 1, 2005. A state employee who retired from state employment before June 1, 2005, and who returned to state employment on or after September 1, 2005, is not entitled to receive longevity pay.349

Longevity Pay When Employee’s Status Changes

If an employee changes from a full-time state employee after the first workday of a month to another status (for example, a part-time employee), but otherwise qualifies for longevity pay, the employee’s compensation for the month includes full longevity pay.350

Merit Increases for State Agency Employees

State agencies may award merit salary increases to employees whose job performance and productivity is consistently above that normally expected and required.351 Each state agency must adopt policies to ensure that an employee’s performance expectations are linked to the goals in the agency’s strategic plan.352

For classified employees in Classification Salary Schedules A and B, a merit increase consists of an increase within the range of the same salary group.353 For Classification Salary Schedule A employees, the minimum amount for a merit increase is $30 per month.354 For Classification Salary Schedule B employees, there is no specified minimum amount for a merit increase.355 Agencies should ensure that merit increases and one-time merit payments are distributed throughout the range of classified salary groups.356 A state agency may award a merit salary increase or a one-time merit payment to a classified employee in relation to his or her current performance if:

- The employee has been employed by the agency for six months of continuous employment by the agency in that classified position before the effective date of the increase.
- The effective date of the increase is at least six months after the effective date of the employee’s last promotion, enhanced compensation award, merit salary increase for performance in that position, or a one-time merit increase (including a one-time merit increase given for an employee's performance during a natural disaster or other extraordinary circumstance).

349 Texas Government Code, Section 659.044 (f).
350 Texas Government Code, Section 659.045.
351 Texas Government Code, Section 659.255 (e) (4).
352 Texas Government Code, Section 659.2551.
353 Texas Government Code, Section 659.255 (a) (3).
356 Texas Government Code, Section 659.255 (d).
The agency has established a procedure for determining the eligibility of a classified employee to receive a merit salary increase or a one-time merit payment.

The employee’s job performance and productivity in that position are consistently above that normally expected or required.\(^{357}\)

**One-Time Merit Increases**

Employees may receive a one-time merit payment following the same criteria used to award merit salary increases.\(^{358}\) For both Classification Salary Schedule A and Classification Salary Schedule B employees, there is no minimum or maximum amount for a one-time merit increase.\(^{359}\)

The six-month limitations on one-time merit increases do not apply if the administrative head of an agency determines in writing that the merit payment is made in relation to the employee’s performance during a natural disaster or other extraordinary circumstance.\(^{360}\)

**Employees Not Eligible for Merit Increases**

Merit increases are prohibited for all Department of Criminal Justice employees who are eligible to receive career ladder adjustments, such as:

- Correctional officers.
- Sergeants, Lieutenants, Captains, and Majors of correctional officers.
- Food service managers.
- Laundry managers.
- Parole officers.\(^{361}\)

Merits are also prohibited for all Juvenile Justice Department juvenile correctional officers who are eligible to receive career ladder adjustments.\(^{362}\)

\(^{357}\) Texas Government Code, Section 659.255 (e) and (f).

\(^{358}\) Texas Government Code, Section 659.255 (f).


\(^{360}\) Texas Government Code, Section 659.255 (g).

\(^{361}\) General Appropriations Act (83rd Legislature), Article V, Department of Criminal Justice, Rider 9.

\(^{362}\) General Appropriations Act (83rd Legislature), Article V, Juvenile Justice Department, Rider 22.
Merit Increases at Institutions of Higher Education

Merit salary increases are awarded to employees whose job performance and productivity is consistently above that normally expected or required. An institution of higher education may grant merit salary increases, including one-time merit payments, to employees.

An institution of higher education may pay merit salary increases from any funds. Before awarding a merit salary increase, an institution of higher education must adopt criteria for the granting of merit salary increases. To be eligible for a merit salary increase, an employee must have been employed by the institution of higher education for the six months immediately preceding the effective date of the increase and at least six months must have elapsed since the employee’s last merit salary increase. The required six-month lapse between merit increases does not apply to a one-time merit payment if the chief administrative officer of the institution of higher education determines in writing that the one-time payment is made in relation to the employee’s performance during a natural disaster or other extraordinary circumstances.

Salary increases for faculty or faculty-equivalent employees at institutions of higher education must be awarded on the basis of merit and job performance. This does not include salary adjustments designed to avoid salary inequities.

An institution of higher education that has adopted a pay-for-performance program that is in effect when an across-the-board salary increase for state employees takes effect may use the amount appropriated for (1) an across-the-board salary increase or (2) increases in compensation under the institution’s pay-for-performance program.

Recruitment Bonuses

To enhance the recruitment of competent personnel for certain classified positions, a state agency may provide to a state employee, at the time of the employee’s hiring for a classified position, additional compensation in the form of a one-time payment not to exceed $5,000.

If the employee discontinues employment with the state agency for any reason less than three months after the date of receiving the recruitment payment, the employee must refund to the state agency the full amount of the recruitment payment.

If the employee discontinues employment with the state agency for any reason 3 months or more but less than 12 months after the date of receiving the recruitment payment, the employee must refund to the state agency an amount computed by:

- Subtracting from 12 months the number of complete calendar months the employee worked after the date of receiving the recruitment payment;

364 Texas Education Code, Section 51.962.
365 Texas Education Code, Section 51.962 (c), (d), (e), and (f).
367 Texas Education Code, Section 51.0065.
• Dividing the number of months above by 12 months; and

• Multiplying the fraction computed by the amount of the recruitment payment.368

Before an agency provides or enters into a contract to provide additional compensation to an employee under Texas Government Code, Section 659.262, the chief administrator of the state agency must certify in writing to the Comptroller of Public Accounts the reasons the additional compensation is necessary. Additional compensation paid to an employee in accordance with Texas Government Code, Section 659.262, is specifically exempted from any limitation on salary or salary increases.369

Recruitment bonuses do not constitute compensation or salary and wages for purposes of determining the amount of the State’s contribution for retirement.370

Retention Bonuses

To enhance the retention of employees who are employed in classified positions that are considered “essential for the state agency’s operations,” an agency head may enter into a deferred compensation contract to provide a one-time payment not to exceed $5,000.371

To be eligible to enter into a contract for deferred compensation, the state employee must have already completed at least 12 months of service in a classified position. The retention bonus will be added to the employee’s salary payment the month after the conclusion of the 12-month period of service under the deferred compensation contract.372

The chief administrator of a state agency must determine whether additional compensation is necessary on a case-by-case basis and must consider the following:

• The criticality of the employee position in the operation of the agency.

• Evidence of high turnover rates among employees filling the position for an extended period.

• Evidence of a shortage of employees qualified to fill the position or a shortage of qualified applicants.

• Other relevant factors.373

368 Texas Government Code, Section 659.262 (b).
369 Texas Government Code, Section 659.262 (f) and (g).
371 Texas Government Code, Section 659.262 (c).
372 Texas Government Code, Section 659.262 (c) and (d).
373 Texas Government Code, Section 659.262 (e).
Before an agency provides or enters into a contract to provide additional compensation to an employee under Texas Government Code, Section 659.262, the chief administrator of the agency must certify in writing to the Comptroller of Public Accounts the reasons the additional compensation is necessary. Additional compensation paid to an employee in accordance with Texas Government Code, Section 659.262, is specifically exempted from any limitation on salary or salary increases.374

Retention bonuses do not constitute compensation or salary and wages for purposes of determining the amount of the State’s contribution for retirement.375

**Performance Rewards**

The Legislature has provided a system of performance rewards and penalties for state agencies and institutions of higher education to encourage them to make use of appropriations in the most efficient and effective manner. Agencies and institutions of higher education were tasked with establishing key performance milestones. Based on the achievement of these milestones, the Legislative Budget Board and the Governor may adopt a budget execution order, which may include positive incentives and rewards for the agency. These incentives could include: increased funding, exemption from reporting requirements, increased funding transferability, formalized recognition or accolades, awards or bonuses, expended responsibility, or expanded contracting authority.376

**Salary Stipends for Employees in Classification Salary Schedule C**

Commissioned peace officers in Classification Salary Schedule C employed by the Department of Public Safety, the Department of Criminal Justice, the Parks and Wildlife Department, and the Alcoholic Beverage Commission are eligible to receive salary stipends. These stipends must be paid to officers who achieve certain levels of skill or certifications as approved by the agencies. Commissioned peace officers may receive a stipend for education level or certification level, but not both.

These salary stipends for skills and certifications include:

**Education Level**

- Associate Degree – $50 per month.
- Bachelor’s Degree – $100 per month.
- Master’s Degree – $150 per month.

374 Texas Government Code, Section 659.262 (f) and (g).
376 General Appropriations Act (83rd Legislature), Article IX, Section 6.13 (b) and (c).


**Commission on Law Enforcement Officer Standards and Education** Certification Level

- Intermediate – $50 per month.
- Advanced – $100 per month.
- Masters – $150 per month.

**Bilingual Capabilities**

Commissioned peace officers can receive a salary stipend of $50 per month for the ability to speak a language other than English.378

**Salary Stipends and Pay for Special Assignments**

Salary stipends may be used to provide additional salary to employees in certain circumstances. Specific agencies are provided authority in the General Appropriations Act for stipends to supplement employee pay for special assignments or duties.

**Shift Differentials, Standby, or On-Call Pay**

Shift differentials may be paid to employees to compensate them for working shifts different than a normal schedule. Standby or on-call pay may be used to compensate certain employees who are required to be on call and to return to work when they are contacted via pager or telephone in the event of an emergency.

Specific agencies are provided authority in the General Appropriations Act to provide shift differential, standby, or on-call pay.

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377 During the 83rd Legislative Session, the name of the Commission on Law Enforcement Officer Standards and Education was amended by Senate Bill 686 to the Texas Commission on Law Enforcement effective January 1, 2014.

378 General Appropriations Act (83rd Legislature), Article IX, Section 3.01 (g).
### Payroll Overview

For payroll and personnel reporting purposes, “state agency” means:

- A board, commission, department, institution, office, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including an institution of higher education as defined by the Texas Education Code, Section 61.003, other than a public junior college; or
- The Supreme Court of Texas, the Texas Court of Criminal Appeals, a court of appeals, or other agency in the State’s judicial branch.\(^{379}\)

The Comptroller of Public Accounts (Comptroller), in consultation with the State Auditor, must adopt rules that prescribe uniform procedures for payroll and personnel reporting for all state agencies and that are designed to:

- Facilitate the auditing of payrolls.
- Facilitate a classification compliance audit for agencies covered by the State’s Position Classification Plan.
- Assure conformity with state statute and the General Appropriations Act.
- Provide the Legislative Audit Committee with current information on employment and wage rate practices in state government.\(^{380}\)

### Payday

The Comptroller may not pay the salary of a state officer or employee before the first working day of the month following the payroll period unless the employee is paid twice a month. For employees paid twice a month, the first payment is made on the first working day of the month following the payroll period that covers the last half of the preceding month; and the second payment is made on the 15th day of the month or the first working day after the 15th for the payroll period that covers the first half of the month.\(^{381}\)

"Working day" for payroll purposes means a day other than Saturday, Sunday, or a national holiday as listed in the General Appropriations Act or state statute. A day does not cease to be a national holiday because a state agency maintains or is required to maintain a minimum working staff on the holiday.\(^{382}\)

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\(^{379}\) Texas Government Code, Sections 658.001 (2) and 659.004 (a).

\(^{380}\) Texas Government Code, Sections 659.004 (b) and 654.036 (3).

\(^{381}\) Texas Government Code, Section 659.083 (a) and (b).

\(^{382}\) Texas Government Code, Section 659.083 (c).
Salaries for state officers and employees paid once a month must be paid through electronic funds transfer unless paid on warrant as permitted by state statute.  

Method and Frequency of Pay

Except as provided by state statute or the General Appropriations Act, annual salaries for state officers and employees must be paid once a month.  

Employees of certain state agencies are entitled to be paid twice a month if the employees hold certain classified positions under the State’s Position Classification Plan and if the employing agency satisfies the Comptroller’s requirements related to the payment of compensation twice a month. Additional information is available through the Comptroller’s Web site at https://fmx.cpa.state.tx.us/fm/pubs/paypol/index.php.  

Employees of an institution of higher education as defined by the Texas Education Code, Section 61.003, may be paid twice a month at the election of the employing institution of higher education.

Determining Amounts for Part-time Pay

The amount of monthly salary for an employee who maintains a 40-hour work week and works for a state agency is determined by the General Appropriations Act and rules adopted by the Comptroller.  

For purposes of partial payment or other applicable situations, an employee’s hourly rate of pay for a given month is computed based on the salary schedules located within the General Appropriations Act and rules adopted by the Comptroller.  

Alternatively, an institution of higher education, as defined by the Texas Education Code, Section 61.003, may compute an employee’s hourly rate of pay for a given month by dividing the employee’s annual salary by 2,080, which is the number of working hours in the standard work year.  

When an employee is on leave without pay, compensation for the pay period will be reduced by an amount computed in line with the General Appropriations Act and rules adopted by the Comptroller.  

An agency that may contract with its employees for employment for less than a 12-month period may make equal monthly salary payments under the contract during the contract period or during the fiscal year in accordance with the General Appropriations Act and rules adopted by the Comptroller.  

Federal Insurance Contributions Act (FICA)

The State must withhold money from salaries and wages paid to state officers and employees in accordance with applicable federal law, including federal law relating to withholding for purposes of the federal income tax. The State must make any required employer contributions in accordance with

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383 Texas Government Code, Section 659.084.  
384 Texas Government Code, Section 659.081.  
386 Texas Government Code, Section 659.082 (b).  
387 Texas Government Code, Section 659.085.
applicable federal law. The Comptroller must make payments in accordance with applicable state and federal law.\textsuperscript{388}

The Federal Insurance Contributions Act (FICA) is also known as the U.S. Social Security tax. It is composed of Old Age, Survivors, and Disability Insurance benefits (OASDI) and Medicare.

For 2013, the OASDI tax rate for wages paid is 6.2 percent for employees and 6.2 percent for employers. The Medicare tax rate is 1.45 percent for employees and employers and currently has no income limit. The maximum wage contribution for 2013 is $113,700.\textsuperscript{389} All employees are subject to both types of FICA taxes.\textsuperscript{390}

\section*{Payroll Deductions}

A state agency may not make a deduction from the compensation paid to an officer or employee whose compensation is paid in full or in part from state funds unless the deduction is authorized by law.

For payroll deduction purposes, “state agency” means:

\begin{itemize}
  \item A board, commission, department, office, or other agency in the executive branch of state government and that was created by the constitution or a statute of this state, including an institution of higher education as defined by Texas Education Code, Section 61.003, other than a public junior college;
  \item The legislature or a legislative agency; or
  \item The Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, the State Bar of Texas, or another state judicial agency.
\end{itemize}

To the extent that the laws, regulations, and rules of Texas or the United States do not specify the priority of deductions, the Comptroller by rule may determine the priority for compensation paid by a state governmental body.\textsuperscript{391}

Some of the authorized payroll deductions are explained below. For a complete list of authorized payroll deductions, state agencies and institutions of higher education should contact the Office of the Comptroller of Public Accounts.

\section*{Charitable Contribution Deductions}

A state employee may authorize a deduction each pay period from the employee’s salary or wage payment for a charitable contribution as authorized by state law. In most cases, a state employee may authorize a deduction only during a state employee charitable campaign. However, a state employee who begins working for the State when a campaign is not being conducted may authorize a deduction according to the Comptroller’s requirements.

\textsuperscript{388} Texas Government Code, Section 659.002 (d).
\textsuperscript{390} Title 26, United States Code, Section 3101.
\textsuperscript{391} Texas Government Code, Section 659.002 (a), (b), and (c).
A state agency other than an institution of higher education is not required to permit an employee to authorize a deduction until the first full payroll period after the agency converts to a system in which uniform statewide payroll procedures are followed. In such situations, a state employee who works for a state agency that does not allow deduction authorizations may authorize a deduction that is effective with the first full payroll period after the agency is converted to a system in which uniform statewide payroll procedures are followed.

A state employee who authorized a deduction while working for a state agency may continue the deduction after transferring to another state agency if the Comptroller’s rules for continuing the deduction are followed.

An authorization must direct the Comptroller to distribute the deducted funds to a participating federation or fund or a local charitable organization selected by the State Policy Committee as prescribed by rule. Deductions must be in the form prescribed by the Comptroller. The Comptroller by rule may establish a reasonable minimum deduction for each pay period.  

Credit Unions Deductions

An employee of a state agency may provide written authorization to make a deduction each pay period from the employee’s salary to an account with a credit union.

Deductions for Membership Fees for Eligible State Employee Organizations

An employee of a state agency may provide written authorization to make a deduction each pay period from the employee’s salary or wage payment for payment of a membership fee of an eligible state employee organization. The Comptroller has approved five organizations for deductions of membership fees. Those organizations include:

- American Federation of State, County, and Municipal Employees (AFSCME).
- Correctional Peace Officers Foundation, Inc. (CPOF).
- Department of Public Safety Officers Association (DPSOA).
- Texas Public Employees Association (TPEA).
- Texas State Employees Union (TSEU).

Deductions for Supplemental Optional Benefits Program

An employee of a state agency may authorize in writing a deduction each pay period from the employee’s salary or wage payment for coverage of the employee under an eligible supplemental optional benefits program. A deduction may be made each pay period from the employee's salary or wage payment without authorization in writing from the employee for participation in a 401(k) plan as provided by state law.

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392 Texas Government Code, Section 659.132, as amended by Senate Bill 217 (83rd Legislature, Regular Session); and Texas Administrative Code, Title 34, Section 5.48.

393 Texas Government Code, Section 659.103 (a); and Texas Administrative Code, Title 34, Section 5.47.

394 Texas Government Code, Section 659.1031; and Texas Administrative Code, Title 34, Section 5.46.

The Employees Retirement System of Texas must designate eligible supplemental optional benefits programs that promote the interests of the State and state agency employees. The supplemental optional benefits program may include permanent life insurance, catastrophic illness insurance, disability insurance, prepaid legal services, or a qualified transportation benefit.396

Payroll Reductions or Deductions Authorized for Institutions of Higher Education

An institution of higher education employee may provide written authorization to reduce the employee’s salary or wage payment each pay period for the payment of any fee or charge for parking, a parking permit, a transportation pass, or other qualified transportation benefit authorized by the federal Internal Revenue Code. An authorization for a reduction by the employee must be voluntary. The institution determines the fee or charge an employee may pay.

An employee of an institution of higher education may authorize in writing a deduction each pay period from the employee’s salary or wage payment for the payment of any fee or charge for parking or for a club membership, recreational sports membership, or similar activity or program. An authorization for a deduction by the employee must be voluntary. The institution must determine which fee or charge an employee may pay.397

The governing board of a university system or of an institution of higher education that is not a component institution of a university system may authorize employees of the system or institution to elect a payroll deduction for any purpose that the governing board determines serves a public purpose and benefits employees. The governing board also may adopt policies and procedures governing payroll deductions.

A payroll deduction must be at the written request of the employee and the request must state the amount to be deducted and the entity to which the deducted amount is to be transferred. A payroll deduction is in effect until the employee revokes the deduction in writing. A university system’s or higher education institution’s policies and procedures may provide for enrollment periods.

A university system or institution of higher education may collect an administrative fee to cover the costs of making a deduction. A payroll deduction is not authorized for dues or membership fees payable to a labor union or employees association.398

Withholding of Administrative Fee for Supplemental Deductions

The state may withhold from the employee’s salary or wage payment an administrative fee for making a supplemental deduction. In addition, an institution of higher education that is authorized to operate a payroll system reimbursable from the state treasury may withhold from the employee’s salary or wage payment an administrative fee for making a supplemental deduction.

The administrative fee may not exceed the lower of the actual administrative cost of making the deduction or the highest fee charged by the state or institution, as appropriate, for making another similar deduction.399

396 Texas Government Code, Section 659.102.
398 Texas Education Code, Section 51.9611.
399 Texas Government Code, Section 659.108.
Deductions for Prepaid Higher Education Tuition Program

The following prepaid tuition or college savings contracts can be paid through a payroll deduction:

- Texas Guaranteed Tuition Plan (formerly known as the Texas Tomorrow Fund),
- Texas Tuition Promise Fund,
- Texas College Savings Plan, and
- LoneStar 529 Plan.

An employee of a state agency or institution of higher education may have one or more separate contracts in one or more of the available plans. Agencies must set up a separate deduction for each plan for the sum of the contract amounts designated by the employee.\(^{400}\)

Chapter 11
General Leave Provisions

The State Auditor’s Office is responsible for providing uniform interpretation of certain leave provisions and for reporting any exceptions made by individual agencies to the Governor and Legislature. These interpretations are advisory in nature.

The governing board of a university system may adopt a comprehensive leave policy that applies to employees of the university system or any component institution of the system. The comprehensive leave policy may combine vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave to be awarded.

Leave Records

Each state agency must keep a record of time and attendance for each of its employees. Such records include:

- The accrual and use of vacation and sick leave.
- The reason an employee takes leave if the law requires the employee to inform the agency of the reason.
- Whether any leave taken is accounted for as sick leave, vacation leave, other paid leave, leave without pay, or other absence.

Vacation Leave

State employees are entitled to paid vacation leave (also referred to as annual leave) each year. Exceptions to this policy include faculty members of institutions of higher education who worked less than 12 months during the year and instructors at the School for the Blind and Visually Impaired, the School for the Deaf, and the Juvenile Justice Department who worked less than 12 months during the year. Additionally, employees not entitled to vacation leave include higher education employees who do not work at least 20 hours per week for a period of at least 4.5 months or employees in positions that require student status as a condition of employment. Employees of independent school districts and junior colleges are not considered state employees for purposes of this section.

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401 Texas Government Code, Section 661.151.
403 Texas Education Code, Section 51.961 (b).
404 Texas Education Code, Section 51.961 (c).
405 Texas Government Code, Section 661.908.
406 Texas Government Code, Section 661.152 (a).
Vacation Leave Accruals and Utilization

Employees begin to accrue vacation leave on their first day of employment and on the first calendar day of each succeeding month of state employment.408 However, vacation leave may not be taken until the employee has been employed with the State for six continuous months.409

A full or partial calendar month of leave without pay does not constitute a break in state employment nor does it require the employee to start over in the calculation of the employee’s continuous months of employment. However, the calendar month of leave without pay is not included in the calculation of the number of continuous months of employment for purposes of vacation leave.410 In addition, if the employee is on any type of paid leave that extends into the following month, the employee’s accrual of leave will not be posted until the employee returns to duty, which means the employee may not take vacation leave accrued for that month until the employee returns to work. An employee forfeits this accrual if he or she does not return to duty.411

Vacation leave accruals for full-time employees are the same whether they are hourly or salaried employees.412 Part-time hourly and salaried employees are also eligible for vacation leave, but their accrual rate is proportionate to the number of hours they work.413 The amount of vacation leave an employee accrues is also determined by his or her length of state service. To determine an employee’s length of state service, state agencies and institutions of higher education should count actual days, months, and years of total state employment.414

Employees may carry unused vacation leave forward from one year to the next. The amount of allowable carryover hours depends on the length of state service and the number of hours worked (see Table 11-1 on the next page).415 State employees who are employed by multiple state agencies or institutions of higher education may not accrue vacation leave at a rate that exceeds that of a full-time employee.416

408 Texas Government Code, Section 661.152 (e).
409 Texas Government Code, Section 661.152 (f).
410 Texas Government Code, Section 661.909 (f) and (h).
411 Texas Government Code, Section 661.152 (j).
412 Texas Government Code, Section 661.121.
413 Texas Government Code, Section 661.152 (c).
415 Texas Government Code, Section 661.152 (d).
416 Texas Government Code, Section 667.001 (b).
Table 11-1

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<th>Length of Service</th>
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<th>Days Accrued per Year</th>
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<td>Less than 2 years</td>
<td>8</td>
<td>12.0</td>
<td>180</td>
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<td>At least 5 but less than 10 years</td>
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<td>268</td>
</tr>
<tr>
<td>At least 10 but less than 15 years</td>
<td>11</td>
<td>16.5</td>
<td>292</td>
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<td>At least 15 but less than 20 years</td>
<td>13</td>
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<td>21</td>
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Credit for the higher rate of accrual will be given on the first calendar day of each month only if the employee’s anniversary falls on that day. Otherwise, the increase in vacation leave accrual will be given on the first calendar day of the following month.\(^{417}\) All vacation leave hours in excess of the maximum allowable carryover remaining at the end of a fiscal year must be credited to the employee’s sick leave balance.\(^{418}\)

Accruals of vacation leave end on an employee’s last day of duty, which is an employee’s last physical day on the job.\(^{419}\)

Appendices 3 and 4 contain tables that detail leave entitlements for state employees.

**Vacation Leave for Legislative Employees**

Vacation leave for employees of the legislative branch, including employees of the lieutenant governor’s office, is determined as follows:

- For employees of either house of the legislature, members of the legislature, or the lieutenant governor, vacation leave will be determined by the presiding officer of the appropriate house of the legislature.

- For employees of a legislative agency, vacation leave will be determined by the agency’s administrative head.\(^{420}\)

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\(^{417}\) Texas Government Code, Section 661.152 (g).

\(^{418}\) Texas Government Code, Section 661.152 (h).

\(^{419}\) Texas Government Code, Section 661.152 (e).

\(^{420}\) Texas Government Code, Section 661.154.
Vacation Leave and Employee Transfers and Separations

Employees who transfer directly from one state agency or institution of higher education to another will have their vacation leave balances transferred.\textsuperscript{421}

If an employee separates from a state agency and is re-employed within 30 calendar days by another state agency or institution of higher education to a position that accrues vacation leave, his or her vacation leave balance will transfer to the new agency or institution of higher education.\textsuperscript{422}

Separation includes, but is not limited to, (1) leaving one state agency to work for another, provided at least one workday passes between those employments and (2) moving from a position in a state agency or institution of higher education that accrues vacation leave to a position within the state agency or institution of higher education that does not accrue vacation leave if the agency or institution of higher education agrees to pay for the employee’s accrued balance of vacation leave.\textsuperscript{423}

State agency employees, who have accrued six months of continuous state employment, are entitled to be paid for the accrued balance of the employee’s vacation leave as of the date of separation, if the employee is not reemployed by a state agency or institution of higher education in a position which accrues vacation leave during the 30-day period immediately following the date of separation from state employment. The six months of continuous state employment may have been accrued at anytime during the employee’s lifetime, which means that it may have been accrued during a previous period of employment and not during the employment from which the employee is currently separating. Employees of institutions of higher education who do not directly transfer to another state agency or institution of higher education do not have a 30-day waiting period for payment of vacation leave and must be paid for accrued and unused vacation leave immediately upon the employee’s separation.\textsuperscript{424}

A terminating employee may, with the approval of the employing agency, remain on the payroll after separation to use accrued vacation leave rather than receive a lump-sum payment.\textsuperscript{425} No additional accruals will be made during this period. The employee may not use sick leave or accrue sick leave or vacation leave while exhausting vacation leave. However, an employee allowed to remain on an agency’s payroll is entitled to continue to receive all compensation and benefits that the employee was receiving on the employee’s last day of duty. Therefore, an employee is entitled to substitute jury duty for vacation leave when exhausting vacation leave on an agency’s payroll following resignation and is entitled to any general salary increase for state employees that takes effect before the employee’s accrued vacation leave is exhausted.\textsuperscript{426}

Upon separation, lump-sum payments for accrued but unused vacation leave will include payment for any holidays that the employee would have observed had he or she remained on the payroll. Eight hours per holiday will be added for employees who are normally scheduled to work 40 hours per week. Employees who are normally scheduled to work less than 40 hours per week will receive a

\textsuperscript{421} Texas Government Code, Section 661.153.

\textsuperscript{422} Texas Government Code, Section 661.152 (k).

\textsuperscript{423} Texas Government Code, Section 661.062 (b).

\textsuperscript{424} Texas Government Code, Section 661.062 (a).

\textsuperscript{425} Texas Government Code, Section 661.067 (a).

\textsuperscript{426} Texas Government Code, Section 661.067 (b); and State Auditor’s Office Leave Interpretation Letter, No. 99-01.
proportionate payment. An employee moving to a position in a state agency that does not accrue vacation leave is not entitled to added time for holidays that fall within the accrual period.\textsuperscript{427} In no case is the employee entitled to receive longevity or hazardous duty pay for the accrual period.\textsuperscript{428}

An employee who is restored to state employment following military service is entitled to have his or her vacation leave balance restored.\textsuperscript{429}

Appendices 5 and 6 contain tables that detail the payment entitlements upon separation from state employment, transfer, or rehire.

**Vacation Leave Accruals and Retirees**

Vacation leave accruals for return-to-work retirees are based on retirement and rehire dates. An employee returning to state employment who retired from state employment on or after June 1, 2005, and who receives a state retirement annuity, accrues vacation leave based only on the employee’s length of service earned after the employee’s retirement date. Otherwise, the return-to-work retiree accrues vacation leave based on total state service.\textsuperscript{430}

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**Sick Leave**

Sick leave is a benefit to state employees that allows for a paid absence from work under certain conditions.\textsuperscript{431} Exceptions include non-faculty employees who work at institutions of higher education less than 20 hours per week or less than 4.5 months and are employed in positions that require student status as a condition of employment.\textsuperscript{432}

**Sick Leave Accruals and Utilization**

A full-time employee accrues sick leave at a rate of eight hours per month (or proportionately for part-time employees).\textsuperscript{433} An employee accrues sick leave beginning on the first day of state employment and ending on the last duty day of state employment. Duty day means an employee’s last physical day on the job.\textsuperscript{434} An employee who is on leave the first day of the month may not use that month’s accrual until he or she returns to duty.\textsuperscript{435}

Accrued sick leave may be used immediately upon employment when an employee is prevented from performing his or her job due to sickness, injury, pregnancy or confinement. It may also be used to care for an employee’s immediate family member who is ill. “Immediate family” is defined as individuals related by kinship, adoption, or marriage who live in the same household; foster children who reside in the same household; and minor children regardless of whether they live in the same

\textsuperscript{427} Texas Government Code, Section 661.064.

\textsuperscript{428} Texas Government Code, Section 661.063 (c) (2).

\textsuperscript{429} Texas Government Code, Section 661.904 (c).


\textsuperscript{431} Texas Government Code, Section 661.202 (a).

\textsuperscript{432} Texas Government Code, Section 661.201 (b).

\textsuperscript{433} Texas Government Code, Section 661.202 (c).

\textsuperscript{434} Texas Government Code, Section 661.202 (b).

\textsuperscript{435} Texas Government Code, Section 661.202 (k).
Sick leave may be used to care for immediate family members who do not reside in the same household only for a documented medical condition. In this instance only, “immediate family” is interpreted as spouse, parent, or child. In addition, sick leave may be used for the adoption of a child under the age of three.

An employee who will be absent from work must notify his or her supervisor as soon as possible. An absence of more than three days requires the employee to provide the administrative head of the agency a doctor’s certification or a written statement of the facts surrounding the absence and the nature of the illness. The need to provide such documentation for absences of three days or fewer is done at the discretion of the administrative head of the agency.

While out on vacation leave, an employee may instead use sick leave, provided the employee would otherwise be eligible for sick leave.

Appendices 3 and 4 contain tables that detail leave entitlements for state employees.

**Sick Leave Records for Faculty at Institutions of Higher Education**

Faculty members at institutions of higher education, as defined by Section 61.003, Texas Education Code, are required to submit prescribed leave forms for all sick leave taken if the absence occurs during the normal workday for regular employees, even if no classes are missed.

**Sick Leave and Employee Transfers and Separations**

Employees who transfer directly from one state agency or institution of higher education to another will have their sick leave balances transferred.

Employees who separate from state employment under a formal reduction in force are entitled to have their sick leave balances restored if they are re-employed by the State within 12 months.

Employees separated for reasons other than a formal reduction in force and re-employed by a state agency or institution of higher education may have their sick leave balances restored only if:

- The employee is re-employed by the same state agency or institution of higher education within 12 months after the end of the month in which the employee separates from state employment, and if there has been a break in employment with the State of at least 30 calendar days; or

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436 Texas Government Code, Section 661.202 (b) and (d).
437 Texas Government Code, Section 661.202 (e); and State Auditor’s Office Leave Interpretation Letter, No. 97-04.
439 Texas Government Code, Section 661.202 (f).
440 Texas Government Code, Section 661.202 (g).
441 State Auditor’s Office Leave Interpretation Letter, No. 97-05.
442 Texas Government Code, Section 661.203.
443 Texas Government Code, Section 661.204.
444 Texas Government Code, Section 661.205 (a).
- The employee is re-employed by a different state agency or institution of higher education within 12 months after the end of the month in which the employee separates from state employment. 445

There is no authority to pay out an employee’s accrued but unused sick leave balance upon termination. 446

An employee who is restored to state employment following military service is entitled to have his or her sick leave balance restored. 447

**Extended Sick Leave**

The administrative head of a state agency and institution of higher education may extend sick leave to an employee who has exhausted all other forms of paid leave after a thorough review of the merits of each individual case. State agencies and institutions of higher education that grant extended sick leave are required to have an extended sick leave policy. All agencies and institutions of higher education are required to provide a copy of such policies to the State Auditor’s Office upon request. Such policies must also be made available to all agency employees. 448

**Sick Leave Pool**

Each state agency is required to establish a program that allows employees to voluntarily transfer sick leave to a sick leave pool. 449 The sick leave pool is intended to assist employees and their immediate families in dealing with catastrophic illnesses or injuries that force the employees to exhaust all of their available sick leave. 450 An employee becomes eligible to withdraw time from the sick leave pool if the employee has exhausted his or her sick leave because of a catastrophic illness or injury of the employee or of a member of the employee’s immediate family. 451

**Catastrophic Injury or Illness**

The Employees Retirement System has defined the following terms:

- **Catastrophic injury or illness** is a severe condition or combination of conditions affecting the mental or physical health of the employee or the employee’s immediate family that requires the services of a licensed practitioner for a prolonged period of time and that forces the employee to exhaust all leave time earned by that employee and to lose sick leave compensation from the State for the employee.

- **Licensed practitioner** means practitioner, as defined in the Texas Insurance Code, who is practicing within the scope of his or her license.

445 Texas Government Code, Section 661.205 (b).
447 Texas Government Code, Section 661.904 (c).
448 Texas Government Code, Section 661.202 (i) and (j), as amended by House Bill 59 (83rd Legislature, Regular Session).
449 Texas Government Code, Section 661.002 (a).
450 Texas Government Code, Sections 661.004 (a) and 661.006 (a).
451 Texas Government Code, Sections 661.004 (a) and 661.005 (b).
Immediate family is defined as those individuals related by kinship, adoption, marriage, or foster children who are so certified by the Department of Human Services [now the Health and Human Services Commission] who are living in the same household, or if not in the same household are totally dependent upon the employee for personal care or services on a continuing basis.\(^{452}\)

**Administering the Sick Leave Pool**

The program must be administered by the executive director or his or her designee.\(^{453}\) State agencies and institutions of higher education should ensure that their sick leave pool policies do not conflict with their extended sick leave policies.

Contributions to the sick leave pool must be in increments of one or more days with the exception of retiring employees who may designate the number of hours to be donated.\(^{454}\)

An employee may draw from the sick leave pool only with the approval of the pool administrator. Supporting documentation from a medical practitioner must be submitted to the pool administrator. The documentation must contain sufficient information to allow the pool administrator to evaluate the employee’s eligibility.\(^{455}\) An employee may not receive sick leave in excess of one-third of the total time in the pool or 90 days, whichever is less.\(^{456}\)

**Parental Leave**

Employees who do not qualify for family and medical leave are entitled to parental leave not to exceed 12 weeks for the birth of a child or the adoption or foster care placement of a child under the age of three. To be eligible for parental leave, an employee does not meet the eligibility requirements for family and medical leave because:

- The employee has worked for the State of Texas for less than 12 months, or
- The employee has worked fewer than 1,250 hours during the 12-month period preceding the leave.

The employee must first use all available and applicable paid vacation and sick leave while taking parental leave prior to going on leave without pay. Parental leave is limited to, and begins on the date of, the birth of the employee’s natural child or the adoption by or foster care placement with the employee of a child younger than three years of age.\(^{457}\)

\(^{452}\) Board of Trustees Meeting, Employees Retirement System, October 24, 1989.

\(^{453}\) Texas Government Code, Section 661.002 (b).

\(^{454}\) Texas Government Code, Section 661.003 (a) and (c).

\(^{455}\) Texas Government Code, Section 661.005 (a) and (b).

\(^{456}\) Texas Government Code, Section 661.006 (b).

\(^{457}\) Texas Government Code, Section 661.913.
**Education Service Centers and Leave**

Education Service Centers were established to assist school districts in improving student performance and increasing the efficiency and effectiveness of school operations. Education Service Centers are not considered state agencies for benefits purposes; however, sick leave may be transferred from Education Service Centers to a state agency or a school district at a rate not to exceed five days per year for each year of employment.

Vacation leave is not transferable to Education Service Centers; therefore, state employees transferring to Education Service Centers should be paid for accumulated vacation leave.

**Leave without Pay**

State agencies or institutions of higher education may grant a leave of absence (leave without pay, or LWOP) subject to the following provisions:

- The leave is unpaid.
- The leave may not exceed 12 months.
- Vacation leave and sick leave, if appropriate, must be exhausted except in instances of disciplinary suspension, leave covered by workers’ compensation benefits, or active military duty situations.
- Subject to fiscal constraints, approval of LWOP constitutes a guarantee of employment for a specified period of time.
- The administrative head of an agency or institution of higher education may allow for exceptions to these limitations.
- Any full or partial calendar month of LWOP does not constitute a break in employment, but also does not count for purposes of state service credit, with the exception of an employee returning from military leave without pay. This time is also not included in the calculation of the number of continuous months of employment for purposes of merit increases and leave entitlements.

An employee who is on LWOP will have his or her compensation reduced for the pay period by an amount in accordance with the General Appropriations Act and rules adopted by the Comptroller. Please refer to Texas Government Code, Chapter 659, for specific guidelines concerning salary reductions for employees who are exempt from the Fair Labor Standards Act (FLSA).

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458 Texas Education Code, Section 8.002.
459 Texas Education Code, Section 8.007 (b).
460 Texas Education Code, Section 8.007 (a).
461 Texas Government Code, Section 661.909.
462 Texas Government Code, Section 659.085 (c).
Payment of Accrued Leave of Deceased Employees

In the event of the employee’s death, the employee’s estate is entitled to payment by the State for (1) all accumulated vacation leave and (2) one-half of accumulated sick leave or 336 hours, whichever is less. \textsuperscript{463} The payment is calculated by multiplying the employee’s hourly rate at the time of death by the total number of leave hours applicable. The calculation does not include longevity or hazardous duty pay. \textsuperscript{464} The estates of appointed officers or employees of the State who normally work at least 900 hours per year are eligible for this benefit. \textsuperscript{465}

However, a deceased employee’s estate is not entitled to payment for earned but unused state compensatory time. \textsuperscript{466} In addition, for a state employee who at the time of death was working at least 40 hours a week, a state agency or institution of higher education must allocate the deceased employee’s accrued leave over the workdays following the employee’s death. The state agency or institution of higher education must add eight hours to the employee’s sick and vacation leave accruals for each state or national holiday scheduled during the time period to which the accrued leave was allocated. Employees who work fewer than 40 hours a week will receive a proportionate payment. \textsuperscript{467}

Leave Policies and Provisions for Institutions of Higher Education

The governing board of a university system may adopt a leave policy for employees that combines vacation, sick, and holiday leave into a paid leave system that does not distinguish or separate the types of leave awarded. The governing board of the university system may award leave in amounts that it determines to be appropriate and cost-effective. This policy must include provisions for payment of accrued leave to:

- The estates of heirs of deceased employees.
- Separating employees.
- Retirees.
- Awards of accrued leave to employees who are transferring to other state agencies or institutions of higher education.

Chapters 661 and 662 of the Texas Government Code do not apply to employees covered by a paid leave policy adopted by a university system. \textsuperscript{468}

\textsuperscript{463} Texas Government Code, Section 661.033.
\textsuperscript{464} Texas Government Code, Section 661.034.
\textsuperscript{465} Texas Government Code, Section 661.031 (2).
\textsuperscript{466} Texas Office of the Attorney General, Opinion H-899 (1976).
\textsuperscript{467} Texas Government Code, Section 661.035.
\textsuperscript{468} Texas Education Code, Section 51.961.
Chapter 12

Miscellaneous Leave Provisions

In addition to the vacation and sick leave provisions, the State offers leave to employees for specific situations. This chapter of the Inventory covers various leave provisions that may be granted to state employees. Agencies and institutions of higher education should review these provisions carefully to determine if employees are eligible to use these leave types.

An employee of an institution of higher education may not be eligible to accrue or take paid leave listed within this chapter if: (1) the employee works fewer than 20 hours per week, (2) the employee is appointed for fewer than 4.5 months, or (3) the employee is in a position for which he or she must be a student as a condition of employment.469

Administrative Leave for Outstanding Performance

Administrative leave with pay may be granted by the head of an agency as a reward for outstanding performance. This performance should be documented by the agency. The total amount of leave granted may not exceed 32 hours per employee during a fiscal year.470

Amateur Radio Operator Leave

A state employee with an amateur radio station license issued by the Federal Communications Commission may be granted leave not to exceed 10 days each fiscal year to participate in specialized disaster relief services without a deduction in salary or loss of vacation leave, sick leave, overtime leave, or state compensatory time. The amateur radio operator leave should be authorized by the employee’s supervisor and with the approval of the governor.471

The number of amateur radio operators eligible for this type of leave may not exceed 350 state employees at any one time during a fiscal year. The Texas Division of Emergency Management is responsible for coordinating the establishment and maintenance of the list of employees eligible for this leave.472

Assistance Dog Training

A state employee with a disability as defined by Texas Human Resources Code, Section 121.002, will be granted paid leave of absence not to exceed 10 working days in a fiscal year to attend a training program to acquaint the employee with an assistance dog that the employee will use.473

469 Texas Government Code, Section 661.901 (c).
470 Texas Government Code, Section 661.911.
471 Texas Government Code, Section 661.919 (a).
472 Texas Government Code, Section 661.919 (b).
473 Texas Government Code, Section 661.910.
Blood Donation

A state agency shall allow employees sufficient time off, without a deduction in salary or accrued leave, to donate blood. An employee may not receive time off to donate blood unless the employee obtains approval from his or her supervisor before taking time off. Upon returning to work, the employee shall provide his or her supervisor with proof that the employee donated blood during the time off. If an employee fails to provide proof that he or she donated blood during the time off, the agency must deduct the time off from the employee’s salary or accrued leave, whichever the employee chooses. An employee may receive time off to donate blood not more than four times in a fiscal year.474

Bone Marrow and Organ Donation

A state employee is entitled to a leave of absence without a deduction in salary for the time necessary to permit the employee to serve as a bone marrow or organ donor. The leave of absence may not exceed:

- Five working days in a fiscal year to serve as a bone marrow donor; or
- 30 working days in a fiscal year to serve as an organ donor.475

Certified American Red Cross Activities

Employees who are certified disaster service volunteers of the American Red Cross or who are in training to become a volunteer may be granted paid leave — without a deduction in salary or loss of vacation leave, sick leave, overtime leave, or state compensatory time — not to exceed 10 days each fiscal year to participate in specialized disaster relief services for the American Red Cross. The employee must have the approval of his or her supervisor and the governor and a request from the American Red Cross. The number of certified disaster relief service volunteers who are eligible for this type of leave may not exceed 350 state employees at any one time during a fiscal year. The Texas Division of Emergency Management is responsible for coordinating the establishment and maintenance of the list of eligible employees.476

Compliance with a Subpoena

An employer may not discharge, discipline, or penalize an employee for complying with a subpoena to appear in a civil, criminal, legislative, or administrative proceeding. Any organization that violates this may be found in contempt of court or subject to a monetary penalty, depending upon the issuing authority.477

Agencies should use their own discretion in instances of unofficial testimony to decide whether such an absence is considered good cause for emergency leave.478

474 Texas Government Code, Section 661.917.
475 Texas Government Code, Section 661.916.
476 Texas Government Code, Section 661.907 (a) and (b).
477 Texas Labor Code, Section 52.051.
Court Appointed Special Advocate (CASA) Volunteers

A state employee may be provided paid leave not to exceed five hours each month to participate in mandatory training or to perform volunteer services for Court Appointed Special Advocates. This leave is provided to an employee without a deduction in salary or loss of vacation leave, sick leave, overtime leave, or state compensatory time.\(^{479}\)

**Emergency Leave**

An employee is entitled to leave with pay for a death in the employee’s family. An employee’s family is defined as the employee’s spouse, as well as the employee’s and spouse’s parents, children, brothers, sisters, grandparents, and grandchildren.\(^{480}\)

There is nothing in statute that requires an agency to provide a specific number of days of emergency leave for a death in the employee’s family. In addition, there is nothing in statute that requires an employee to attend a funeral to be entitled to emergency leave. The amount of leave is dependent on agency policy. There is no limit on the number of occurrences that emergency leave can be used for as long as it is for a qualified situation.\(^{481}\)

Employees who are on emergency leave are considered to be in a “paid leave status.” Therefore, they are eligible for holiday pay if a holiday occurs during the time they are on emergency leave.\(^{482}\)

In addition to granting employees emergency leave for the death of an employee’s family member, an agency head may grant emergency leave for other reasons determined to be for good cause.\(^{483}\)

**Foster Parent Leave**

An employee who is a foster parent to a child under the protection of the Department of Family and Protective Services (Department) is entitled to a paid leave of absence to attend meetings held by the Department regarding the foster child. In addition, the employee may use this entitlement to attend admission, review, and dismissal meetings held by a school district regarding the foster child.\(^{484}\)

**Injury Leave for Certain Peace Officers**

Peace officers injured in the course of duty are entitled to paid injury leave without a deduction in salary. This covers commissioned law enforcement officers or agents commissioned by the Public Safety Commission and the director of the Department of Public Safety, the Parks and Wildlife Department, or the Alcoholic Beverage Commission.\(^{485}\)

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479 Texas Government Code, Section 661.921.

480 Texas Government Code, Section 661.902 (a).

481 Texas Government Code, Section 661.151.

482 Texas Government Code, Section 662.010.

483 Texas Government Code, Section 661.902 (b).

484 Texas Government Code, Section 661.906.

485 Texas Government Code, Section 661.918 (a).
Peace officers who are injured in the line of duty as a result of the performance of their duties may be entitled to paid injury leave. An officer who qualifies for injury leave is not required to use compensatory time off or any other type of leave for an injury that occurs in the line of duty. However, a peace officer is not entitled to injury leave if the officer’s own gross negligence contributed to the injury or if the injury was related to performing routine office duties.  

To be eligible for injury leave, the peace officer must submit evidence of a medical examination and a recommendation for a specific period of leave from his or her physician. The maximum amount of leave allowed for all injuries occurring at one time is one year.  

The injured peace officer may simultaneously be on injury leave and receive workers’ compensation medical benefits but is not eligible for disability retirement benefits during the leave period. The injured peace officer is entitled to workers’ compensation indemnity benefits after the discontinuation or exhaustion of injury leave.

**Jury Service**

An employee is entitled to serve on a jury without a deduction in salary, including a deduction for any fee or compensation the employee receives for jury service.

Officers or employees of the Senate, the House of Representatives, or any agency in the legislative branch of state government may establish an exemption from jury service.

**Legislative Leave for Peace Officers or Firefighters**

A peace officer or firefighter is entitled to legislative leave to serve in, appear before, or petition a governmental body during a regular or special legislative session.

To be eligible for legislative leave, a peace officer or firefighter must submit a written application to his or her employer on or before the 30th day before the employee intends to begin the legislative leave. The application must state the length of the requested leave and that the peace officer or firefighter is willing to reimburse the employer for any wages, pension, or other costs the employer will incur as a result of the leave. The length of the requested leave may not exceed the length of the session.

Legislative leave is not considered a break in service and is treated as any other paid leave.

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486 Texas Government Code, Section 661.918 (b).
487 Texas Government Code, Section 661.918 (c).
488 Texas Government Code, Section 661.918 (d).
489 Texas Government Code, Section 661.918 (e).
490 Texas Government Code, Section 659.005 (a).
491 Texas Government Code, Section 62.106 (a) (5).
492 Texas Government Code, Section 614.003.
493 Texas Government Code, Section 614.004.
494 Texas Government Code, Section 614.008.
**Sick Leave for Educational Activities**

An employee may use up to eight hours of sick leave each fiscal year to attend educational activities of the employee’s children who are in pre-kindergarten through 12th grade. The employee must give reasonable notice of his or her intention to use this leave. Educational activities are school-sponsored activities, including parent-teacher conferences, tutoring, volunteer programs, field trips, classroom programs, school committee meetings, academic competitions, and athletic, music, or theater programs.495

<table>
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<th>New Requirement</th>
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<td>The 83rd Legislature enacted legislation amending the use of sick leave by state employees who attend the educational activities of their children who are in pre-kindergarten through 12th grade.</td>
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**Time Off to Vote**

Employers shall allow sufficient time off to employees, without a deduction in salary or accrued leave, to vote in each national, state, or local election if there is not sufficient time to vote outside regular working hours.496 There is no consistent standard or formal guidance regarding how much time should be provided to employees for this purpose; however, employers should spell out their voting policy in written procedures. State law does not differentiate between regular and runoff elections.

Early voting enables an employee to vote (before or after work, including the weekends) prior to an election. If an employee has been unable to vote during the early voting period, time off to vote on Election Day is clearly allowed.

**Volunteer Firefighters and Emergency Medical Services Training Leave**

Volunteer firefighters and emergency medical services volunteers are entitled to paid leave not to exceed five working days each fiscal year for attending training services conducted by a state agency or institution of higher education. Also, a state agency or institution of higher education may grant paid leave to a volunteer firefighter or an emergency medical services volunteer for the purpose of responding to emergency fire or medical situations if the agency or institution of higher education has a policy for granting the leave.497

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495 Texas Government Code, Section 661.206, as amended by House Bill 480 (83rd Legislature, Regular Session).
496 Texas Government Code, Section 661.914; and Texas Office of the Attorney General, Opinion V-1532 (1952).
497 Texas Government Code, Section 661.905.
**Wellness Leave**

A state agency may:

- Allow an employee 30 minutes during their normal working hours for exercise three times each week;
- Allow an employee to attend on-site wellness seminars;
- Provide eight hours of additional leave time each year to an employee who receives a physical examination and completes either an online health risk assessment tool or a similar health risk assessment conducted in person by a worksite wellness coordinator.\(^{498}\)

**Reserve Law Enforcement Officer Training Leave**

State employees who are reserve law enforcement officers as defined by Texas Occupations Code, Section 1701.001, are entitled to paid leave not to exceed five working days each fiscal biennium to attend training required by Texas Occupations Code, Section 1701.351.\(^{499}\)

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<td>The 83rd Legislature enacted legislation granting state employees who are reserve law enforcement officers five working days of paid leave each fiscal biennium to attending training required by Texas Occupations Code, Section 1701.351.</td>
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</table>

\(^{498}\) Texas Government Code, Section 664.061 (a), as amended by House Bill 2020 (83rd Legislature, Regular Session).

\(^{499}\) Texas Government Code, Section 661.922, as amended by Senate Bill 443 (83rd Legislature, Regular Session).
State agency employees are entitled to a paid day off from work on national, state, and optional holidays observed by the State.\textsuperscript{500}

Institutions of higher education can establish their own holiday schedules, as long as the total number of holidays observed does not exceed the number of holidays observed by an employee of a state agency. Eligible employees of institutions of higher education are entitled to a paid day off from work on the holidays observed by the institution.\textsuperscript{501}

An employee is eligible to a paid day off for a holiday if:

- The holiday does not fall on a weekend.
- The employee is not on leave without pay (LWOP).\textsuperscript{502}

A state agency and institution of higher education must have enough state employees on duty during a state holiday to conduct the public business of the agency or institution with the exception of those state holidays that fall on a Saturday or Sunday, the Friday after Thanksgiving Day, December 24, or December 26.\textsuperscript{503}

Employees who work on an observed state holiday will receive holiday compensatory time for those hours worked. (At times, those state holidays are referred to as “skeleton crew days.”) For additional information on holiday compensatory time, see Chapter 5 (State and Holiday Compensatory Time).

To be paid for a holiday that falls on a day other than the first or last workday of the month, the employee must be a state employee on the day before and the day after the holiday. For the purposes of determining holiday pay, a state employee includes someone who is using paid leave from a state agency. It does not include an individual who is taking leave without pay.\textsuperscript{504}

\textsuperscript{500} Texas Government Code, Sections 662.003 and 662.006.
\textsuperscript{501} Texas Government Code, Section 662.011.
\textsuperscript{502} Texas Government Code, Section 662.005 (a) and (c).
\textsuperscript{503} Texas Government Code, Section 662.004.
\textsuperscript{504} Texas Government Code, Section 662.010 (b) (2).
However, if the holiday falls on the first workday of a month, the employee must be a state employee on the day immediately after the holiday to be paid. If the holiday falls on the last workday of the month, the employee must be a state employee on the day immediately before the holiday to be paid.\textsuperscript{505}

Table 13-1 provides examples of these types of scenarios.

Table 13-1

<table>
<thead>
<tr>
<th>Scenarios in which a State Agency Would or Would Not Pay an Employee for a Holiday</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the first example, an employee begins work on January 2. This employee \textbf{would be paid} for the holiday observed on January 1 because it falls on the first workday of the month and the employee is a state employee on the day after the holiday.</td>
</tr>
<tr>
<td>Sunday</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>23</td>
</tr>
<tr>
<td>30</td>
</tr>
</tbody>
</table>

In the second example, an employee works December 31 and then terminates employment. This employee \textbf{would not be paid} for the January 1 holiday because it fell on the first workday of the month, and the employee was not a state employee on the day after the holiday.

<table>
<thead>
<tr>
<th>Sunday</th>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>30</td>
<td>31</td>
<td>\textbf{Employee Terminates Employment}</td>
<td>1 \textbf{Holiday}</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

\textsuperscript{505} Texas Government Code, Section 662.010 (a).
State employees receive most federal and state holidays, as well as optional holidays. Tables 13-2 and 13-3 list the state holiday schedules for fiscal years 2014 and 2015.

Table 13-2

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Agency Status</th>
<th>Date</th>
<th>Day of Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Day</td>
<td>All agencies closed.</td>
<td>9-02-13</td>
<td>Monday</td>
</tr>
<tr>
<td>Rosh Hashanah</td>
<td>Optional Holiday</td>
<td>9-05-13</td>
<td>Thursday</td>
</tr>
<tr>
<td>Rosh Hashanah</td>
<td>Optional Holiday</td>
<td>9-06-13</td>
<td>Friday</td>
</tr>
<tr>
<td>Yom Kippur</td>
<td></td>
<td>9-14-13</td>
<td>Saturday</td>
</tr>
<tr>
<td>Veterans Day</td>
<td>All agencies closed.</td>
<td>11-11-13</td>
<td>Monday</td>
</tr>
<tr>
<td>Thanksgiving Day</td>
<td>All agencies closed.</td>
<td>11-28-13</td>
<td>Thursday</td>
</tr>
<tr>
<td>Day after Thanksgiving</td>
<td>All agencies closed.</td>
<td>11-29-13</td>
<td>Friday</td>
</tr>
<tr>
<td>Christmas Eve Day</td>
<td>All agencies closed.</td>
<td>12-24-13</td>
<td>Tuesday</td>
</tr>
<tr>
<td>Christmas Day</td>
<td>All agencies closed.</td>
<td>12-25-13</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Day after Christmas</td>
<td>All agencies closed.</td>
<td>12-26-13</td>
<td>Thursday</td>
</tr>
<tr>
<td>New Year’s Day</td>
<td>All agencies closed.</td>
<td>1-01-14</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Confederate Heroes Day</td>
<td></td>
<td>1-19-14</td>
<td>Sunday</td>
</tr>
<tr>
<td>Martin Luther King, Jr.  Day</td>
<td>All agencies closed.</td>
<td>1-20-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Presidents’ Day</td>
<td>All agencies closed.</td>
<td>2-17-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Texas Independence Day</td>
<td></td>
<td>3-02-14</td>
<td>Sunday</td>
</tr>
<tr>
<td>Cesar Chavez Day</td>
<td>Optional Holiday</td>
<td>3-31-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Good Friday</td>
<td>Optional Holiday</td>
<td>4-18-14</td>
<td>Friday</td>
</tr>
<tr>
<td>San Jacinto Day</td>
<td>Skeleton crew required.</td>
<td>4-21-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Memorial Day</td>
<td>All agencies closed.</td>
<td>5-26-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Emancipation Day</td>
<td>Skeleton crew required.</td>
<td>6-19-14</td>
<td>Thursday</td>
</tr>
<tr>
<td>Independence Day</td>
<td>All agencies closed.</td>
<td>7-04-14</td>
<td>Friday</td>
</tr>
<tr>
<td>LBJ Day</td>
<td>Skeleton crew required.</td>
<td>8-27-14</td>
<td>Wednesday</td>
</tr>
</tbody>
</table>
Table 13-3

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Agency Status</th>
<th>Date</th>
<th>Day of Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Day</td>
<td>All agencies closed.</td>
<td>9-01-14</td>
<td>Monday</td>
</tr>
<tr>
<td>Rosh Hashanah</td>
<td>Optional Holiday</td>
<td>9-25-14</td>
<td>Thursday</td>
</tr>
<tr>
<td>Rosh Hashanah</td>
<td>Optional Holiday</td>
<td>09-26-14</td>
<td>Friday</td>
</tr>
<tr>
<td>Yom Kippur</td>
<td></td>
<td>10-04-14</td>
<td>Saturday</td>
</tr>
<tr>
<td>Veterans Day</td>
<td>All agencies closed.</td>
<td>11-11-14</td>
<td>Tuesday</td>
</tr>
<tr>
<td>Thanksgiving Day</td>
<td>All agencies closed.</td>
<td>11-27-14</td>
<td>Thursday</td>
</tr>
<tr>
<td>Day after Thanksgiving</td>
<td>All agencies closed.</td>
<td>11-28-14</td>
<td>Friday</td>
</tr>
<tr>
<td>Christmas Eve Day</td>
<td>All agencies closed.</td>
<td>12-24-14</td>
<td>Wednesday</td>
</tr>
<tr>
<td>Christmas Day</td>
<td>All agencies closed.</td>
<td>12-25-14</td>
<td>Thursday</td>
</tr>
<tr>
<td>Day after Christmas</td>
<td>All agencies closed.</td>
<td>12-26-14</td>
<td>Friday</td>
</tr>
<tr>
<td>New Year’s Day</td>
<td>All agencies closed.</td>
<td>1-01-15</td>
<td>Thursday</td>
</tr>
<tr>
<td>Martin Luther King, Jr. Day</td>
<td>All agencies closed.</td>
<td>1-19-15</td>
<td>Monday</td>
</tr>
<tr>
<td>Confederate Heroes Day &lt;sup&gt;a&lt;/sup&gt;</td>
<td>All agencies closed.</td>
<td>1-19-15</td>
<td>Monday</td>
</tr>
<tr>
<td>Presidents’ Day</td>
<td>All agencies closed.</td>
<td>2-16-15</td>
<td>Monday</td>
</tr>
<tr>
<td>Texas Independence Day</td>
<td>Skeleton crew required.</td>
<td>3-02-15</td>
<td>Monday</td>
</tr>
<tr>
<td>Cesar Chavez Day</td>
<td>Optional Holiday</td>
<td>3-31-15</td>
<td>Tuesday</td>
</tr>
<tr>
<td>Good Friday</td>
<td>Optional Holiday</td>
<td>4-03-15</td>
<td>Friday</td>
</tr>
<tr>
<td>San Jacinto Day</td>
<td>Skeleton crew required.</td>
<td>4-21-15</td>
<td>Tuesday</td>
</tr>
<tr>
<td>Memorial Day</td>
<td>All agencies closed.</td>
<td>5-25-15</td>
<td>Monday</td>
</tr>
<tr>
<td>Emancipation Day</td>
<td>Skeleton crew required.</td>
<td>6-19-15</td>
<td>Friday</td>
</tr>
<tr>
<td>Independence Day</td>
<td></td>
<td>7-04-15</td>
<td>Saturday</td>
</tr>
<tr>
<td>LBJ Day</td>
<td>Skeleton crew required.</td>
<td>8-27-15</td>
<td>Thursday</td>
</tr>
</tbody>
</table>

<sup>a</sup> When two holidays fall on the same day, only one holiday will be observed. All state agencies will be closed on January 19, 2015, in observance of Martin Luther King, Jr. Day.
**Optional Holidays**

An employee who works for a state agency is entitled to observe Rosh Hashanah, Yom Kippur, Good Friday, and Cesar Chavez Day.\(^{506}\) A state agency employee is entitled to each optional holiday if the employee qualifies for the paid day off and agrees to give up during the same fiscal year an equivalent number of state holidays; however, the employee may not agree to give up the Friday after Thanksgiving Day, December 24, or December 26. Optional holidays cannot be substituted for national holidays.\(^{507}\)

**Holidays and Employee Separations**

If a state agency or institution of higher education employee separates from the State and is exhausting unused vacation leave, the employee receives payment for any holidays that the employee would have observed had he or she remained on the payroll. The number of hours that is added to the employee’s accrued vacation leave is to be proportionally reduced for part-time employees.\(^{508}\)

**Holidays and Employee Transfers**

With the exception of a transfer directed by the Legislature or the State Council on Competitive Government, there is no authority to transfer accrued holiday compensatory time between state agencies.\(^{509}\)

In the event that a state or national holiday falls between the periods an employee transfers from one state agency or institution of higher education to another without a break in service, the receiving agency or institution of higher education must pay for the holiday regardless of whether the agency or institution of higher education recognizes that particular holiday.\(^{510}\)

**Holidays for Employees Working Non-Traditional Schedules**

A state employee who works 40 hours a week on a schedule other than Monday through Friday is entitled to paid holiday time off during the fiscal year equal to eight hours multiplied by the number of national and state holidays in the fiscal year.\(^{511}\)

A state employee working a non-traditional schedule who works less than the entire fiscal year is entitled to paid holiday time off during the fiscal year equal to eight hours multiplied by the number of national and state holidays that occur during the time period worked by the employee.\(^{512}\)

Paid holiday time off for a part-time employee, who works on a schedule other than Monday through Friday, is proportionate to the number of hours normally worked by the employee.\(^{513}\)

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\(^{506}\) Texas Government Code, Sections 662.003 (c) and 662.013.  
\(^{507}\) Texas Government Code, Section 662.006 (b) and (c).  
\(^{508}\) Texas Government Code, Section 661.064.  
\(^{509}\) Texas Government Code, Section 662.0071 (a); and Texas Office of the Attorney General, Opinion No. H-883 (1976).  
\(^{510}\) Texas Government Code, Section 662.0072.  
\(^{511}\) Texas Government Code, Section 662.009 (a).  
\(^{512}\) Texas Government Code, Section 662.009 (b).  
\(^{513}\) Texas Government Code, Section 662.009 (c).
**Holidays for Institutions of Higher Education**

Institutions of higher education may establish their own holidays in accordance with academic schedules. However, the number of observed holidays may not exceed the number of holidays observed by state agencies. 514

Non-student employees who work 20 hours per week or more and are employed for a period of at least four-and-one-half months are eligible for paid holidays. 515

Employees of institutions of higher education may be paid for working national or state holidays if taking holiday compensatory time off would be disruptive to normal teaching, research, or other critical functions. 516

**Holiday Time Payment for Deceased Employees**

When an employee is deceased, their total leave balance (sick and vacation leave) must be allocated over the workdays following the date and time of the employee’s death until the leave balance is completely allocated. In addition, eight hours must be added to the payment of the estate of a deceased state employee for each state and national holiday that is scheduled on workdays following the date of the employee’s death until the deceased employee’s leave balance is completely allocated. If the employee was normally scheduled to work at least 40 hours per week, then each workday consists of 8 hours.

Holiday pay for a part-time employee should be proportionate to the number of hours normally worked by the deceased employee. 517

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514 Texas Government Code, Section 662.011 (a) and (b).
515 Texas Government Code, Section 662.011 (c).
516 Texas Government Code, Section 662.007 (c).
517 Texas Government Code, Section 661.035.
Chapter 14
Military Leave and Employment Rights

Military Leave Overview

Both state and federal law provide employment and re-employment rights to individuals who are called to military service. These laws provide income and job protection, as well as a means for employees to secure time off when called to military service.

The Uniformed Services Employment and Reemployment Rights Act (USERRA)

The Uniformed Services Employment and Reemployment Rights Act (USERRA) is the federal law intended to ensure that persons are not disadvantaged in their civilian careers because of their current or past service in the U.S. Armed Forces, the U.S. Armed Forces’ Reserves (Reserves), the National Guard, or other uniformed services. USERRA prohibits an employer from denying initial employment, reemployment, retention in employment, promotion, or any benefit of employment on the basis of an individual’s membership, application for membership, performance of service, application for service, or obligation for service in the uniformed services.

State agencies and institutions of higher education that have qualifying service members must provide the service members the following:

- Prompt job reinstatement.
- Accumulation of seniority, including pension plan benefits.
- Reinstatement of health insurance.
- Training/retraining of job skills, including accommodations for the disabled.
- Protection against discrimination.

In addition, USERRA provides protection for disabled veterans, requiring employers to make reasonable efforts to accommodate the disability.

The U.S. Department of Labor’s Veterans’ Employment and Training Service (VETS) administers USERRA and all questions should be directed to that office. Contact and additional information about USERRA can be found at http://www.dol.gov/vets/.

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519 Title 38, United States Code, Section 4311 (a); and Title 20, Code of Federal Regulations, Section 1002.18.


521 Title 38, United States Code, Section 4313 (a) (3).
State employees are eligible for 15 workdays in each federal fiscal year (October 1 through September 30) without loss of pay or benefits to accommodate authorized training or duty for the State’s military forces, a reserve branch of the U.S. Armed Forces, or a state or federally authorized urban search and rescue team.\(^{522}\)

The 15 days of paid leave need not be consecutive. These days are considered business days, not calendar days.\(^{523}\) In addition, if the employee does not use the 15 days of military leave in a federal fiscal year, the employee is entitled to carry the balance forward to the next federal fiscal year, not to exceed 45 workdays.\(^{524}\)

### New Requirement

Senate Bill 1536 (83rd Legislature, Regular Session) amended Texas Government Code, by creating Chapter 437 to reorganize and revise certain statutory provisions relating to Texas military forces, which includes the Texas National Guard, the Texas State Guard, and any other military forces organized under state law. Senate Bill 1536 also revised certain statutory provisions related to the adjutant general and the Adjutant General’s Department and established the Texas Military Department as the state agency charged with administrative activities in support of Texas military forces. In addition, Senate Bill 1536 established that any reference in other state law to the Adjutant General’s Department means the Texas Military Department effective September 1, 2013.

State agencies and institutions of higher education are required to adjust the work schedule of an employee who is a member of the Texas National Guard or a reserve branch of the U.S. Armed Forces so that two of the employee’s days off each month coincide with two days of military duty.\(^{525}\)

An employee called to active duty during a national emergency to serve in a reserve component of the U.S. Armed Forces under Title 10 or Title 32 of the United States Code is entitled to an unpaid leave of absence. The employee may choose (but is not required) to use all or some portion of another form of paid leave before he or she chooses to go on leave without pay while on military leave.\(^{526}\)

A state employee called to state active duty as a member of the state military forces by the Governor because of an emergency is entitled to receive emergency leave without loss of military or vacation

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\(^{522}\) Texas Government Code, Section 437.202 (a) (formerly Section 431.005 (a)), as amended by Senate Bill 1536 (83rd Legislature, Regular Session).


\(^{524}\) Texas Government Code, Section 437.202 (b) (formerly Section 431.005 (a)), as amended by Senate Bill 1536 (83rd Legislature, Regular Session).

\(^{525}\) Texas Government Code, Section 658.008.

\(^{526}\) Texas Government Code, Section 661.904.
leave.  This leave will be provided without a deduction in salary.  This time is not limited and does not count against the 15 days maximum military leave per federal fiscal year.

A state employee called to federal active duty for the purpose of providing assistance to civil authorities in a declared emergency or for training for that purpose is entitled to receive paid emergency leave for not more than 22 workdays without loss of military leave or vacation leave per calendar year.

A member of the state military forces who is ordered to active state duty by the Governor or by other proper authority under Texas law is entitled to the same benefits and protections provided:

- To persons performing service in the uniformed services in accordance with Title 38, United States Code, Sections 4301–4313 and Sections 4316–4319, as that law existed on April 1, 2003; and
- To persons in the military service of the United States in accordance with Title 50, United States Code, Appendix Sections 501–536, 560, and 580–594, as that law existed on April 1, 2003.

**Military Family Leave Entitlements**

On January 16, 2009, the Family and Medical Leave Act (FMLA) was amended to allow eligible employees to take up to 12 weeks of job-protected leave in the applicable 12-month period for any “qualifying exigency” arising out of the active duty or call to active duty status of a spouse, son, daughter, or parent.

In addition, the amendment to the FMLA also allows eligible employees to take up to 26 weeks of job-protected leave in a single 12-month period to care for a covered service member with a serious injury or illness. Those two new types of FMLA leave are known as the “military family leave entitlements.”

See Chapter 4 (Federal Requirements: Fair Labor Standards Act and the Family and Medical Leave Act) and Chapter 11 (General Leave Provisions) for additional information on the Family and Medical Leave Act and Parental Leave, respectively.

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527 Texas Government Code, Sections 437.254 (a) and 437.305 (formerly Section 431.0825), as amended by Senate Bill 1536 (83rd Legislature, Regular Session).

528 Texas Government Code, Section 661.903.

529 State Auditor’s Office Leave Interpretation Letter, No. 98-06.

530 Texas Government Code, Section 437.254 (b) (formerly Section 431.0825 (b)), as amended by Senate Bill 1536 (83rd Legislature, Regular Session).

531 Texas Government Code, Section 437.213 (formerly Section 431.017), as amended by Senate Bill 1536 (83rd Legislature, Regular Session).


Paid Leave and State Service

Employees called to active duty during a national emergency to serve in a reserve component of the U.S. Armed Forces under Title 10 or 32 of the United States Code are entitled to state service for longevity purposes, vacation leave accruals, and sick leave accruals while on an unpaid leave of absence. This leave will be accrued but not posted until the employee returns to state employment. In addition, the employee retains his or her leave balances unless the employee chooses to use any accrued vacation leave, compensatory time, or overtime leave to maintain benefits for the employee or the employee’s dependents while on military duty.\(^{534}\)

Additionally, the employee may continue to accrue service credit with the Employees Retirement System by receiving at least one hour of state pay during each month of active military service. The employee may use any combination of paid leave to qualify for state pay.\(^{535}\)

Notice of Military Leave

USERRA requires that service members provide advance written or verbal notice to their employers for all military duty unless giving notice is impossible, unreasonable, or precluded by military necessity.\(^{536}\)

Military Pay Differentials

The executive officer of a state agency or institution of higher education must grant emergency leave to provide a pay differential if an employee’s military pay is less than the employee’s state gross pay. The combination of military pay and emergency leave may not exceed the employee’s actual state gross pay. Pay received while assigned to a combat zone, hardship duty pay, and family separation pay is excluded when computing military differential pay.\(^{537}\)

The state agency or institution of higher education should inform activated state employees of the agency’s or institution’s intent to use emergency leave to supplement their military pay to raise it to a rate comparable to the state pay received prior to activation.

Only state employees called to active duty in support of a national emergency or Homeland Security mission (under United States Code, Title 10 or Title 32) and whose military pay is less than their gross state pay are eligible for differential pay. Service members involved in routine military training or who are attending military schools are not entitled to this differential pay.\(^{538}\)

\(^{534}\) Texas Government Code, Section 661.904 (a), (b), (c), and (d).

\(^{535}\) Texas Government Code, Section 661.904 (f); and Texas Office of the Attorney General, Opinion MW-109 (1979).


\(^{537}\) Texas Government Code, Section 661.9041.

If emergency leave is granted to state employees activated for military duty, those employees will accrue sick leave and vacation leave each month they receive pay from the state agency or institution of higher education. The sick and vacation hours will be accrued but not posted until the employee returns to full employment with the state agency.  

**Determining Eligibility**

To determine eligibility, state agencies and institutions of higher education should request a copy of the employees’ Military Leave and Earnings Statement each month that emergency leave is going to be granted to look at the total entitlement of military pay received by the service members. The service members’ pay may change during the period of active duty because of a promotion or change in entitlements; any increase in pay may reduce or cease the need for state military differential pay.

**Returning Service Members**

A state employee who (1) is a member of the state military forces, a reserve component of the U.S. Armed Forces, or a member of a state or federally authorized urban search and rescue team and (2) who is ordered to duty by the proper authority is entitled, when relieved from duty, to be restored to the position that the employee held when ordered to duty or to a position of similar seniority, status, and pay.

USERRA also requires that reasonable efforts (such as training or retraining) be made to enable returning service members to refresh or upgrade their skills to help them qualify for reemployment.

Under state and federal law, to be eligible for reemployment, the employee must be discharged, separated, or released from active military service under honorable conditions no later than five years after induction, enlistment, or call to duty. In addition, under state law, the employee must be physically and mentally qualified to perform the duties of the job. If an employee is unable to perform the duties of the previous job due to a service-related disability, the veteran is entitled to be restored to a position that he or she can perform with similar or the nearest possible seniority, status, and pay.

Veterans whose employment has been restored may not be dismissed without cause within a year of their reinstatement.

**Applications for Reemployment**

Under state law, eligible veterans must apply for reinstatement within 90 days after discharge or release from service. The application must be made in writing to the head of the state agency or institution of higher education and must include evidence of discharge under honorable conditions.

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539 Texas Government Code, Sections 661.152 (j) and 661.202 (k).
541 Texas Government Code, Section 613.002.
544 Texas Government Code, Section 613.003.
545 Texas Government Code, Section 613.005.
Entitlement to Retirement or Other Benefits

An individual reemployed is considered to have been on furlough or leave of absence during the time that the individual was in military service. As such, the employee may participate in retirement or other benefits to which a public employee is or may be entitled.\(^{547}\)

Veterans’ Employment Preference

An individual who qualifies for a veterans’ employment preference is entitled to a preference in employment over other applicants who do not have a greater qualification for the same position.\(^{548}\) A veteran is defined as an individual who served in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard or in an auxiliary service of one of those branches of the U.S. Armed Forces.\(^{549}\)

A veteran qualifies for a veterans’ employment preference if the veteran meets all of the following conditions:

- Served in the military for not less than 90 consecutive days during a national emergency declared in accordance with federal law or was discharged from military service for an established service-connected disability.
- Was honorably discharged from military service.
- Is competent.\(^{550}\)

Individuals entitled to veterans’ employment preference are not disqualified from holding positions with state agencies or institutions of higher education because of age or an established service-connected disability if the age or disability does not make the individual incompetent to perform the duties of the position.\(^{551}\)

Veterans’ employment preference does not apply to private secretaries or deputies of state officials, nor does it apply to people holding a strictly confidential relationship to the appointing or employing official.\(^{552}\)

State agencies and institutions of higher education are required to provide to the Texas Workforce Commission information regarding an open position that is subject to the hiring preference.\(^{553}\)

Service-Connected Disabilities

An individual who has an established service-connected disability and who qualifies for a veterans’ employment preference is entitled to preference for employment or appointment in a position for which a competitive examination is not held over all other applicants for the same position without a

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\(^{546}\) Texas Government Code, Section 613.004.

\(^{547}\) Texas Government Code, Section 613.006.

\(^{548}\) Texas Government Code, Section 657.003 (a).

\(^{549}\) Texas Government Code, Section 657.002 (c).

\(^{550}\) Texas Government Code, Section 657.002 (a).

\(^{551}\) Texas Government Code, Section 657.003 (d).

\(^{552}\) Texas Government Code, Section 657.003 (e).

\(^{553}\) Texas Government Code, Section 657.009 (a).
service-connected disability and who do not have a greater qualification.¹⁵⁴  An “established service-connected disability” means a disability that has been or may be established by official records.¹⁵⁵

**Spouse and Orphans**

A veteran’s surviving spouse who has not remarried and an orphan of a veteran qualify for a veterans’ employment preference if all of the following conditions are met:

- The veteran was killed while on active duty.
- The veteran served in the military for not less than 90 consecutive days during a national emergency declared in accordance with federal law.
- The spouse or orphan is competent.¹⁵⁶

**Employment Preference Requirements for Public Entities**

A state agency or institution of higher education is required to give preference in hiring to individuals entitled to a veterans’ employment preference so that at least 40 percent of the employees are selected from individuals given that preference. In filling vacancies, a state agency or institution of higher education that does not have 40 percent of its employees who are entitled to the preference is required to give preference to individuals entitled to a veterans’ employment preference until at least 40 percent of its employees are entitled to the preference.¹⁵⁷

When possible, a state agency or institution of higher education is required to give 10 percent of the preferences it grants to qualified veterans discharged from the U.S. Armed Forces within the 18 months preceding the filling of the vacancy. If at least 40 percent of an agency’s or institution’s employees are entitled to the preference, the agency or institution is exempt from employment preference requirements.¹⁵⁸

**State Employment Forms**

All state agency and institution of higher education employment forms prescribed by the Texas Workforce Commission must include a statement regarding the veterans’ employment preference until the agency’s or institution’s workforce is composed of at least 40 percent veterans.¹⁵⁹

**Employment Investigation**

Prior to hiring an individual who qualifies for a veterans’ employment preference, a state agency or institution of higher education must investigate the qualifications of the applicant for the position. If the applicant is of good moral character and can perform the duties of the position, the individual whose duty it is to make appointments or employment decisions must appoint or employ the applicant.

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¹⁵⁴ Texas Government Code, Section 657.003 (b).
¹⁵⁵ Texas Government Code, Section 657.001 (1).
¹⁵⁶ Texas Government Code, Section 657.002 (b).
¹⁵⁷ Texas Government Code, Section 657.004 (a).
¹⁵⁸ Texas Government Code, Section 657.004 (b) and (c).
¹⁵⁹ Texas Government Code, Section 656.027.
for the position. An applicant with an established service-connected disability must furnish the official records to the individual whose duty is to fill the position.\textsuperscript{560}

**Competitive Examinations**

If a state agency or institution of higher education requires competitive examinations as part of a civil service plan or merit system when selecting or promoting an employee, an individual is entitled to a veterans’ employment preference if the individual has received at least the minimum required score on the test. In such situations, the individual is entitled to have additional points added to the test score as provided by statute. In addition, an individual who has an established service-connected disability is entitled to have additional points added to the individual’s test score.\textsuperscript{561}

**Reductions in Force**

An individual who is entitled to a veterans’ employment hiring preference is also entitled to a preference in retaining employment if the state agency or institution of higher education that employs the individual reduces its workforce. This applies only to workforce reductions of employees of a similar type or classification as the individual who qualifies for the veterans’ preference and does not apply to veterans less qualified than employees who are not veterans.\textsuperscript{562}

**Appealing Employment Decisions Under Veterans’ Preference**

An individual entitled to a veterans’ employment preference that is aggrieved by a decision of a state agency or institution of higher education relating to the hiring of the individual, or relating to the retaining of the individual if the entity reduces its workforce, may appeal the decision by filing a written complaint with the agency’s or institution’s governing body.\textsuperscript{563}

The governing body that receives a written complaint is required to respond to the complaint no later than the 15th business day after it receives the complaint. The governing body may render a different hiring decision than the decision that is the subject of the complaint if the governing body determines that the veterans’ preference was not applied.\textsuperscript{564}

**Veterans’ Preference Reporting Requirements**

State agencies and institutions of higher education must file quarterly reports with the Comptroller of Public Accounts that state:

- The percentage of the total number of employees hired during the reporting period that are entitled to a veterans’ preference.
- The percentage of the total number of employees who are entitled to a veterans’ preference.

\textsuperscript{560} Texas Government Code, Section 657.005.
\textsuperscript{561} Texas Government Code, Section 657.003 (c).
\textsuperscript{562} Texas Government Code, Section 657.007; and Texas Office of the Attorney General, Opinion DM-422 (1996).
\textsuperscript{563} Texas Government Code, Section 657.010 (a).
\textsuperscript{564} Texas Government Code, Section 657.010 (b).
The number of complaints filed with the governing body during that quarter and the number of complaints resolved by the governing body.565

Annually, the Comptroller of Public Accounts files a report with the Legislature that compiles and analyzes the information that the Comptroller of Public Accounts received from agencies’ and higher education institutions’ quarterly reports.566

565 Texas Government Code, Section 657.008 (a).
566 Texas Government Code, Section 657.008 (b).
Insurance Overview

The State of Texas provides a comprehensive benefits program for employees in state agencies and institutions of higher education. Health insurance for most employees is available through the Employees Retirement System (ERS). Exceptions include employees of the University of Texas and Texas A&M University systems, which provide their own insurance programs for employees.567

In addition to health insurance, state employees have access to other types of insurance such as dental, life, supplemental life, dependent life, short- and long-term disability insurance, accidental death and dismemberment, and flexible health and dependent care reimbursement accounts. Although the majority of these programs are paid for by the employee, the State negotiates and coordinates benefits for which the employees may participate.

State employees who have other health insurance comparable to what the State provides may drop the Texas Employees Group Benefits Program health insurance and receive a Health Insurance Opt-Out Credit. Full-time employees may receive up to a $60 credit per month and part-time employees may receive up to a $30 credit to be used towards the cost of certain optional coverage.568

Detailed information on state insurance programs is available through the ERS Web site at www.ers.state.tx.us.

Employee Insurance Benefits

The Texas Employees Group Benefits Program is intended to provide health, life, and accident insurance benefits to all employees of the State and their eligible dependents.569 Except for the conditions discussed in the Texas Insurance Code, no employee of a state agency or institution of higher education may be denied coverage unless the employee waives this coverage.570

There are two types of medical plans in the Texas Employees Group Benefits Program: HealthSelect and health maintenance organizations (HMOs). When employees enroll in either of these plans, they automatically receive a basic group term life insurance policy paid for by the State.

Waiting Period for Health Insurance Coverage

New employees’ eligibility for health insurance begins on the first day of the calendar month that begins after the 90th day after the date the employee performs services for a state agency or is qualified for and begins to hold elected or appointed office. Effective September 1, 2014, new employees’ eligibility for health insurance begins not later than the 90th day after the date the

567 Texas Insurance Code, Section 1551.006 (b).
569 Texas Insurance Code, Section 1551.002 (1).
570 Texas Insurance Code, Sections 1551.104 and 1551.1045.
employee performs services for a state agency or is qualified for and begins to hold elected or appointed office.  

<table>
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<th>New Requirement</th>
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<td>The 83rd Legislature enacted legislation making new employees eligible for health insurance not later than the 90th day after the date the employee performs services for a state agency or is qualified for and begins to hold elected or appointed office. This new requirement takes effect September 1, 2014.</td>
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**Dependent Coverage**

An employee or retiree can secure for his or her eligible dependents any uniform coverage provided for employees by the Texas Employees Group Benefits Program. A dependent of an active or retired employee includes:

- A spouse.
- An unmarried child under the age of 26 years.
- A child of any age who the ERS Board of Trustees determines lives with or whose care is provided by the employee on a regular basis if the child is mentally or physically incapacitated to the extent that the child is dependent on the employee for care or support.
- A ward, as defined by Texas Probate Code, Chapter 601, who is 26 years of age or younger.  

In addition, an unmarried child who meets the definition of dependent for the purposes of health benefit coverage under the Texas Employees Group Benefits Act and whose coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) has expired may be eligible for health and dental coverage indefinitely as a Former COBRA Unmarried Child.  

- A natural child, adopted child, stepchild, foster child, or child in the possession of a participant (defined as an eligible individual participating in the group benefits program according to Texas Insurance Code, Chapter 1551) who is designated as managing conservator of the child under an irrevocable or unrevoked affidavit of relinquishment under Texas Family Code, Chapter 161.
- A child who is related by blood or marriage and was claimed as a dependent on the federal income tax return of an individual who is eligible to participate in the group benefits program. The child must be claimed as a dependent on the federal income tax return (1) for the calendar year preceding the plan year in which the child is first enrolled as a dependent and (2) for each

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571 Texas Insurance Code, Section 1551.1055 (a), as amended by Senate Bill 1459 (83rd Legislature, Regular Session).
572 Texas Insurance Code, Section 1551.004 (a), as amended by House Bill 2155 (83rd Legislature, Regular Session).
573 Texas Insurance Code, Section 1551.004 (a) (4).
The child is born in the year in which the child is first enrolled; or

- The participant can demonstrate good cause for not claiming the child as a dependent in the preceding calendar year.575

An unmarried child, whose coverage ended when the child became 26 years of age, is eligible for reinstatement of coverage upon the expiration of his or her benefits under COBRA, but at a rate sufficient to cover the entire cost of the coverage. The full cost of this coverage will be paid by the child or the child’s participating parent. Coverage terminates at the end of the month in which the child marries.576

Cafeteria Plan

The Texas Employees Group Benefits Program may also include a cafeteria plan that allows the employee to pay premiums, health care expenses, and dependent care expenses on a pre-tax basis. If the cost of coverage exceeds the amount of the State’s contribution, the difference will be deducted from the employee’s pay or retirement benefits.577 To participate, each employee must be enrolled in the premium conversion benefit portion of the plan.578

State Contributions for Health Insurance

An employee is considered full-time if he or she is designated to work 30 or more hours in a workweek. A part-time employee is defined as a person designated to work less than 30 hours in a workweek.579

For full-time employees, the State pays all of the health insurance and basic life premiums and 50 percent of dependents’ health premium. The State pays half of the health insurance and basic life premiums for part-time employees and 25 percent of the dependents’ health premium.580 The State pays half of the health insurance and basic life premiums for eligible employees of certain public junior colleges or public junior college districts.581 The ERS Board of Trustees, in coordination with the Legislative Budget Board, establishes the amount of the state’s contribution no later than November 1 proceeding each regular session of the Legislature.582 State contributions to group insurance costs can be found on the ERS Web site at http://www.ers.state.tx.us.

574 Texas Insurance Code, Section 1551.004 (b), as amended by House Bill 1459 (83rd Legislature, Regular Session).
575 Texas Insurance Code, Section 1551.004 (c).
576 Texas Insurance Code, Section 1551.004 (a), and Texas Insurance Code, Section 1551.158, as amended by Senate Bill 1459 (83rd Legislature, Regular Session).
577 Texas Insurance Code, Section 1551.206.
578 Texas Insurance Code, Section 1551.207.
579 Texas Insurance Code, Section 1551.003 (9) and (11), as amended by Senate Bill 1459 (83rd Legislature, Regular Session).
580 Texas Insurance Code, Section 1551.319 (a) and (b); and New Employee Benefits Guide, Employees Retirement System’s Web site at http://www.ers.state.tx.us.
581 Texas Insurance Code, Section 1551.3111, as amended by Senate Bill 1812 (83rd Legislature, Regular Session).
582 Texas Insurance Code, Section 1551.311, as amended by Senate Bill 1812 (83rd Legislature, Regular Session).
In addition, beginning September 1, 2013, each state agency and institution of higher education (not including components within the University of Texas and Texas A&M University systems) is required to contribute an amount equal to 1.0 percent of the total base wages and salaries for each benefits-eligible employee of a state agency or institution of higher education to the Employees Retirement System’s Group Benefits Program. This requirement first began on September 1, 2011.  

**New Requirement**

The 83rd Legislature enacted legislation requiring the State to pay half of the health insurance and basic life premiums for eligible employees of certain public junior colleges and public junior college districts.

### Prescription Drug Benefits

All individuals who are covered by state health insurance plans have access to prescription drug benefits. Each individual must satisfy a $50 deductible during each plan year before benefits and co-payments begin. The amount of each co-payment depends upon the category or tier of prescription drugs covered in each plan.

### Dental Insurance

All individuals who are eligible for state insurance plans have access to optional dental insurance. There are two plans available to employees with different costs, benefits, service areas, and participating dentists. Neither plan requires evidence of insurability.

### Tobacco User Premium Differential

Each participant in a health benefit plan provided under the group benefit program who uses one or more tobacco products will be assessed a monthly tobacco user premium. The amount of the monthly premium differential is $30 per tobacco user covered by the state health plan per member tier. An employee or a covered family member who uses tobacco will pay $30 per user per tier up to a maximum of $90 more each month for health insurance.

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583 General Appropriations Act (83rd Legislature), Article IX, Section 17.05; and Fiscal Policies and Procedures, Payroll Contribution for Group Health Insurance, Office of the Comptroller of Public Accounts’ Web site at https://fmx.cpa.state.tx.us/fmx/payper/contribution/.

584 Employees Retirement System’s Web site at http://www.ers.state.tx.us/Employees/Insurance/Prescription_Drugs/.


586 General Appropriations Act (83rd Legislature), Article I, Employees Retirement System, Rider 11.

Effective January 1, 2012, the tobacco user monthly premium breaks down to $30 per tobacco user (member, spouse, or child using tobacco); $60 for a member and spouse or a member and child both using tobacco; and $90 for a member, spouse, and child using tobacco. In addition, prescription drugs that aid participants in stopping the use of tobacco products are covered by the Texas Employees Group Benefits Program.  

A state contribution may not be made for or used to pay a tobacco user premium differential. Employees are responsible for paying the tobacco user premium differential.

Additional information on cessation programs can be found on ERS's website at http://www.ers.state.tx.us/.

**Employee Life and Disability Insurance**

State employees have the option of enrolling in various life and disability insurance plans. New employees (within the first 31 days on the job) may sign up for these benefits without evidence of insurability. Current employees may have to provide additional information prior to participating in these plans.

The State provides basic group term life coverage of $5,000 for current employees and $2,500 for retirees at no cost. Optional group and dependent term life programs may be purchased to supplement this plan. Accidental death and dismemberment, and short- and long-term disability insurance are also available. All of these plans include provisions in the event of the death of an employee or retiree.

**Accelerated Payment of Life Insurance Benefits**

The board of trustees of the Texas Employees Group Benefits Program may adopt rules to pay accelerated life insurance benefits to terminally ill, terminally injured, or permanently disabled participants including an annuitant participating in optional term life insurance in amounts that benefit the participant without increasing the cost of providing the benefits. The amount of any payment will be deducted from the amount of the death benefit.

**Law Enforcement Officers and Firefighters Survivor Benefits**

The Legislature is empowered to provide assistance payments to survivors of eligible peace officers, probation officers, parole officers, correctional officers, Department of Public Safety officers, Department of Parks and Wildlife officers, firefighters, chaplains, and other eligible employees who died as a result of a personal injury sustained in the line of duty. A surviving spouse may receive $250,000 from the State. If there is no eligible spouse, the payment will be distributed in equal shares to the children. Without a spouse or child, the surviving parents receive $250,000 in equal shares.

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589 Texas Insurance Code, Section 1551.226 (b).

590 Texas Insurance Code, Section 1551.314 (2).


592 Texas Insurance Code, Section 1551.254.

593 Texas Government Code, Section 615.003, as amended by Senate Bill 396 (83rd Legislature, Regular Session), and Section 615.021.

594 Texas Government Code, Section 615.022.
Additional benefits may be available from the federal government through the Public Safety Officers’ Benefits Program managed through the U.S. Department of Justice.\footnote{U.S. Department of Justice’s Public Safety Officers’ Benefits Program Web site at https://www.psob.gov/index.html.}

A surviving spouse and/or minor child is eligible to receive education benefits. An eligible beneficiary may enroll as a full-time student at a public institution of higher education and be exempt from all tuition and fees until the student receives a bachelor’s degree or 200 credit hours, whichever comes first. This benefit extends to on-campus housing, meals, and the cost of textbooks.\footnote{Texas Education Code, Section 54.354.}

The State will pay for funeral expenses and an annuity to an eligible beneficiary of an employee killed in the line of duty who had not qualified for payment under a retirement plan.\footnote{Texas Government Code, Section 615.121 (a).}

\textbf{Liability Insurance}

State agencies that own or operate motor vehicles, power equipment, aircraft, motor boat, or other watercrafts are authorized to provide liability insurance to employees who operate, maintain, or use the motor vehicle, power equipment, aircraft, motor boat, or other watercraft. If liability insurance is required but not provided, the employee may be reimbursed from agency funds for the amount spent on such insurance.\footnote{Texas Government Code, Section 612.002 (a) and (c).}
Chapter 16
Retirement

Retirement Overview

The State’s retirement plan is a defined benefit plan and offers defined contribution retirement plans to employees. Employees are covered under a defined benefit plan (or traditional pension plan) through the Employees Retirement System (ERS), the Teacher Retirement System (TRS), or the Judicial Retirement System of Texas (Plan I or Plan II). In some cases, eligible employees of institutions of higher education may elect to participate in the Optional Retirement Program (ORP) governed by the Higher Education Coordinating Board. An ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several companies through annuity contracts or mutual fund investments.599

Most state agency employees are covered through ERS. These employees also have the opportunity to contribute to defined contribution plans such as 401(k) or 457 accounts. These accounts can supplement the current state retirement plan and offer employees the option of choosing how they will invest their money. The purpose of this chapter is to introduce these plans and provide a brief overview of eligibility and plan benefits.

Retirement benefits for most higher education employees are processed through TRS. Employees who are covered by TRS, by Plan I or Plan II of the Judicial Retirement System, or who are independent contractors or employees of such contractors are not eligible to participate in the ERS retirement program.600

The information below primarily focuses on ERS policies, rules, procedures, and governing laws. These requirements and options may apply in some cases to employees covered by TRS or the Judicial Retirement System. Due to the complex nature of retirement benefits, employers and employees should refer to ERS and TRS for complete information.

Employees Retirement System (ERS)

The ERS retirement program is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code.601 This plan provides a lifetime level of retirement income based on a formula authorized by the State Legislature. The types of benefits payable by the retirement system are:

- Service retirement benefits.
- Disability retirement benefits (occupational or non-occupational disability).
- Death benefits.602

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600 Texas Government Code, Section 812.003.

601 Texas Government Code, Section 815.507; and Title 26, United States Code, Section 401 (a).

602 Texas Government Code, Section 814.001.
A state agency employee becomes a member of the ERS program starting on his/her 91st day of employment. Each employee who is a member of ERS is required to pay an annual membership fee. However, the Legislature has continued a long-standing tradition of appropriating funds to pay the membership fee.

Disability retirement benefits and death benefits are not covered within this chapter. Information regarding disability retirement benefits and death benefits can be found on ERS’ Web site at http://www.ers.state.tx.us.

In addition, effective September 1, 2014, the State of Texas will implement a tiered insurance contribution for retirees. Due to the complex nature of this change, employers and employees should consult the ERS for additional information.

Retirement Contributions

The Legislature establishes the State and employee retirement contribution rates biennially for various retirement systems and funds; these rates are set in the General Appropriations Act.

Beginning the first month after a state agency employee’s 90th day of employment with the State, an employee’s portion of the retirement contribution is deducted each month from the employee’s pay and deposited into an employee savings account. The State deposits its portion of the retirement contribution into a State Accumulation Account.

State agencies that employ a law enforcement officer or custodial officer are required to deduct an additional contribution from that employee’s compensation that must be deposited into the Law Enforcement and Custodial Officer Supplemental Retirement Fund (Fund). Deposits into the Fund also include the State’s contributions, other appropriations made by the State Legislature, and proceeds from investment of the Fund.

The employing agency is responsible for deducting the amount of the employee’s contribution from the employee’s pay. The deduction process requires no employee consent since the employee consents to the automatic deduction when he or she becomes a member of the ERS program.

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603 Texas Government Code, Section 812.003 (d).
604 Texas Government Code, Section 815.401 (a).
605 General Appropriations Act (83rd Legislature), Article I, Employees Retirement System, Rider 4 (a); and Texas Government Code, Section 815.401 (c).
607 Texas Government Code, Sections 815.402 (a), as amended by Senate Bill 1459 (83rd Legislature, Regular Session), and 815.311 (a).
608 Texas Government Code, Section 815.312 (a).
609 Texas Government Code, Section 815.402 (h).
610 Texas Government Code, Section 815.317 (a).
611 Texas Government Code, Section 815.402 (d).
612 Texas Government Code, Section 815.402 (g).
In addition, beginning September 1, 2013, each state agency is required to contribute an amount equal to 0.5 percent of the total base wages and salaries for each benefits-eligible employee of a state agency to the Employees Retirement System’s Retirement Program. Agencies should refer to the Office of the Comptroller of Public Accounts for more information regarding the additional payroll retirement contribution.

 Withdrawal of Contributions

Upon termination of employment, an individual who is a member of the Certified Peace Officer/Custodial Officer (CPO/CO) or regular employee class may withdraw his or her contributions made to the retirement plan. Withdrawal of contributions cancels membership in the retirement plan, service credit, and all rights to benefits. A member wanting to withdraw his or her contributions should consult with ERS or the agency with which the member was most recently employed.

 Classes of Membership

After the 90 day waiting period discussed on the previous page, employees of state agencies or elected officials become a member in one of the following classes of membership:

 Elected Class: Membership in the elected class is limited to:

- Persons who hold state offices normally filled by a statewide election and not included for coverage under the Judicial Retirement System of Texas Plan I or Judicial Retirement System of Texas Plan II.
- Members of the State Legislature.
- District and criminal district attorneys (to the extent that they receive salaries from the state general revenue fund).

 Employee Class: Membership in the employee class includes employees and appointed officers of state agencies and can be broken into the following two groups:

- CPO/CO Class: employee class service rendered while a law enforcement officer, custodial officer, or parole officer or caseworker.
- Regular Employee Class: employee class service rendered that is not considered CPO/CO service.

Within this chapter of the Inventory, we will refer mainly to the CPO/CO and regular employee class membership.

613 Texas Government Code, Section 815.4035, as amended by Senate Bill 1459 (83rd Legislature, Regular Session); and General Appropriations Act (83rd Legislature), Article IX, Section 17.13.


615 Texas Government Code, Section 812.002 (a).

616 Texas Government Code, Section 812.003, as amended by Senate Bill 1459 (83rd Legislature, Regular Session); and Planning Your Retirement, Employees Retirement System, January 2013.
Retirement Eligibility

A regular employee class member’s age and years of service credit determine his/her eligibility to retire. An employee who is a CPO engaged in criminal law enforcement activities of the Department of Public Safety, the Alcoholic Beverage Commission, the Parks and Wildlife Department, or the Office of Inspector General at the Juvenile Justice Department or who is a CO, as defined by the Texas Government Code, Section 811.001 (8), are included in the CPO/CO membership class and have different retirement eligibility requirements. However, similar to a regular employee class member, a CPO’s/CO’s age and established years of service credit determine the CPO’s/CO’s eligibility to retire.

Refer to the ERS Web site at http://www.ers.state.tx.us for information on retirement eligibility for regular employee class members and for CPO/CO class members.

Establishing Service Credit

Membership in ERS’ regular employee or CPO/CO class begins on the 91st day after the first day a person is employed or holds office. Employees receive a full month’s retirement credit when a retirement contribution is deducted from a paycheck and deposited into ERS. However, service credit toward an employee’s eligibility for retirement may be established in other ways. If eligible, these may be:

- Vacation and sick leave.
- The transfer of service credit.
- Purchase of withdrawn service.
- Purchase of unestablished service.
- Purchase of waiting period service.
- Purchase of military service.
- Purchase of additional service.

Additional information regarding the use of vacation and sick leave, transfer of service credit, and the purchase of service credit and payment options can be found on the ERS Web site at http://www.ers.state.tx.us.

617 Texas Government Code, Section 814.104 (a) and (d); Planning Your Retirement, Employees Retirement System, January 2013; and New Employee Benefits Guide Plan Year 2013, Employees Retirement System.
618 Texas Government Code, Section 814.104 (b); and Planning Your Retirement, Employees Retirement System, January 2013.
619 Texas Government Code, Section 812.003 (d).
Determining the Standard Service Retirement Annuity

An employee who is a CPO/CO or regular employee class member and who retires from the State of Texas receives a monthly payment based on his or her average salary and years of creditable service. This amount is called an “annuity” and does not depend on the amount of money in the retiree’s account. However, an employee’s hire date affects the annuity computation. In addition, an employee’s annuity may also be reduced if he or she retires before the regular retirement age.

Consult the ERS Web site at http://www.ers.state.tx.us for the different annuity formulas and age requirements.

Proportionate Retirement Program

The State provides proportionate retirement benefits to qualified members who have service credit in more than one retirement system. These participating retirement systems are the ERS, the TRS, and the Judicial Retirement System of Texas Plan I and Plan II. Certain municipal employees may also elect to join this program.

Each retirement system will pay benefits based upon only the service and salaries established in that system.

For the purpose of determining whether a person meets a system’s length-of-service requirements for retirement benefits, the person's combined service credit must be considered as if it were all credited in each system.

Additional information on eligibility for proportionate retirement benefits can be found on the ERS Web site at http://www.ers.state.tx.us.


623 Texas Government Code, Sections 814.105 and 814.107, as amended by Senate Bill 1459 (83rd Legislature, Regular Session); New Employee Benefits Guide Plan Year 2013, Employees Retirement System; and The 83rd Legislative Session Brings Changes to ERS Benefits, Employees Retirement System, http://www.ers.state.tx.us/About_ERS/Legislative/.

624 Texas Government Code, Sections 814.105 (d) and 814.107 (c), as amended by Senate Bill 1459 (83rd Legislature, Regular Session); New Employee Benefits Guide Plan Year 2013, Employees Retirement System; and The 83rd Legislative Session Brings Changes to ERS Benefits, Employees Retirement System, http://www.ers.state.tx.us/About_ERS/Legislative/.


626 Texas Government Code, Sections 803.201 (a) and 803.302 (b).

627 Texas Government Code, Sections 805.002 (a), 805.004, and 803.201 (a); and Planning Your Retirement, Employees Retirement System, January 2013.
Resumption of State Service by a Retiree

An employee who retired on or after May 31, 2009, may not return to work in a position in the employee class of membership before the 90th day after the original retirement date. In addition, state agencies are required to pay into the retirement system an amount equal to the amount of the state contribution for active members for a person who retired on or after September 1, 2009, from the employee class and then was rehired as a retiree in a position that would otherwise include membership in the employee class.

A retiree from another system, such as TRS, who returns to work for a state agency under ERS contributes the employee portion of his/her monthly pay to an ERS retirement account.

An employee who retires from another statewide retirement system should refer to that system to find out if returning to state employment will affect his/her annuity.

A retiree must notify the employing agency that he/she is a retiree and is no longer eligible to be an active member of ERS. Both the retiree and his/her employer must notify ERS in writing of the date that the retiree returns to work. An employee taking a position in another class of membership or serving as an independent contractor may continue to receive retirement benefits.

Retirement must be canceled and membership in a retirement system reinstated if the member holds a position in the class from which he or she retired during the calendar month following retirement. If a person establishes that service credit received after retirement was the result of an oversight or an error on the part of the employee’s department, the member may petition the executive director for relief.

Additional information on return-to-work retirees can be found on the ERS Web site at http://www.ers.state.tx.us.

Deferred Compensation

In addition to a state employee’s established ERS pension plan, an employee has the opportunity to save a portion of his or her income by making traditional pre-tax or Roth after-tax contributions to a deferred compensation plan.

An institution of higher education may create and administer a 457 plan. Institutions of higher education may contract with other institutions of higher education to create a single plan for their employees.

628 Texas Government Code, Section 812.205.
629 Texas Government Code, Section 812.206.
631 Texas Government Code, Sections 812.202 and 812.204.
632 Texas Administrative Code, Title 34, Section 73.7.
633 Planning Your Retirement, Employees Retirement System, January 2013; and Texas Government Code, Section 609.005.
634 Texas Government Code, Section 609.702.
Under the TexaSaver Program, there are two types of deferred compensation plans available: a 401(k) and a 457. The deferred compensation plans also have “catch-up” provisions that allow employees who meet the eligibility requirements to make up for lost time.  

### 401(k) Plan

The 401(k) plan allows an employee to defer from 1 percent to 99 percent of 401(k) eligible compensation, with a minimum of 1 percent per month contribution (the maximum contribution amounts are established each year by the Internal Revenue Service (IRS)). An employee age 50 and over may defer more to the plan than younger employees but may not exceed the yearly maximum set by the IRS. This plan allows an employee to borrow against these funds, as well as roll them over to another investment vehicle such as an individual retirement account.

An employee who begins state employment on or after January 1, 2008, automatically participates in a 401(k) plan unless the employee elects not to participate in the plan. The contribution is made by automatic payroll deduction and represents 1 percent of an employee’s pay. Unless otherwise directed by the employee, this contribution is placed in a default investment product selected by the board of trustees for ERS.

An employee participating in a 401(k) plan under this legislation may elect to end participation in the 401(k) plan, to contribute to a different investment product, or to contribute a different amount to the plan.

A state agency participating in a 401(k) plan is required to inform new hires of their automatic enrollment in a 401(k) account and their right to opt-out of enrollment. This information should be included as part of the new employee orientation process. State agencies participating in a 401(k) plan must maintain a record of a new hire’s acknowledgement of receipt of information regarding the ability to opt-out of enrollment in a 401(k) plan.

### 457 Plan

The 457 plan is a voluntary retirement plan that allows an employee to defer a dollar amount of his/her salary toward retirement savings and pay taxes later on the contributions and earnings. The employee decides how to invest his/her contributions among choices offered in the plan and must elect a dollar amount for a 457 plan with a minimum of $20 per month. As with the 401(k) plan, an employee age 50 and over may defer more to the plan than younger employees but may not exceed the yearly maximum set by the IRS. This plan allows an employee to borrow against these funds, as well as roll them over to another investment vehicle such as an individual retirement account.

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637 Texas Government Code, Section 609.5025 (b) and (c).
638 Texas Government Code, Section 609.5025 (d).
639 Texas Government Code, Section 609.5025 (h).
Chapter 17
Additional Benefits

Awards and Gifts

State agencies and institutions of higher education are authorized to use appropriated funds to purchase and present awards to employees for professional achievement or outstanding service. The cost of each award must not exceed $100. 642

State agencies and institutions of higher education that have established a volunteer program may use appropriated funds to purchase awards for special achievements or outstanding service to be presented to a volunteer. Such awards must not exceed a value of $50 and are limited to certificates, plaques, pins, or other similar awards. 643

Employee Health and Wellness Programs

Health Fitness and Education Programs

A state agency and institution of higher education may use available public funds for health fitness education and activities and other costs related to health fitness. In addition, available facilities may be used for health fitness programs. 644

Such programs are designed to encourage and create a condition of health fitness in state employees and serve important purposes including:

- An understanding and reduction of the risk factors associated with society’s most debilitating diseases.
- The development of greater work productivity and capacity.
- A reduction in absenteeism.
- A reduction of health insurance costs.
- An increase in the general level of fitness. 645

State agencies and institutions of higher education are encouraged to enter into agreements with other state, local, or federal agencies, including state-supported institutions of higher education, to present, join in presenting, or participate jointly in health fitness education or activity programs for state employees. 646

642 Texas Government Code, Section 2113.201.
644 Texas Government Code, Section 664.004.
645 Texas Government Code, Section 664.002.
646 Texas Government Code, Section 664.005.
Wellness Programs

The Department of State Health Services must designate a wellness coordinator to create and develop a model statewide wellness program to improve the health and wellness of state employees.647

The statewide wellness coordinator is responsible for:

- Coordinating with other agencies and institutions of higher education that administer a health benefits program to develop the model wellness program, preventing duplication of efforts, providing information and resources to employees, and encouraging the use of wellness benefits included in the health benefits program.

- Maintaining a set of Internet links to health resources for use by employees.

- Designing an outreach campaign to educate employees about health and fitness-related resources.

- Studying the implementation and participation rates of state agency and institutions of higher education worksite wellness programs and reporting the findings to the Legislature.

- Organizing an annual conference for all state agency and institution of higher education wellness councils.648

State agencies and institutions of higher education must designate an employee to serve as the wellness liaison between the agency or institution of higher education and the statewide wellness coordinator. A state agency or institution of higher education may develop a wellness program designed to increase work productivity and capacity and to reduce health insurance costs, or it can implement a wellness program based on the model program or components of the model program.649

The 83rd Legislature enacted legislation allowing a state agency or institution of higher education the option to develop a wellness program or to implement a wellness program based on the statewide model program or components of the model program.649

The Executive Commissioner of the Health and Human Services Commission must create a worksite wellness advisory board consisting of 13 members.650 The board is responsible for advising the Department of State Health Services, the Executive Commissioner of the Health and Human Services Commission, and the statewide wellness coordinator on worksite wellness issues including:

- Funding and resource development for worksite wellness programs.

- Identifying food service vendors that successfully market healthy foods.

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647 Texas Government Code, Section 664.053 (a).
648 Texas Government Code, Section 664.053 (b).
649 Texas Government Code, Section 664.053 (d) and (e), as amended by House Bill 2020 (83rd Legislature, Regular Session).
650 Texas Government Code, Section 664.054 (a).
- Best practices for worksite wellness used by the private sector.
- Worksite wellness features and architecture for new state buildings similar to those used by the private sector.\(^{651}\)

A state agency or institution of higher education may develop a wellness council composed of employees and managers to promote worksite wellness. The worksite council may undertake the following:

- Increasing employee interest in worksite wellness.
- Developing and implementing policies to improve agency or institution of higher education infrastructure to allow for increased worksite wellness.
- Involving employees in worksite wellness programs.\(^{652}\)

The wellness council may identify best practices for worksite wellness and report the practices to the wellness advisory board annually.\(^{653}\)

A state agency or institution of higher education may allow its employees to participate in wellness council activities for two or more hours each month.\(^{654}\)

As part of agency or institution of higher education wellness policies, a state agency or institution of higher education may:

- Allow each employee 30 minutes during normal working hours to exercise three times a week.
- Allow all employees to attend on-site wellness seminars when offered.
- Provide eight hours of additional leave time each year to an employee who receives a physical examination and completes either an online health risk assessment tool or a similar health risk assessment conducted in person by a worksite wellness coordinator.
- Provide financial incentives, notwithstanding Texas Government Code, Section 2113.201, for participation in a wellness program developed by the agency or institution of higher education under Texas Government Code, Section 664.053 (e), after it has established a written policy with objective criteria for providing the incentives.
- Offer on-site clinic or pharmacy services.
- Adopt additional wellness policies as determined by the agency or higher education institution.\(^{655}\)

\(^{651}\) Texas Government Code, Section 664.059.
\(^{652}\) Texas Government Code, Section 664.060 (a) and (b).
\(^{653}\) Texas Government Code, Section 664.060 (f).
\(^{654}\) Texas Government Code, Section 664.060 (d).
\(^{655}\) Texas Government Code, Section 664.061 (a), as amended by House Bill 2020 (83rd Legislature, Regular Session).
New Requirement

The 83rd Legislature enacted legislation allowing a state agency or institution of higher education, as part of its wellness policies, to provide financial incentives to employees for participation in a wellness program developed by the state agency or institution of higher education, offer on-site clinic or pharmacy services, and adopt additional wellness policies as determined by the state agency or institution of higher education.

Health Services Pilot Program

To reduce the cost of health care and increase the wellness and productivity of state employees, the Employees Retirement System must develop and implement a pilot program to provide on-site health services at a selected location to state employees who choose to use the services.\(^656\)

The pilot program will provide the following:

- A licensed advanced practice registered nurse or licensed physician assistant who is employed or contracted by the State and will be located at a state office complex.
- A licensed physician who is employed by a state governmental entity for purposes other than the pilot program or is contracted by the State who will delegate to and supervise the advanced practice registered nurse or physician assistant.
- Appropriate office space and equipment to provide basic medical care to employees.
- Professional liability insurance covering services provided.\(^657\)

The Employees Retirement System may continue or expand the pilot program to cover more state office complexes if the pilot program proves beneficial in meeting the health care needs of state employees and is economically beneficial.\(^658\)

New Requirement

The 83rd Legislature enacted legislation clarifying some requirements for the Health Services Pilot Program (Program). Under the amended requirements:

(1) the Program must provide a licensed advanced practice registered nurse or licensed physician assistant, and

(2) a licensed physician provided by the Program will delegate to and supervise the Program’s licensed advanced practice registered nurse or physician assistant.

\(^{656}\) Texas Government Code, Section 671.001 (a).

\(^{657}\) Texas Government Code, Section 671.001 (b), as amended by Senate Bill 406 (83rd Legislature, Regular Session).

\(^{658}\) Texas Government Code, Section 671.001 (e).
Employee Assistance Programs

An employee assistance program (EAP) offers employees help with personal concerns that may adversely affect job performance. An EAP is discretionary and is not required to be provided by a state agency or institution of higher education. The Office of the Comptroller of Public Accounts’ Web site provides guidance and required documentation for employee assistance programs at https://fmx.cpa.state.tx.us/fin/pubs/purchase/index.php.

Employee Break and Meal Periods

There is no state or federal law that requires or prohibits the establishment of breaks or meal periods. State agencies and institutions of higher education are free to generate their own policies in this area. Meal periods of 30 minutes or longer are not considered work time.659

Child Care Services

The Texas Facilities Commission (Commission) is responsible for developing a child care program that provides child care services for state employees. The Commission may establish methods to administer and supervise the child care program, and it must report to the Legislature no later than December 1 of each even-numbered year on the child care program’s development and progress and describe additional child care services that state employees need.660

The Commission is responsible for setting the number of children that a child care facility may serve. In addition, the Commission is responsible for monitoring the activities and operations of a child care facility by conducting regular visits during operating hours to investigate, inspect, and evaluate the services provided.661

The State may enter into an agreement with a state employee to reduce the employee’s salary by an amount to be paid for child care expenses. A state employee may request the salary reduction agreement and select the recipient for child care payments by filing a written request with the state agency or institution of higher education with which the employee is employed.662

New Requirement

The 83rd Legislature enacted legislation amending the due date to no later than December 1 of each even-numbered year for the Texas Facilities Commission’s (Commission) reporting to the Legislature on the development and progress of the child care program that the Commission administers and supervises.

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659 Title 29, Code of Federal Regulations, Sections 785.18 and 785.19.
660 Texas Government Code, Sections 663.101 and 663.052, as amended by Senate Bill 59 (83rd Legislature, Regular Session).
662 Texas Government Code, Section 610.011.
Memberships In and Dues for Professional Organizations

With the exception of a state library, a state agency or institution of higher education may not use appropriated money to pay for membership in or dues for a professional organization unless the administrative head or designee reviews and approves the expenditure.\textsuperscript{663}

Moving and Storage Expenses

A state agency or institution of higher education may use appropriated funds to pay expenses incurred in moving the household property of state employees who are:

- Reassigned from one headquarters to another if the state agency or institution of higher education determines that the best interests of the State will be served and the distance between headquarters is at least 25 miles; or

- Employed at a facility that is being closed or is undergoing a reduction in force if the employee accepts a position with the agency or institution of higher education at another headquarters that is at least 25 miles from the facility that is being closed or undergoing a reduction in force.\textsuperscript{664}

A state agency or institution of higher education must use State-owned equipment to move an employee if it is available. If not, the agency or institution of higher education may pay for the services of a transportation company or self-service vehicles to make the move.\textsuperscript{665}

A state employee is entitled to be reimbursed for expenses incurred in traveling by a personally owned or a leased motor vehicle for a move described above at the rate provided by the General Appropriations Act for business-related travel by the employee.\textsuperscript{666}

A state agency or institution of higher education may also pay for or reimburse a state employee for storage expenses incurred if the employee is required to live in state-owned housing and the housing is not available when the move is made.\textsuperscript{667}

The Department of Public Safety (Department) may use appropriated funds to pay the reasonable, necessary, and resulting costs of moving the household goods and effects of a commissioned peace officer the Department employed who is transferred from one designated headquarters to another, so long as the Department determines that the best interests of the State will be served by the transfer.\textsuperscript{668}

\textsuperscript{663} Texas Government Code, Section 2113.104.
\textsuperscript{664} Texas Government Code, Section 2113.204 (a).
\textsuperscript{665} Texas Government Code, Section 2113.204 (b).
\textsuperscript{666} Texas Government Code, Section 2113.204 (c).
\textsuperscript{667} Texas Government Code, Section 2113.204 (d).
\textsuperscript{668} General Appropriations Act (83rd Legislature), Article V, Department of Public Safety, Rider 11.
**State-Owned Housing**

There are certain situations in which the State provides housing for employees. This housing may be at a reduced cost or at no cost to employees based upon provisions in the General Appropriations Act.

Each state agency that provides employee housing must report annually to the Legislative Budget Board all employees who receive agency housing, the estimated fair market rental value of housing supplied by the agency, and the amount of revenue recovered.\(^{669}\)

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<tr>
<td>The 83rd Legislature enacted legislation amending the reporting requirements of state agencies that provide employee housing.</td>
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\(^{669}\) General Appropriations Act (83rd Legislature), Article IX, Section 11.04 (a).
Chapter 18
Training

Acquired Immune Deficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Awareness Education

Each state agency and institution of higher education must adopt and implement workplace guidelines concerning persons with AIDS and HIV infection. At a minimum, the guidelines should include the provisions within the model workplace guidelines developed by the Department of State Health Services.670

In addition, state agencies and institutions of higher education must annually provide an educational pamphlet to all employees about:

- Methods of transmission and prevention of HIV infection;
- State laws related to the transmission of HIV infection; and
- Conduct that may result in the transmission of HIV infection.671

This educational pamphlet should be provided to all newly hired state employees on their first day of employment.672 A model informational pamphlet can be obtained from the Department of State Health Services. The educational pamphlet must be based on the model developed by the Department of State Health Services and include the workplace guidelines adopted by the state agency or institution of higher education.673

A state agency listed in Texas Health and Safety Code, Section 85.113, must make available HIV education for clients, inmates, patients, and residents of treatment, educational, correctional, or residential facilities under the agency’s jurisdiction.674

For additional information, agencies and institutions of higher education can refer to the HIV/STD section of the Department of State Health Services’ Web site at http://www.dshs.state.tx.us/hivstd/default.shtm.

Equal Employment Opportunity (EEO) Compliance Training

State agencies and institutions of higher education that receive three or more discrimination complaints with merit in a fiscal year must provide comprehensive equal employment opportunity training to managers and supervisors. The training must be provided by the Civil Rights Division of the Texas Workforce Commission or by a person or entity approved by the Civil Rights Division. An agency or institution of higher education required to participate in the training must pay the cost of attending the training or reimburse the Texas Workforce Commission or state agency providing the training through an interagency contract. If the training is not provided by the Civil Rights Division,

670 Texas Health and Safety Code, Sections 85.012 and 85.112; and Texas Administrative Code, Title 25, Section 97.143 (c).
671 Texas Health and Safety Code, Section 85.111 (a).
672 Texas Health and Safety Code, Section 85.111 (b).
673 Texas Health and Safety Code, Section 85.111 (c) and (d).
674 Texas Health and Safety Code, Section 85.114.
documentation verifying this training must be provided to the Civil Rights Division. The
documentation should include the dates that the training was provided, the names of the persons
attending the training, an agenda for the training program, and the name of the entity or person
providing the training. The Texas Workforce Commission determines the minimum standards for the
training. 675

**Equal Employment Opportunity (EEO) Standards Training**

Each state agency and institution of higher education must provide employment discrimination
training, including employment discrimination involving sexual harassment, to its employees. New
employees must receive employment discrimination training no later than 30 days after the date of
hire. Employees who complete the training are required to sign a statement verifying their
completion of the training program. The agency or institution of higher education must file the
statement in the employee’s personnel file. 676

Additional employment discrimination and sexual harassment training is required for each employee
every two years after employment. The minimum standards for the training are determined by the
Texas Workforce Commission. 677

**Coordinated Technology Training**

In each calendar quarter, a state agency or institution of higher education must coordinate agency or
institution information technology training with the technology training offered or coordinated by the
Department of Information Resources. The agency or institution must use training offered or
coordinated by the Department of Information Resources if the training meets agency or institution
requirements and is cost-competitive. 678

**Training and Education Programs**

A state agency or institution of higher education may require an employee to attend a training or
education program if the training and education is related to the employee’s duties or prospective
duties. 679 For example, certain state agencies and institutions of higher education may have specific
training requirements authorized by statute or the General Appropriations Act.

A state agency or institution of higher education may spend appropriated funds to pay the salary,
tuition and other fees, travel and living expenses, training expenses, expense of training materials, and
other necessary expenses of an instructor, student, or other participant in a training or education
program. 680

675 Texas Labor Code, Sections 21.556 and 21.556 (e); and Texas Administrative Code, Title 40, Section 819.25.
676 Texas Labor Code, Section 21.010; and Texas Administrative Code, Title 40, Section 819.24.
677 Texas Labor Code, Section 21.010 (c) and (d); and Texas Administrative Code, Title 40, Section 819.24.
678 Texas Government Code, Sections 2054.122 and 2054.003 (4).
679 Texas Government Code, Section 656.045.
680 Texas Government Code, Section 656.047.
A state agency or institution of higher education must adopt rules relating to the eligibility of employees for training and education supported by the agency or institution of higher education, as well as rules relating to the obligations assumed by the employees receiving the training and education.\textsuperscript{681}

A state agency or institution of higher education may contract with another state, local, or federal department, agency, or institution of higher education to train or educate its employees or may join in presenting a training or educational program.\textsuperscript{682}

\textit{Training Policy Requirements}

The State Employees Training Act authorizes a state agency or an institution of higher education to use public funds to provide training and education to state employees. Such training or education is intended to be applicable to current or prospective duty assignments.\textsuperscript{583}

The Governor’s Office has provided general guidelines for the approval of the following:

- College degree programs, both undergraduate and graduate.
- Interagency training.
- Out-of-agency training.
- Internship training.\textsuperscript{684}

A state agency or institution of higher education may use public funds for a given fiscal year to pay expenses for training if it occurs during the fiscal year. To the extent that it is cost-effective, a state agency or institution of higher education may use money appropriated for a particular fiscal year to pay expenses for training that will occur partly or entirely during a different fiscal year.\textsuperscript{685}

A state agency’s or higher education institution’s training and educational program may include the following:

- Preparing for technological and legal developments.
- Increasing work capabilities.
- Increasing the number of qualified employees in areas designated by institutions of higher education as having an acute faculty shortage.
- Increasing the competence of state employees.\textsuperscript{686}

\textsuperscript{681} Texas Government Code, Section 656.048.
\textsuperscript{682} Texas Government Code, Section 656.049.
\textsuperscript{583} Texas Government Code, Sections 656.041 and 656.044.
\textsuperscript{685} Texas Government Code, Section 2113.205 (a).
\textsuperscript{686} Texas Government Code, Section 656.046.
Before funds for training may be expended, agencies and institutions of higher education must adopt a policy that requires training to specifically relate to an employee’s duties following the training.\footnote{687 Texas Government Code, Section 656.102.} If a state employee receives training that is paid for by a state agency or institution of higher education, and during the training period the employee does not perform his or her regular duties for three or more months as a result of the training, the agency or institution of higher education must require the employee to agree, in writing before the training begins, to certain conditions. For an employee, the conditions state that they must:

- Work for the agency or institution of higher education for at least one month following training, for each month of the training period, or
- Reimburse the agency or institution of higher education for all costs related to the training that were paid during the training period, including salary for hours that were paid and were not accounted for as paid vacation leave or compensatory leave.\footnote{688 Texas Government Code, Section 656.103 (a) and (b).}

If a state employee does not provide the required services or provides those services for less than the required term, the employee is liable to the state agency or institution of higher education for all costs associated with training and for the agency’s or institution’s reasonable expenses incurred in obtaining payment, including attorney fees.\footnote{689 Texas Government Code, Section 656.104.}

By an order adopted in a public meeting, the agency or institution of higher education may waive these requirements if it is in the best interest of the agency or institution of higher education or is warranted because of personal hardship suffered by the employee.\footnote{690 Texas Government Code, Section 656.103 (c).}

**Contract Manager Training**

Texas Procurement and Support Services (TPASS) within the Office of the Comptroller of Public Accounts (Comptroller) is responsible for developing and administering a training program for contract managers.\footnote{691 Texas Government Code, Sections 2262.0011 and 2262.053 (a) and (d), as amended by Senate Bill 1681 (83rd Legislature, Regular Session); and the Comptroller of Public Accounts’ Web site at http://www.window.state.tx.us/procurement/prog/training-cert/.} A contract manager is defined as a person who is employed by a state agency and has significant contract management duties for the state agency.\footnote{692 Texas Government Code, Section 2262.001 (3).} Each state agency is responsible for ensuring that the agency’s contract managers complete the training administered by the Comptroller.\footnote{693 Texas Government Code, Section 2262.053 (c).} The Comptroller is required to certify contract managers who complete the training program.\footnote{694 Texas Government Code, Section 2262.053 (e), as amended by Senate Bill 1681 (83rd Legislature, Regular Session).}

A state agency may develop qualified contract manager training to supplement the training administered by the Comptroller. The Comptroller also may incorporate into the training program it administers the training that an agency develops.\footnote{695 Texas Government Code, Section 2262.053 (f), as amended by Senate Bill 1681 (83rd Legislature, Regular Session).}
In addition, the Comptroller is required to adapt its contract management training program to provide an abbreviated program for training members of the governing boards of agencies. The training may be provided together with other required training for members of governing boards and all members of a governing board must complete at least one course of the training program. Governing boards of agencies that do not enter into contracts are exempt from this requirement. 696

TPASS, in consultation with the Office of the Attorney General, the Department of Information Resources, and the State Auditor’s Office, develops and periodically updates a Contract Management Guide for use by state agencies. 697 This document can be viewed on the Comptroller’s Web site at http://www.window.state.tx.us/procurement/pub/contractguide/.

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| The 83rd Legislature enacted legislation requiring the Office of the Comptroller of Public Accounts (Comptroller) to certify contract managers who complete its contract management training program. The legislation also allows a state agency to develop qualified contract manager training to supplement the training that the Comptroller administers, and it allows the Comptroller to incorporate into its training program the training that an agency develops.  
In addition, the legislation requires the Comptroller to adapt its contract management training program to provide an abbreviated program for training members of the governing boards of state agencies. |

696 Texas Government Code, Section 2262.0535, as amended by Senate Bill 1681 (83rd Legislature, Regular Session).

697 Texas Government Code, Section 2262.051 (a).
Chapter 19
Unemployment Insurance Compensation

Overview

Unemployment insurance (UI) is an insurance program paid for by employers that provides benefits to qualified individuals (referred to as claimants within this chapter) unemployed through no fault of their own. This program provides temporary, partial income replacement to eligible claimants while they are seeking other employment. With few exceptions, state employees are covered by unemployment insurance.

UI benefits are financed through a state unemployment tax and paid from the State’s Unemployment Compensation Trust Fund (Fund). Most employers are subject to paying unemployment tax. Under Texas law, state agencies and institutions of higher education must pay reimbursements for benefits instead of the tax. As reimbursing employers, they pay to the Fund, in lieu of taxes, an amount equal to the amount of benefits that were paid to their former employees and attributable to service with the agency or institution.

The Texas Workforce Commission (TWC) is the agency responsible for managing the State’s Unemployment Insurance Compensation programs. Agencies and institutions of higher education should refer to the TWC for additional information regarding unemployment insurance compensation.

The TWC supplies employers, without cost, printed notices that provide general information about filing a claim for unemployment benefits. A state agency or institution of higher education must post and maintain the notices in places accessible to all employees.

Filing an Initial Claim for Unemployment Benefits

Individuals may file for UI benefits in two ways: on-line at TWC’s “Apply for Benefits” Internet application or by calling one of TWC’s Tele-Centers. Information about how to file a claim is also available on TWC’s Web site at http://www.texasworkforce.org.

To be eligible to receive unemployment benefits, claimants must:

- Have earned sufficient benefit wage credits during their base period of employment. (The “base period” refers to the first four of the last five completed calendar quarters that an employee worked and earned wages in covered employment.) At a minimum, a claimant must have earned wages in at least two calendar quarters and in an amount not less than 37 times the claimant’s weekly benefit amount.

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699 Texas Labor Code, Section 201.063.
700 Texas Labor Code, Section 205.041.
701 Texas Labor Code, Section 205.013.
702 Texas Labor Code, Section 301.001.
703 Texas Labor Code, Section 208.001 (b).
704 Texas Labor Code, Section 207.021 (a), as amended by Senate Bill 920 (83rd Legislature, Regular Session).
• Be unemployed or partially unemployed due to no fault of the claimant. An otherwise qualified claimant can be disqualified for unemployment benefits if the claimant quit without good cause connected with the work or was fired for misconduct. A claimant will not be disqualified if he or she left work due to a medically verifiable illness (claimant or claimant’s minor child), injury, disability, pregnancy, a move that was made with the claimant’s spouse who is a member of the armed forces, or an involuntary separation for any of the following reasons:

  ♦ A work-related reason that made the claimant’s separation from employment urgent, compelling, and necessary.

  ♦ The claimant left the workplace to protect himself or herself from family violence, stalking, or violence related to a sexual assault of the claimant or a member of the claimant’s immediate family.

  ♦ The claimant left the workplace to care for his or her terminally ill spouse, as evidenced by a physician’s statement or other medical documentation, for which reasonable, alternative care is not available.

• Be able to work.

• Be available for work.

• Be actively seeking work.

In addition, claimants for whom suitable work is available only in an occupation designated by U.S. Department of Labor’s regulations as an occupation that regularly conducts pre-employment drug testing must submit to and pass a drug screening assessment developed and administered by or on behalf of TWC as a prerequisite to receiving unemployment benefits.

Once a claim for unemployment benefits is filed, a notice of the initial claim is mailed to the most recent employer named on the claim. The most recent employer refers to the last person for whom the claimant actually worked, if the claimant worked for that person for at least 30 hours during a week; or that entity is an employer as defined by Texas Labor Code, Chapter 201, or as defined by the

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705 Texas Labor Code, Sections 207.044 (a) and 207.045 (a).
706 Texas Labor Code, Section 207.045 (d).
707 Texas Labor Code, Section 207.046 (a), as amended by House Bill 26 (83rd Legislature, Regular Session).
708 Texas Labor Code, Sections 207.021 (b-1) and 207.026, as amended by Senate Bill 21 (83rd Legislature, Regular Session).
unemployment law of any other state.\textsuperscript{709} An employer or their agent to whom a notice is mailed must promptly notify TWC of all facts known that may adversely affect the claimant’s right to benefits or affect a charge to the employer’s account. The notification provided to TWC must include sufficient factual information to allow TWC to make a determination regarding the claimant’s entitlement to benefits. A notification is not adequate if the notification merely alleges that a claimant is not entitled to benefits without providing sufficient factual information.\textsuperscript{710}

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<td>The 83rd Legislature enacted legislation clarifying that the employer, or their agent, must provide timely and adequate notification to TWC of all facts known that may adversely affect the claimant’s right to benefits or affect a charge to the employer’s account. The notification provided to TWC must include sufficient factual information to allow TWC to make a determination regarding the claimant’s entitlement to benefits.</td>
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The Texas Labor Code gives employers 14 days to respond to the notice of initial claim. If an employer fails to respond to the claim in a timely manner, the employer will not be a party of interest to the claim. This includes the loss of the employer’s appeal rights in connection with the claim.\textsuperscript{711} The employer’s response can be submitted online at http://www.twc.state.tx.us/ui/er.html.

**Appeals Process**

An employer who timely and adequately protests the initial claim has the right to submit a written appeal disagreeing with the TWC’s decision to pay the claimant unemployment benefits. Conversely, a claimant may also appeal a TWC decision not to award benefits.\textsuperscript{712} During the appeals process, TWC will hold a hearing during which the claimant and the employer can present their cases.


\textsuperscript{709} Texas Labor Code, Section 208.002.
\textsuperscript{710} Texas Labor Code, Sections 208.004 (a) and 208.004 (a-1), (c), and (d), as amended by Senate Bill 1537 (83rd Legislature, Regular Session).
\textsuperscript{711} Texas Labor Code, Sections 208.003 and 208.004 (a) and (b).
\textsuperscript{712} Texas Labor Code, Section 212.053 (1).
Continued Benefit Eligibility

An unemployment “benefit” refers to the money payable to a qualified claimant as compensation for weeks of unemployment. To receive unemployment benefits for a benefit period (a week of unemployment), claimants must:

- Have registered for work with TWC through WorkInTexas.com and continue to report the status of their work search to TWC, if required to do so.
- Have filed a claim for benefits and request payment of benefits for that week.
- Be able to work during that week.
- Be available for work during that week.
- Be actively seeking work in accordance with TWC rules.
- Be totally or partially unemployed for a waiting period of at least seven consecutive days. (However, the governor by executive order may suspend the waiting period requirement and authorize a claimant to receive benefits during the waiting period if the claimant is unemployed as a direct result of a natural disaster that results in a disaster declaration by the president of the United States.)
- Participate in re-employment activities, such as a job search assistance service, if the claimant has been determined, according to a profiling system established by TWC, to be likely to exhaust eligibility for regular benefits and needs those services to obtain new employment. However, if the claimant has completed participation in such a service or there is reasonable cause for the claimant’s failure to participate in those services, this requirement may be waived.

In addition, permanently disabled individuals who receive Social Security Disability Insurance and can work only part-time may be eligible for unemployment benefits if they meet certain conditions.

Payment of Benefits - Determining Weekly and Maximum Benefit Amount

An eligible claimant who is unemployed during a benefit period is entitled to benefits for that benefit period at the rate of 1/25 of the past wages received during the quarter in the claimant’s base period in which the claimant’s wages were the highest. This means that TWC divides the highest quarter’s total earnings by 25 to establish the claimant’s weekly benefit amount. A claimant who is partially

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713 Texas Labor Code, Section 201.011 (2), (3), and (4).
714 Texas Labor Code, Section 207.021 (a), as amended by Senate Bill 920 (83rd Legislature, Regular Session); and Ongoing Eligibility Requirements for Receiving Unemployment Benefits, Texas Workforce Commission’s Web site at http://www.twc.state.tx.us/ui/bnfts/claimant3.html#eligibility.
715 Texas Labor Code, Section 207.0212.
716 Texas Labor Code, Section 207.0211.
717 Texas Labor Code, Section 207.002 (a).
unemployed may still be eligible for benefits at a reduced amount.\textsuperscript{719} TWC cannot pay a weekly benefit amount that exceeds the annual maximum weekly benefit amount allowed by law.\textsuperscript{720}

Claimants who exhaust their regular benefits may apply for extended benefits if such benefits are available.\textsuperscript{721}

**Extended Benefits**

Extended benefits are additional payments of unemployment benefits that may be made after the claimant has exhausted all of his or her regular unemployment benefits. The total extended benefit amount payable to an eligible claimant for the claimant’s eligibility period is 50 percent of the total amount of regular benefits that were payable to the claimant in the claimant’s applicable benefit year. The period of time during which these additional payments may be made is called an “extended benefit period.” Whether an extended benefit period exists is determined by federal and statewide factors.\textsuperscript{722}

The TWC’s Web site for extended unemployment benefits in Texas is at www.twc.state.tx.us/ui/bnfts/extended-unemployment-benefits-texas.html#overview.

**Reimbursements to the Unemployment Compensation Fund**

If a claim is approved for payment, a state agency or institution of higher education will be billed on a quarterly basis for all benefits based on wages it reported during the base period of the claim.\textsuperscript{723}

Employers will not receive a refund or credit for an amount paid to TWC if the employer merely alleges that the claimant is not entitled to benefits and the employer does not provide timely and sufficient factual information as to a claimant’s entitlement eligibility.\textsuperscript{724}

<table>
<thead>
<tr>
<th>New Requirement</th>
</tr>
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<tbody>
<tr>
<td>The 83rd Legislature enacted legislation requiring sufficient factual information for TWC determination regarding a claimant’s entitlement. Reimbursing employers will not receive a refund or credit for an amount paid to TWC unless they are in compliance with the adequate notification requirement.</td>
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\textsuperscript{719} Texas Labor Code, Section 207.003 (a).

\textsuperscript{720} Texas Labor Code, Section 207.002 (a-2).

\textsuperscript{721} Texas Labor Code, Section 209.041.

\textsuperscript{722} Texas Workforce Commission’s Web site at http://www.twc.state.tx.us/ui/bnfts/extended-unemployment-benefits-texas.html#overview; and Texas Labor Code, Sections 209.001 (2), 209.041, and 209.062.

\textsuperscript{723} Texas Labor Code, Section 205.013.

\textsuperscript{724} Texas Labor Code, Section 208.004 (d), as amended by Senate Bill 1537 (83rd Legislature, Regular Session), and Section 205.013 (d), as amended by Senate Bill 1537 (83rd Legislature, Regular Session).
Coverage for State Employees Working Outside the State

TWC may enter into agreements with agencies of other states or federal agencies to cover an employee who performs his or her duties outside of Texas.\textsuperscript{725} If TWC is unable to execute a reciprocal agreement with another state, the employing Texas state agency shall become a reimbursing employer if permitted by the laws of the state in which the employee works. If the agency is not permitted to be a reimbursing employer, it may pay the required contributions for that employee from funds available for that purpose.\textsuperscript{726}

\textsuperscript{725} Texas Labor Code, Sections 211.001 and 211.002.

\textsuperscript{726} Texas Labor Code, Section 205.042.
Chapter 20
Workers’ Compensation

Overview of Workers’ Compensation

Workers’ compensation is a form of insurance that provides wage replacement benefits, medical treatment, vocational rehabilitation, and other benefits to workers who are injured on the job or acquire an occupational disease on the job.

The Department of Insurance, Division of Workers’ Compensation (Division) regulates the State’s workers’ compensation program. The Office of Injured Employee Counsel was established by the Legislature to represent the interests of workers’ compensation claimants in Texas.

Coverage for State Employees

For most state agencies and institutions of higher education, the State Office of Risk Management (SORM) is responsible for administering state risk management programs and insurance services obtained by state agencies, including the state employees’ workers’ compensation insurance program and the state risk management programs.

Individuals excluded from workers’ compensation coverage provided by SORM include:

- A person performing personal services for the State as an independent contractor or volunteer.
- A person who at the time of injury was performing services for the federal government and who is covered by some form of federal workers’ compensation insurance.
- A prisoner or inmate of a correctional institution other than a work program participant in a Texas Correctional Industries contract.
- A client or patient of a state agency.
- A person employed by the Department of Transportation, the University of Texas System, or the Texas A&M University System.

State Office of Risk Management

The State Office of Risk Management (SORM) is responsible for operating a self-insured workers’ compensation program for the State. Duties of SORM include receiving and investigating reports of an injury filed by or on behalf of state employees; determining whether a claim is compensable; paying income (frequently referred to as indemnity benefits) and medical benefits in accordance with the Workers’ Compensation Act; and reviewing medical bills to determine reasonableness, necessity, and compliance with the Division of Workers’ Compensation’s (Division) fee guidelines. In addition, SORM may appear as an adversary before the Division and the courts, presenting the legal defenses and positions of the State’s workers’ compensation program, as well as preparing reports for the Legislature and providing workers’ compensation training for state agencies.

Sources:

- Texas Labor Code, Section 402.001.
- Texas Labor Code, Section 404.002 (a).
- Texas Labor Code, Section 412.011.
- Texas Labor Code, Section 501.024.

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727 Texas Labor Code, Section 402.001.
728 Texas Labor Code, Section 404.002 (a).
729 Texas Labor Code, Section 412.011.
730 Texas Labor Code, Section 501.024.
Recovery of workers’ compensation benefits is the exclusive remedy of an employee covered by workers’ compensation insurance coverage. For the death of an employee as a result of a work-related injury, the employee’s surviving legal beneficiary may be eligible for these remedies. However, the Texas Labor Code does not authorize a cause of action for damages against the State, a state agency, or an employee of the State beyond the actions and damages authorized by Chapter 101 of the Texas Civil Practice and Remedies Code.

**Workers’ Compensation Health Care Networks**

Workers’ compensation health care networks were established to provide health care services to injured employees through networks certified by the Department of Insurance.

For additional information on workers’ compensation health care networks, please refer to the Department of Insurance’s Web site at http://www.tdi.texas.gov/pubs/consumer/cb084.html.

**Out of State Assignments or Positions**

A state employee who performs services outside of Texas is entitled to workers’ compensation benefits from the State of Texas, even if the person:

- Is hired or not hired in Texas;
- Does not work in Texas;
- Works both in Texas and out of Texas;
- Is injured outside of Texas; or
- Has been outside of Texas for more than one year.

According to SORM, in situations in which an employee works outside of Texas, some states may require state agencies to purchase separate workers’ compensation insurance. If an employee elects to pursue remedies provided by the state in which the injury occurred, the employee is not entitled to workers’ compensation benefits through SORM.

**Coverage for Services Provided by Volunteers**

While volunteers generally are not covered, a person who performs volunteer services for the State in a disaster or in scheduled emergency response training under the direction of an officer or employee of the State is entitled to medical benefits for an injury sustained in the course of providing those services. A disaster in this situation means a condition for which the governor has issued a declaration of a state of disaster or another occurrence that initiates the state emergency management plan.

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731 Texas Labor Code, Section 408.001 (a).
732 Texas Labor Code, Section 501.002 (d).
733 Texas Insurance Code, Section 1305.002.
734 Texas Labor Code, Section 501.025 (a).
735 Texas Labor Code, Section 501.025 (b).
736 Texas Labor Code, Section 501.026 (a) and (b).
To qualify for benefits, the volunteer must seek medical attention from a doctor for the injury not later than 48 hours after the occurrence of the injury or after the date the person knew or should have known an injury occurred. The person must comply with the notification requirements by providing notice of the injury to the Department of Insurance, Division of Workers’ Compensation or the state agency with which the officer or employee is associated.  

SORM has developed a Statewide Volunteer Insurance Program to provide excess liability, excess automobile liability, and excess accident or medical coverage for registered volunteers of state agencies and institutions of higher education.

**Workers’ Compensation Benefits**

State employees with compensable injuries (injuries arising out of and in the course and scope of employment for which compensation is payable) are entitled to compensation by SORM. However, the Department of Insurance, Division of Workers’ Compensation (Division) adjudicates income and medical benefit disputes for the State. Upon receipt of a report of injury, the Division contacts the affected employee by mail or by telephone to provide information on the benefit process and the compensation procedures established by state law.

There are four types of workers’ compensation benefits: medical benefits, income benefits, burial benefits, and death benefits. The following sections provide a brief overview of each type.

**Medical Benefits**

An injured employee is entitled to all health care reasonably required to treat a compensable injury, promote recovery, or enhance the employee’s ability to return or retain employment. The injured employee is entitled to his or her initial choice of a treating physician from a list of physicians approved by the Division. If an employee is dissatisfied with the initial choice of a doctor from the Division’s list, the employee may notify the Division and request authority to select an alternative doctor. The Division prescribes the criteria to be used in granting an employee the authority to select an alternative doctor.

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737 Texas Labor Code, Section 501.026 (d).
739 Texas Labor Code, Section 501.021.
740 Texas Labor Code, Sections 402.001 and 410.002.
741 Texas Labor Code, Section 409.013 (b).
742 Texas Labor Code, Section 408.021 (a).
743 Texas Labor Code, Section 408.022 (a) and (b).
744 Texas Labor Code, Section 408.022 (c).
Income Benefits

In addition to medical payments, employees are eligible to receive income benefits, frequently referred to as indemnity benefits, to compensate an injured employee for lost wages, subject to a maximum and minimum amount, resulting from a work-related injury or illness. There are four types of income benefits, which include temporary income benefits, impairment income benefits, supplemental income benefits, and lifetime income benefits.\(^{745}\)

In the event of an employee’s death, the entitlement for income benefits ends.\(^{746}\)

Eligibility for temporary income, impairment income, and supplemental income expires 401 weeks after the date of the injury. In the case of an occupational disease, the employee’s eligibility for temporary income benefits, impairment income benefits, and supplemental income benefits terminates 401 weeks after the date on which benefits began to accrue.\(^{747}\)

The maximum weekly income benefit may not exceed 100 percent of the state average weekly wage rounded to the nearest whole dollar, as calculated by the Division.\(^{748}\)

**Temporary Income Benefits**

To be eligible for temporary income benefits, an injury must result in disability for at least one week. Temporary income benefits begin to accrue on the eighth day after the disabling injury. If the disability does not begin immediately after the injury or within eight days of the injury but it does result subsequently, weekly income benefits accrue on the eighth day after the date on which the disability began. If the disability continues for two weeks or longer, compensation must be computed from the date the disability began.\(^{749}\)

Temporary income benefits are provided to the injured employee until he or she reaches maximum medical improvement.\(^{750}\) Maximum medical improvement refers to the earlier of:

- The earliest date after which, based on reasonable medical probability, further material recovery from or lasting improvement to an injury can no longer reasonably be anticipated;

- The expiration of 104 weeks from the date on which income benefits began to accrue; or

- The date determined by the Division in cases of spinal surgery.\(^{751}\)

Injured workers may continue to receive temporary income benefits after they return to work as long as their salaries are less than their pre-injury wages.\(^{752}\)

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\(^{746}\) Texas Labor Code, Section 408.081 (d).

\(^{747}\) Texas Labor Code, Section 408.083.

\(^{748}\) Texas Labor Code, Section 408.047 (c); and *Workers’ Compensation Benefits Fact Sheet*, Department of Insurance’s Web site at http://www.tdi.texas.gov/pubs/factsheets/benefits.pdf.

\(^{749}\) Texas Labor Code, Section 408.082; and *Temporary Income Benefits (TIBs) Fact Sheet*, Department of Insurance’s Web site at http://www.tdi.texas.gov/pubs/factsheets/tibs.pdf.

\(^{750}\) Texas Labor Code, Section 408.101 (a).

\(^{751}\) Texas Labor Code, Sections 401.011 (30) and 408.104.

\(^{752}\) Title 28, Texas Administrative Code, Section 129.3 (e).
Impairment Income Benefits

An employee’s impairment income benefits begin the day after an employee reaches maximum medical improvement and end on the date of the employee’s death or after a period equal to three weeks for each percentage point of impairment, whichever is earlier. An employee may not recover impairment income benefits unless evidence of the impairment that is based on an objective clinical or laboratory finding exists. Typically, impairment income benefits are equal to 70 percent of the employee’s average weekly wage. An injured worker is entitled to impairment benefits in addition to any wages they may earn. An injured worker who has returned to work for at least three months and is earning at least 80 percent of his or her average pre-injury weekly wage is entitled to request that their impairment benefits be paid in a lump sum.

Supplemental Income Benefits

Supplemental income benefits are paid out when impairment income benefits have expired and the employee:

- Has an impairment rating of 15 percent or more.
- Has not returned to work or has returned to work earning less than 80 percent of his or her average pre-injury weekly wage as a direct result of the impairment.
- Has not elected to receive a portion of his or her impairment income benefits as a lump sum.
- Has complied with the requirements adopted under Texas Labor Code, Section 408.1415.

Subject to Texas Labor Code, Section 408.061, the amount of a supplemental income benefit for a week is equal to 80 percent of the amount computed by subtracting the weekly wage the employee earned during the reporting period provided by Texas Labor Code, Section 408.143 (b), from 80 percent of the employee’s average weekly wage determined under Texas Labor Code, Sections 408.041, 408.042, 408.043, 408.044, 408.0445, or 408.0446.

Lifetime Income Benefits

Lifetime income benefits are paid until the death of an employee for:

- Total and permanent loss of sight in both eyes.
- Loss of both feet at or above the ankle.
- Loss of both hands at or above the wrist.

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753 Texas Labor Code, Section 408.121 (a).
754 Texas Labor Code, Section 408.122.
755 Texas Labor Code, Section 408.126.
756 Texas Labor Code, Section 408.128; and Title 28, Texas Administration Code, Section 147.10.
757 Texas Labor Code, Section 408.142 (1).
758 Texas Labor Code, Section 408.142 (2).
759 Texas Labor Code, Sections 408.128 and 408.142 (3).
760 Texas Labor Code, Section 408.142 (4).
761 Texas Labor Code, Section 408.144 (b).
- Loss of one foot at or above the ankle and one hand at or above the wrist.
- Injury to the spine resulting in complete paralysis of both arms, both legs, or one arm and one leg.
- Injury to the brain resulting in incurable insanity or imbecility.
- Third-degree burns over 40 percent of the body that require grafting or third-degree burns covering the majority of both hands or one hand and the face.\(^{762}\)

### Death and Burial Benefits

Death benefits are paid to the legal beneficiaries of a deceased employee if the employee died because of a compensable injury.\(^{763}\) Distribution of death benefits is based on criteria identified in state law. Beneficiaries may include eligible spouses, children, grandchildren, or dependents. If there is no eligible spouse, no eligible child, and no eligible grandchild, and there are no surviving dependents of the deceased employee who are parents, siblings, or grandparents of the deceased, the death benefits must be paid in equal shares to surviving eligible parents of the deceased. If an employee is not survived by legal beneficiaries or eligible parents, the death benefits will be paid to the Division’s Subsequent Injury Fund.\(^{764}\)

If a legal beneficiary dies or otherwise becomes ineligible for death benefits, then the benefits will be redistributed to the remaining legal beneficiaries in accordance with Texas Labor Code, Sections 408.182 and 408.183.\(^{765}\)

Burial benefits are provided if the death of an employee results from a compensable injury. These benefits are paid to the person who incurred the cost of the burial and are the lesser of the costs incurred for reasonable burial expenses or $6,000. In addition, if the employee died while away from his or her usual place of employment, burial benefits will include the reasonable cost of transporting the body.\(^{766}\)

### Employer Responsibilities

A state agency or institution of higher education covered under Texas Labor Code, Chapter 501, must report to the State Office of Risk Management (SORM) an injury that results in medical expenses or the absence of an employee of the state agency or institution of higher education for one day.\(^{767}\) In addition, a state agency or institution of higher education must notify SORM of an occupational disease reported by an employee.\(^{768}\) The initial report of injury must not be made later than the eighth day after the employee’s absence from work for more than one day due to an injury; or the day on which the employer receives notice that

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\(^{762}\) Texas Labor Code, Section 408.161 (a).
\(^{763}\) Texas Labor Code, Section 408.181 (a).
\(^{764}\) Texas Labor Code, Section 408.182 (e).
\(^{765}\) Texas Labor Code, Section 408.184 (a).
\(^{766}\) Texas Labor Code, Section 408.186.
\(^{767}\) Title 28, Texas Administrative Code, Section 251.207; and Texas Labor Code, Sections 409.005 (a) (1) and 501.001 (6).
\(^{768}\) Texas Labor Code, Section 409.005 (a) (2).
the employee has contracted an occupational disease.\textsuperscript{769}

The following list is a summary of responsibilities for state agencies and institutions of higher education that are covered by these provisions.\textsuperscript{770}

- **Sending timely notices, reports, and information** - Most state agencies and institutions of higher education are required to give notices, make reports, and otherwise transmit information to SORM and to the Department of Insurance, Division of Workers' Compensation (Division) concerning on-the-job injuries and occupational diseases or illnesses in a timely manner.\textsuperscript{771}

- **Designating a claims coordinator** - Most state agencies and institutions of higher education must designate one or more claims coordinators, and must report to SORM any change in this designation.\textsuperscript{772}

- **Complying with rules** - Most state agencies and institutions of higher education must comply with all rules enacted by SORM, as well as those of the Division. State agency and institution of higher education policies, guidelines, or instructions must not vary from Division rules, SORM’s rules, or with the Texas Workers’ Compensation Act (Act). As the employer of record, state agencies and institutions of higher education are subject to administrative penalties for violations of the Act that may be assessed against the employer by the Division’s Compliance and Practices Division.\textsuperscript{773}

- **Keeping adequate records** - Most state agencies and institutions of higher education must make a record of all injuries sustained by employees in the course of employment.\textsuperscript{774}

- **Immediately notifying SORM if an injury is severe or fatal** – State agencies and institutions of higher education must immediately notify SORM by telephone if an injury is severe or results in death, in addition to filing the required first report of injury.\textsuperscript{775}

- **Posting required notices** – State agencies and institutions of higher education must post notices for workers’ compensation insurance coverage in the workplace.\textsuperscript{776} State agencies employing law enforcement officers and correctional officers must post a notice regarding certain work-related communicable diseases and eligibility for workers’ compensation benefits.\textsuperscript{777} State agencies and institutions of higher education must post a notice in the workplace to inform employees about requirements that may affect qualifying for workers' compensation benefits following a work-related exposure to human immunodeficiency virus (HIV).\textsuperscript{778}

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\textsuperscript{769} Texas Labor Code, Section 409.005 (b).


\textsuperscript{771} Title 28, Texas Administrative Code, Sections 45.10, 251.212, and 251.207.

\textsuperscript{772} Title 28, Texas Administrative Code, Section 251.213.

\textsuperscript{773} Texas Labor Code, Section 415.001; and Title 28, Texas Administrative Code, Section 45.30.

\textsuperscript{774} Texas Labor Code, Section 409.006; and the State Office of Risk Management’s *Claims Coordinator Handbook* at http://www.sorm.state.tx.us/claims-coordinator-handbook-overview.

\textsuperscript{775} Title 28, Texas Administrative Code, Section 251.212.

\textsuperscript{776} Title 28, Texas Administrative Code, Section 110.101 (b) and (e).

\textsuperscript{777} Title 28, Texas Administrative Code, Section 110.108 (a).

\textsuperscript{778} Title 28, Texas Administrative Code, Section 110.108 (b).
- **Maintaining an ombudsman program** – State agencies and institutions of higher education are required to inform employees of the Office of Injured Employee Counsel’s Ombudsman program. Failure to inform employees of this program is an administrative violation.\(^{779}\)

- **Developing health and safety programs and return-to-work programs** – State agencies and institutions of higher education must have programs in place to promote the health and safety of the employees and to assist injured employees with returning to work and comply with SORM’s guidelines. Return-to-work programs must be a coordinated effort involving the Department of Insurance’s Division of Workers’ Compensation, state agencies and institutions of higher education, employees, and health care providers.\(^{780}\)

- **Notifying employees of health care network requirements** – State agencies and institutions of higher education must provide employees with a notice of health care network requirements; obtain a signed acknowledgment from each employee; post a notice of the healthcare network requirements; and notify injured employees of the network requirements at the time of injury.\(^{781}\)

For additional information on return-to-work programs, see the Facilitating an Injured Employee’s Return to Work section in this chapter.

### Workers’ Compensation and State Leave Provisions

An employee may elect to use accrued sick leave prior to receiving workers’ compensation income benefits. If the employee makes the election to use accrued sick leave, the employee must exhaust all accrued sick leave before the employee is entitled to use income benefits.\(^{782}\)

After exhausting sick leave, the employee may also use accrued vacation leave. If making this choice, the employee may elect to use all or any number of weeks of vacation leave. The amount of vacation leave the employee elects to use must be exhausted before the employee is entitled to receive income benefits.\(^{783}\)

Employers may not require employees to exhaust state or Fair Labor Standards Act (FLSA) compensatory time balances before receiving income benefits. In addition, employers may not prohibit employees from using state or FLSA compensatory time while they are receiving income benefits.\(^{784}\) State employees who are exhausting their leave as a result of a workers’ compensation claim are prohibited from using sick and vacation leave hours that accrue after the first day of the month in which the employee became incapacitated unless they physically return to work.\(^{785}\)

\(^{779}\) Texas Labor Code, Section 404.153.

\(^{780}\) Texas Labor Code, Sections 412.051 (a) and 412.0125; and the Department of Insurance’s Web site at http://www.tdi.texas.gov/wc/rtw/index.html.

\(^{781}\) Texas Insurance Code, Section 1305.005 (d) and (g).

\(^{782}\) Texas Labor Code, Section 501.044 (a).

\(^{783}\) Texas Labor Code, Section 501.044 (b).


\(^{785}\) State Auditor’s Office Leave Interpretation Letter, No. 01-02.
Workers’ Compensation and Emergency Leave

The administrative head of a state agency or institution of higher education may authorize emergency leave with pay to an employee receiving workers’ compensation benefits. The emergency leave payment may not exceed an amount equal to the difference between the basic monthly wage of the employee and the amount of income benefits that the employee received for the month. Emergency leave payments may not extend beyond six months. If emergency leave is authorized, the state agency or institution of higher education must attach a statement of the reasons for the authorization to its payroll voucher for the first payroll period affected by the leave.\(^{786}\)

**Employer’s Rights**

As the employer of record, state agencies and institutions of higher education are entitled to certain rights under the Texas Workers’ Compensation Act. These rights include:

- The right to be present at all administrative proceedings relating to an employee’s claim.
- The right to present relevant evidence relating to an employee’s claim at any proceeding.
- The right to report suspected fraud.
- The right to contest the compensability of an injury if the employer’s insurance carrier accepts liability for the payment of benefits.
- The right to receive notice, after making a written request to the insurance carrier, of:
  - A proposal to settle a claim; or
  - An administrative or a judicial proceeding relating to the resolution of a claim.\(^{787}\)

**Employee’s Responsibilities**

An employee or person representing the employee should notify the employer as soon as possible but no later than 30 days after an injury occurred, or if the injury is an occupational disease, the employee should notify the employer as soon as the employee knows that the injury or injurious exposure might be related to the employment.\(^{788}\) Failure to notify the employer may relieve that employer of any liability in the matter unless the employer has actual knowledge of the injury, the Department of Insurance, Division of Workers’ Compensation (Division) determines that good cause exists for failure to provide notice, or the employer or its insurance carrier does not contest the claim.\(^{789}\)

Claims for compensation must normally be filed within one year from the date of injury, or if the injury is an occupational disease, a claim must be filed within one year from the date the employee knew or should have known that the disease was related to the employee’s employment.\(^{790}\) Failure to file a claim for compensation with the Division as required by statute relieves the employer and the

\(^{786}\) Texas Labor Code, Section 501.045.
\(^{787}\) Texas Labor Code, Section 409.011 (b).
\(^{788}\) Texas Labor Code, Section 409.001 (a).
\(^{789}\) Texas Labor Code, Section 409.002.
\(^{790}\) Texas Labor Code, Section 409.003.
employer’s insurance carrier of liability unless good cause exists for failure to file a claim in a timely manner or the employer or the employer’s insurance carrier does not contest the claim.\footnote{791}

Claims for death benefits generally must be filed within one year of the employee’s death. Failure to file within the required time period bars the claim unless the person is a minor or incompetent, or if good cause exists for the failure to file. Separate claims must be filed for each beneficiary unless the claim expressly includes other parties.\footnote{792}

\textbf{Additional Injury Reporting Requirements}

State agencies, excluding the Department of Transportation\footnote{793}, are required to submit in the administrative statement of its biennial budget request a summary containing:

- The number of first reports of injury filed by the state agency during the preceding biennium.
- The amount of workers’ compensation indemnity and medical benefits paid to or for employees during the preceding biennium.
- The number of on-the-job injuries per 100 of its employees during each year of the preceding biennium.
- A description of the efforts made by the state agency to increase job safety and to reduce job injuries, including the participation of the head of the state agency and the executive staff of the state agency in training programs offered by the Department of Insurance, Division of Workers’ Compensation, and others.\footnote{794}

\textbf{Facilitating an Injured Employee’s Return to Work}

State agencies are required to develop, implement, and maintain a program designed to assist employees in returning to work after the employees have sustained a compensable injury. Such a program should include appropriate, detailed procedures that identify specific responsibilities and actions that should be taken by designated return-to-work coordinators, supervisors, and employees.\footnote{795}

To facilitate an injured employee’s return to employment as soon as it is considered safe and appropriate by the injured employee’s treating doctor, the treating doctor may request that the employer provide the doctor specific information about the functions and physical responsibilities related to the injured employee’s job. The employer should do this using the form developed and adopted by the Commissioner of Workers’ Compensation. Information provided to a treating doctor does not constitute:

- A request by the employer for the injured employee to return to his or her job.
- An offer of employment by the employer for the injured employee.

\footnotesize{\textit{791} Texas Labor Code, Section 409.004.\hfill \textit{792} Texas Labor Code, Section 409.007.\hfill \textit{793} Texas Labor Code, Section 501.024 (5).\hfill \textit{794} Texas Labor Code, Section 501.048.\hfill \textit{795} Texas Labor Code, Section 412.051; and \textit{Return to Work Program}, the State Office of Risk Management’s Web site at http://www.sorm.state.tx.us/workers-compensation/return-to-work-program.}
• An admission of the compensability of the employee’s injury.\textsuperscript{796}

Additional information about the Return-to-Work Program can be found on SORM’s Web site at http://www.sorm.state.tx.us/workers-compensation/return-to-work-program.

In addition, a Return-to-Work Guide published by the Department of Insurance’s Division of Workers’ Compensation can be found at http://www.tdi.texas.gov/wc/rtw/index.html.

\textsuperscript{796} Texas Labor Code, Section 408.0221 (b) and (c).
Chapter 21

Contract Workforce Provisions

Contract Notification

Contract for Professional Services

A state agency or institution of higher education is required to provide written notice to the Legislative Budget Board of a contract for professional services, other than a contract for physician or optometric services, if the amount of the contract, including amendments, modifications, renewals, or extensions of the contract, exceeds $14,000. The notice must be on a form prescribed by the Legislative Budget Board and filed no later than the 10th day after the date the state agency or institution of higher education enters into the contract.797

Contract for Consulting Services

A state agency is required to provide written notice to the Legislative Budget Board of a contract for consulting services if the amount of the contract, including amendments, modifications, renewals, or extensions of the contract, exceeds $14,000. The notice must be on a form prescribed by the Legislative Budget Board and filed no later than the 10th day after the date the agency enters into the contract. Institutions of higher education are excluded from this requirement.798

Contracting with Former or Retired Agency Employees

A state agency or institution of higher education may not enter into an employment contract, a professional services contract, or a consulting services contract under Texas Government Code, Chapter 2254, with a former or retired employee of the agency or institution of higher education who was employed by the agency or institution of higher education within the last 12 months if appropriated money will be used to make payments under the contract.799

An agency or institution of higher education may not enter into a contract with the following people unless its governing board votes in an open meeting to approve the contract and notifies the Legislative Budget Board of the terms of the contract at least five days before the governing board’s vote:

- The executive director of an agency or institution of higher education.
- A person who, during the previous four years, served as the executive director of the agency or institution of higher education.
- A person who employs a current or former executive head of a state agency or institution of higher education.800

797 Texas Government Code, Section 2254.006.
798 Texas Government Code, Section 2254.0301.
799 Texas Government Code, Section 2252.901 (a).
800 Texas Government Code, Section 669.003.
Agencies and institutions of higher education are not prohibited from entering into a professional services contract with a corporation, firm, or other business entity that employs a former or retired employee of the agency or institution of higher education within one year of the employee’s leaving the agency or institution of higher education. However, the former or retired employee cannot perform services on projects for the corporation, firm, or other business entity that the employee worked on while employed by the agency or institution of higher education.\textsuperscript{801}

“Employment contract” includes a personal services contract, regardless of whether the performance of the contract involves the traditional relationship of employer and employee. The phrase “employment contract” does not apply to an at-will employment relationship that involves the traditional relationship of employer and employee.\textsuperscript{802}

A former state employee (if terminated within the previous two years) who provides consulting services is required to disclose the nature of his or her previous agency or institution of higher education employment, date of termination from employment, and annual compensation at the time of termination.\textsuperscript{803}

The U.S. Internal Revenue Service’s definitions and rules distinguish between an independent contractor and an employee.\textsuperscript{804} Agencies and institutions of higher education should consult these definitions and rules to clarify their positions regarding the use of independent contractors.

**Contracting with a Private Auditor**

A state agency, or a corporation that is dedicated to the benefit of a state agency and that meets the criteria specified by Section B, Article 2.23B, of the Texas Non-Profit Corporation Act (Article 1396-2.23B, Vernon’s Texas Civil Statutes), may employ a private auditor to audit the state agency or corporation only if:

- The agency or corporation is authorized to contract with a private auditor through a delegation of authority from the State Auditor.
- The scope of the proposed audit has been submitted to the State Auditor for review and comment.
- The services of the private auditor are procured through a competitive selection process in a manner allowed by law.\textsuperscript{805}

In addition, no appropriated funds can be used by state agencies or institutions of higher education to enter into a contract with an independent audit entity for audit services except as specified in Article IX, Section 6.20 (b), of the General Appropriations Act.\textsuperscript{806}

\textsuperscript{801} Texas Government Code, Section 2252.901 (a).
\textsuperscript{802} Texas Government Code, Section 2252.901 (d) (1).
\textsuperscript{803} Texas Government Code, Section 2254.033 (a).
\textsuperscript{804} Independent Contractor or Employee, Internal Revenue Service Publication 1779 (Rev 3-2012).
\textsuperscript{805} Texas Government Code, Section 321.020 (a).
\textsuperscript{806} General Appropriations Act (83rd Legislature), Article IX, Section 6.20.
Major Consulting Services Contract

Major consulting services contracts are defined as contracts for which it is reasonably foreseeable that the value of the contract will exceed:

- $15,000 for a state agency.
- $25,000 for an institution of higher education other than a public junior college.\(^{807}\)

Before a state agency or institution of higher education can enter into a major consulting services contract, the agency or institution of higher education must:

- Notify the Legislative Budget Board and the Governor’s Budget and Planning Office that the agency or institution of higher education intends to contract with a consultant.
- Provide information to the Legislative Budget Board and the Governor’s Budget and Planning Office to demonstrate that the agency or institution of higher education has complied or will comply with Texas Government Code, Sections 2254.026 and 2254.027 (summarized under “Use of Consultants by State Agencies and Institutions of Higher Education”).
- Obtain a finding of fact from the Governor’s Budget and Planning Office that the consulting services are necessary.\(^{808}\)

Institutions of higher education are not required to meet the preceding requirements for major consulting contracts if the institution of higher education includes in the invitation for consulting services, published under the Texas Government Code, Section 2254.029, an explanation of the finding by the chief executive officer of the institution of higher education that the consulting services are necessary.\(^{809}\)

In addition, for major contracts, an agency or institution of higher education must file an invitation for bids with the Secretary of State for publication in the *Texas Register* no later than 30 days prior to entering into a contract for services. The invitation must provide the name of a contact within the agency or institution of higher education, the closing date for receipt of bids, and the procedures by which the award will be made.\(^{810}\)

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\(^{807}\) Texas Government Code, Section 2254.021 (2).

\(^{808}\) Texas Government Code, Section 2254.028 (a).

\(^{809}\) Texas Government Code, Section 2254.028 (c).

\(^{810}\) Texas Government Code, Section 2254.029 (a).
No later than 20 days after a contract has been awarded, the agency or institution of higher education must once again file with the Secretary of State for publication in the *Texas Register*:

- A description of the services to be performed.
- The name and address of the consultant.
- The total value and the beginning and ending dates of the contract.
- The dates on which documents, films, recordings, or reports that the consultant is required to present to the agency are due.\(^{811}\)

**Use of Consultants by State Agencies and Institutions of Higher Education**

A state agency or institution of higher education may use a consultant only if there is a substantial need for such services and the agency’s or institution of higher education’s own staff or another agency’s or institution of higher education’s consulting services cannot adequately do the job.\(^{812}\) The selection of a consultant must be based on the consultant’s demonstrated competence, knowledge, and qualifications, as well as the reasonableness of the cost of services. If other considerations are equal, preference should be given to a consultant whose principal place of business is headquartered in Texas or one that will manage the consulting contract wholly from one of its offices within the state.\(^{813}\)

**Distribution of Consultant Reports**

Consulting services contracts must include provisions that allow a state agency that is contracting with a consultant to distribute the consultant report, if any, and to post the report on the agency’s Web site or the Web site of a standing committee of the Legislature.\(^{814}\)

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\(^{811}\) Texas Government Code, Section 2254.030.

\(^{812}\) Texas Government Code, Section 2254.026.

\(^{813}\) Texas Government Code, Section 2254.027.

\(^{814}\) Texas Government Code, Section 2254.041 (a), as amended by Senate Bill 176 (83rd Legislature, Regular Session).
Employee Exit Surveys

Each state agency must provide all employees, who are terminating their employment voluntarily, access to the State Auditor’s Office online exit survey.\footnote{Texas Government Code, Section 651.007 (b).} This includes all employee types (i.e., classified full-time, classified part-time, non-classified full-time, and non-classified part-time). The objective of this online system is to offer a direct means through which employees can provide information about why they decided to leave employment with their agency. Institutions of higher education are exempt from this requirement.\footnote{Texas Government Code, Section 651.007 (a).}

The State Auditor’s Office considers the following reason codes used by the Office of the Comptroller of Public Accounts’ Human Resource Information System (HRIS), the Uniform Statewide Payroll/Personnel System (USPS), and the Standardized Payroll/Personnel Reporting System (SPRS) as voluntary terminations:

- Voluntary separation from agency.
- Transfer to a different state agency or institution of higher education with no break in service.
- Retirement.

The exit survey instrument can be accessed at: https://www.sao.state.tx.us/apps/exit/.

Exit Survey Employee Access

The agency must provide each exiting employee who voluntarily leaves employment with their agency a unique ID, a computer with Internet access (although employees may complete the survey at another location if they wish), and the Web address for the survey.

There are several methods that can be used to distribute the unique ID. These include printing out the unique ID to give to the employee, copying and pasting the unique ID into an e-mail to send to the exiting employee with the link to the Web site, or mailing the unique ID along with an employee acknowledgement form. Once employees enter the system, they complete an employee acknowledgement form that allows the employee to indicate whether or not they elect to complete the survey. It also allows them to share their responses with the Governor’s office and/or their agency's executive director.\footnote{Texas Government Code, Section 651.007 (b).}
Exit Survey Reporting and Disclosure Requirements

Summarized quarterly reports are available for executive directors and human resources directors. In addition, the State Auditor’s Office is required to provide a report summarizing exit survey responses to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of the Senate Committee on Finance and House Committee on Appropriations by December 15 before each year of a regular legislative session.  

818 Texas Government Code, Section 651.007 (e) and (i).

Individual exit survey responses are not subject to disclosure under Texas Government Code, Chapter 552, including responses furnished to the agency. The responses may be disclosed only to a law enforcement agency in a criminal investigation or by court order.  

819 Texas Government Code, Section 651.007 (g).

Human Resources Management Plan

The Department of Family and Protective Services is required to develop a Human Resources Management Plan designed to improve employee morale and retention. The plan must focus on reducing employee turnover through better management. In addition, the Department of Family and Protective Services is required to submit a semi-annual report on the agency’s employee turnover rate by job category during the preceding 12 months to the Senate Finance Committee, the House Committee on Appropriations, the Legislative Budget Board, and the Governor. The effectiveness of the agency’s plan will be measured in relation to reductions in employee turnover rates, specifically reductions in the turnover rates for caseworkers.  

820 General Appropriations Act (83rd Legislature), Article II, Department of Family and Protective Services, Rider 11.

Human Resources Staffing

State agencies with 500 or more full-time equivalent employees are required to have a human resources employee-to-staff ratio of not more than one human resources employee for every 85 staff members.  

821 Texas Government Code, Section 670.002.

The phrase “human resources employee” does not include an employee whose primary job function is enforcement of Title VI or Title VII of the Civil Rights Act of 1964. The phrase “state agency” means a department, commission, board, office, authority, council, or other governmental entity in the executive branch of government. The term does not include a university system or institution of higher education.  

822 Texas Government Code, Section 670.001.

The State Council on Competitive Government shall determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform the human resources functions of state agencies that employ fewer than 500 full-time equivalent employees.  

823 Texas Government Code, Section 670.003 (a).
**Place of Work and Working Hours**

Employees must, during normal working hours, conduct agency business only at their regular place of business or assigned duty point unless they are on travel status or have received prior written authorization from the administrator of the employing state agency or institution of higher education. An employee’s home may not be considered his or her regular place of business without the written approval of the administrative head of the state agency or institution of higher education.  

Office hours for state agencies are 8:00 a.m. to 5:00 p.m., Monday through Friday. These are considered the regular working hours for a full-time state employee. A full-time salaried employee in a state agency or institution of higher education may not be employed in a position for less than 40 hours in a workweek.

All state agencies are required to remain open with at least one person on duty during the noon hour each work day to accept calls, receive visitors, and conduct business. The chief administrator of a state agency or institution of higher education that must maintain certain services 24 hours a day may require essential employees who perform those services to be on duty for a workweek that exceeds 40 hours in necessary or emergency situations.

The chief administrator also has the authority to:

- Keep the agency open during other hours and on other days, with the time worked counting toward the 40 hours a week that are required for full-time employees.

- Make exceptions to the minimum length of the workweek to take care of any emergency or public necessity that the chief administrator finds to exist.

The governing board of an institution of higher education or a university system may make exceptions to the minimum length of the workweek and the maximum length of a workday to achieve and maintain operational efficiency at the institution of higher education, university system, or an office, department, or division of either.

State agencies and institutions of higher education may consider the use of alternative work schedules such as compressed work weeks, flexible work schedules, and staggered work hours.

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824 Texas Government Code, Section 658.010.
825 Texas Government Code, Section 658.005 (a).
826 Texas Government Code, Section 658.002 (a).
827 Texas Government Code, Section 658.005 (a).
828 Texas Government Code, Section 658.002 (b).
829 Texas Government Code, Section 658.005 (b) and (c).
830 Texas Government Code, Section 658.007 (a).
Eight-Hour Work Day for Certain Public Works Employees

Eight hours of work in a calendar day constitute a day’s work for a laborer, worker, or mechanic employed by or on behalf of the State or a political subdivision of the State for the construction, repair, or improvement of a building, bridge, road, highway, stream, or levee or for other similar work.832

Voluntary Work Reduction Program

To increase state efficiency while reducing the cost of state government, a state agency or institution of higher education may create a work reduction program in which a full-time state employee of the state agency or institution of higher education agrees to accept reduced wages and benefits for a proportionate reduction in work hours. State agencies and institutions of higher education that have this program shall place a notice of the program’s availability in common areas of the state agency or institution of higher education. Participation by the employee is strictly voluntary and must be for a period of no less than six months. In addition, the agreement must be in writing and signed by the employee. Temporary and exempt employees are not permitted to participate in this program.833

State Privacy Policy

Members of the public are entitled to be informed about information that the State has collected about them, unless such information is protected under Texas Government Code, Section 552.023.834 With few exceptions, an individual is entitled, upon request, to:

- Be informed about information the State has collected regarding the individual.
- Receive and review the information.
- Correct inaccurate information.835

Each state governmental body that collects information (1) about an individual by means of an Internet site, (2) about a computer network location, or (3) about the identity of a site user is required to prominently post on its Internet site what information is being collected through the site, including information that is being collected by means that are not obvious.836 Each state agency and institution of higher education is required to establish a reasonable correction procedure that cannot unduly burden an individual using the procedure.837 Unless specifically allowed by state law, an agency or institution of higher education may not charge an individual to correct his or her information.838

832 Texas Government Code, Section 605.001.
833 Texas Government Code, Sections 658.003 and 658.004 (a).
834 Texas Government Code, Section 559.002.
835 Texas Government Code, Section 559.003 (a).
836 Texas Government Code, Section 559.003 (b).
837 Texas Government Code, Section 559.004.
838 Texas Government Code, Section 559.005 (a).
Workforce Planning

As part of their strategic plans, state agencies are required to conduct staffing analyses and develop workforce plans. The workforce planning process helps agencies:

- Identify the number of employees and types of employee skill sets required to meet agency goals and strategic objectives.
- Develop a plan of action to ensure that the appropriate workforce will be available to provide quality services to the citizens of Texas.

The workforce plans must be based on guidelines established and provided by the State Auditor. Institutions of higher education, university systems, the Office of the Governor, the Lieutenant Governor’s Office, and agencies within the judicial and legislative branches are excluded from this requirement, but they are encouraged to conduct such planning.

The State Auditor’s Office has published a workforce planning guide to assist agencies with developing their workforce plans. This guide can be found at http://www.hr.sao.state.tx.us/Workforce/.

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839 Texas Government Code, Section 2056.0021.
840 Texas Government Code, Sections 2056.001 and 2056.0021.
Appendices

Appendix 1
Objective, Scope, and Methodology

Objective

The objective of this Inventory was to summarize state and federal human resources management laws that apply to Texas state employees in state agencies and institutions of higher education.

Methodology

Information collected and reviewed included the following:

- Office of the Attorney General of Texas opinions and letter opinions.
- General Appropriations Act (83rd Legislature).
- State Auditor’s Office leave interpretation letters.
- Texas Administrative Code.
- Texas Code of Criminal Procedure.
- Texas Education Code.
- Texas Family Code.
- Texas Government Code.
- Texas Health and Safety Code.
- Texas Human Resources Code.
- Texas Insurance Code.
- Texas Labor Code.
- Texas Occupations Code.
- Code of Federal Regulations.
- Internal Revenue Code.
- United States Code.
- United States Supreme Court cases.
Project Information

Fieldwork was conducted from May 2013 through September 2013. This project is a general reference guide on the State’s human resources management statutes; therefore, the information in this statutes Inventory was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to ensure accuracy.

The following members of the State Auditor’s staff were involved in creating this Inventory:

- Juan R. Sanchez, MPA, CIA, CGAP (Project Manager)
- Sharon Schneider, CCP, PHR (Assistant Project Manager)
- Kendra Campbell, MSIS, PHR
- Scott Labbe
- Judy Millar, CCP
- Steve Pearson
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- John Young, MPAff (Audit Manager)
Table A lists subject areas and the corresponding responsible agencies for various human resources-related subjects. Agencies should contact the appropriate office with questions.

Table A

<table>
<thead>
<tr>
<th>Topic</th>
<th>Office to Contact</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>Salary Administration</td>
<td>State Auditor’s Office - State Classification Team</td>
<td>(512) 936-9500</td>
</tr>
<tr>
<td></td>
<td>Comptroller of Public Accounts</td>
<td>(512) 463-3952, (512) 463-9009, or (512) 475-5615</td>
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<td><a href="http://www.sao.state.tx.us/contact">http://www.sao.state.tx.us/contact</a></td>
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<td>Discrimination in Employment</td>
<td>Texas Workforce Commission - Civil Rights Division</td>
<td>(512) 463-2642</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(888) 452-4778 (toll free)</td>
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<tr>
<td>Vacations and Leave</td>
<td>State Auditor’s Office - State Classification Team</td>
<td>(512) 936-9500</td>
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<td>Health Insurance</td>
<td>Employees Retirement System</td>
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<td></td>
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<td>(877) 275-4377 (toll free)</td>
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<td><a href="http://www.ers.state.tx.us/support/">http://www.ers.state.tx.us/support/</a></td>
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<td>Holidays</td>
<td>Comptroller of Public Accounts</td>
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<td>Job Vacancy Posting</td>
<td>Texas Workforce Commission</td>
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<td>(800) 832-9394 (toll free)</td>
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<td>Teacher Retirement System</td>
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<td>(800) 223-8778 (toll free)</td>
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<td>Veterans' Benefits</td>
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<td>(512) 463-5538 (800) 252-8387 (toll free)</td>
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<td>State Office of Risk Management</td>
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[^841]: Texas Government Code, Section 661.152.
[^843]: Texas Government Code, Section 659.046.
[^845]: Texas Government Code, Sections 662.005 and 662.008.

[^841]: Classified positions are those that are subject to the State’s Position Classification Plan. Exempt positions are excluded from the State’s Position Classification Plan and are listed in the General Appropriations Act. Unclassified positions are not subject to the State’s Position Classification Plan. Temporary positions are limited in duration and established for a specific period of time. Temporary positions also include seasonal employees. Contract positions are filled by independent contractors, temporary workers supplied by staffing companies, contract company workers, and consultants.
### Table C

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<th>Vacation Leave Accrual&lt;sup&gt;846&lt;/sup&gt;</th>
<th>Sick Leave Accrual&lt;sup&gt;847&lt;/sup&gt;</th>
<th>State Service Credit&lt;sup&gt;848&lt;/sup&gt;</th>
<th>Longevity Pay&lt;sup&gt;849&lt;/sup&gt;</th>
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</tr>
<tr>
<td>Non-Faculty (less than 20 hours and/or less than 4.5 month appointment)</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Positions Requiring Student Status as a Condition of Employment</td>
<td>No</td>
<td>No</td>
<td>Yes&lt;sup&gt;b&lt;/sup&gt;</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

<sup>a</sup> For institutions of higher education, a regular staff employee is defined as one who is employed to work at least 20 hours per week for a period of at least four-and-one-half months, excluding students employed in positions that require student status as a condition of employment. A faculty member employed for a period of less than 12 months is not eligible for vacation accrual in accordance with Texas Government Code, Section 661.152 (a).


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<sup>846</sup> Texas Government Code, Section 661.152.

<sup>847</sup> Texas Government Code, Sections 661.201 (b) and 661.202 (c).

<sup>848</sup> Texas Government Code, Section 659.046 (a).

<sup>849</sup> Texas Government Code, Sections 659.041 (2) (B), 659.042 (6), and 659.043 (a).

<sup>850</sup> Texas Government Code, Sections 662.005, 662.008, and 662.011 (c).
An employee who separates from state employment may be entitled to additional pay besides his or her regular pay. Table D lists the various pay entitlements to which an employee may be entitled upon separating from state employment. See Chapter 9 (Employee Compensation) and Chapter 11 (General Leave Provisions) for additional information regarding pay and leave entitlements.

Table D

<table>
<thead>
<tr>
<th>Pay Entitlements</th>
<th>Type of Separation</th>
<th>Type of Separation</th>
<th>Type of Separation</th>
<th>Type of Separation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Any Separation in Which the Employee Is Permitted to Remain on the Payroll to Expend Accrued Vacation</td>
<td>Any Separation in Which the Employee Is Not Permitted to Remain on the Payroll to Expend Accrued Vacation</td>
<td>Death (Payment to estate)</td>
<td></td>
</tr>
<tr>
<td>Lump-Sum Payment for Accrued Vacation Leave</td>
<td>No, since the employee is allowed to remain on the payroll to expend accrued vacation leave.</td>
<td>Yes.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Lump-Sum Payment for Accrued Sick Leave</td>
<td>No, also not eligible to use sick leave while remaining on the payroll to expend vacation.</td>
<td>No.</td>
<td>Yes, for ½ sick leave hours not to exceed 336 hours.</td>
<td></td>
</tr>
<tr>
<td>Further Accrual of Vacation Leave</td>
<td>No.</td>
<td>Not applicable.</td>
<td>Not applicable.</td>
<td></td>
</tr>
<tr>
<td>Further Accrual of Sick Leave</td>
<td>No.</td>
<td>Not applicable.</td>
<td>Not applicable.</td>
<td></td>
</tr>
<tr>
<td>Lump-Sum Payment for Accrued State Compensatory Time</td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Lump-Sum Payment for Accrued FLSA Compensatory Time</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>Payment for Longevity or Hazardous Duty</td>
<td>Yes.</td>
<td>Not applicable.</td>
<td>No.</td>
<td></td>
</tr>
<tr>
<td>Holiday</td>
<td>Yes.</td>
<td>Yes.</td>
<td>Yes.</td>
<td></td>
</tr>
<tr>
<td>General Salary Increase</td>
<td>Yes.</td>
<td>No.</td>
<td>No.</td>
<td></td>
</tr>
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a Requires six months of continuous state service.
b Texas Government Code, Section 659.015, provides exceptions to allow for the payment of state compensatory time to employees of certain agencies and institutions of higher education under certain circumstances.
c Agencies should consult their legal counsel and the U.S. Department of Labor for more information regarding the payment of accrued FLSA compensatory time to the estate of a deceased employee.
d Applicable for the period beginning on the day following the last day of employment and ending on the last working day through which the accrued leave would have extended.
Appendix 6

Transfer and Rehire Leave Reinstatement Entitlements

Employees who separate from their current state agency or institution of higher education and then directly transfer to another state agency or institution without a break in service are entitled to have their remaining vacation and sick leave transferred to their new employer. In addition, employees who have separated from state employment and then are rehired by a state agency or institution may be entitled to have their vacation and sick leave reinstated, depending on the length of separation from the State. Table E lists these entitlements, including the transfer or reinstatement of state compensatory time and Fair Labor Standards Act (FLSA) overtime. See Chapter 11 (General Leave Provisions) for additional information regarding leave balances and leave transfers.

Table E

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<th>Transfer or Reinstatement of State Compensatory Time</th>
<th>Transfer or Reinstatement of FLSA Overtime</th>
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</thead>
<tbody>
<tr>
<td>Employee Directly Transfers From one State Agency or Institution to Another State Agency or Institution Without a Break in Service.</td>
<td>Yes. All remaining vacation leave should be transferred to the new state employer.</td>
<td>Yes. All remaining sick leave should be transferred to the new state employer.</td>
<td>No.</td>
<td>No. FLSA overtime must be paid by employer from which the employee transferred.*</td>
</tr>
<tr>
<td>Employee Terminates Employment from a State Agency and then Returns to State Employment after a Break in Service.</td>
<td>Yes, as long as the employee returns to state employment within 30 days of such separation.</td>
<td>Yes, as long as the employee returns to state employment within 12 months after the end of the month following the employee’s termination.</td>
<td>No.</td>
<td>No. FLSA overtime must be paid by employer from which the employee transferred.*</td>
</tr>
<tr>
<td>Employee Terminates Employment from an Institution and then Returns to State Employment after a Break in Service.</td>
<td>No. Employees who separate employment with the institution are entitled to be paid their vacation leave balance upon termination.</td>
<td>Yes, as long as the employee returns to state employment within 12 months after the end of the month following the employee’s termination.</td>
<td>No.</td>
<td>No. FLSA overtime must be paid by employer from which the employee transferred.*</td>
</tr>
<tr>
<td>Employee Transfers to Another State Agency as a Result of a Legislative Mandate.</td>
<td>Yes. All remaining vacation leave should be transferred to the new state employer.</td>
<td>Yes. All remaining sick leave should be transferred to the new state employer.</td>
<td>Yes, if that is the agreement between the agencies.</td>
<td>Yes, if that is the agreement between the agencies.</td>
</tr>
</tbody>
</table>

*Code of Federal Regulations, Title 29, Section 553.27 (b), states employees must be paid unused FLSA compensatory time upon termination with an employer.

**As long as the employee has had continuous employment for at least six months.

***Employees who are separated for reasons other than a formal reduction in force and who are re-employed by the same agency or institution within 12 months may only have their sick leave balance restored if they have had a break in service of at least 30 calendar days since their date of termination.

****Texas Government Code, Section 662.0071, provides the specific situations in which agencies must agree to transfer an employee’s state compensatory balances, and may also be applicable to FLSA overtime.

851 Texas Government Code, Sections 661.153 and 661.204.

852 Texas Government Code, Sections 661.062, 661.152 (k), and 661.205.
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