

**SUBSTITUTE FOR
HOUSE BILL NO. 4591**

A bill to regulate certain provisions in certain public employment contracts; to limit severance payments to certain public employees and public officers; and to require the disclosure or publication of certain public employment contracts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "state
2 employment contract regulation act".

3 Sec. 3. As used in this act:

4 (a) "Severance pay" means compensation that is both of the
5 following:

6 (i) Payable or paid upon or after the termination of
7 employment.

8 (ii) In addition to any of the following:

1 (A) Wages or benefits earned.

2 (B) Generally applicable retirement benefits.

3 (b) "State employee" means an individual employed in the
4 executive or legislative branch of government of this state. State
5 employee does not include an employee in the state classified civil
6 service.

7 (c) "State officer" means an individual who is elected or
8 appointed to an office created by law in the executive or
9 legislative branch of government of this state.

10 Sec. 5. (1) Except as otherwise provided in subsection (2) or
11 (3), this state shall not do either of the following:

12 (a) Enter into an employment contract with a state employee if
13 any of the following conditions apply:

14 (i) The employment contract provides for severance pay to the
15 state employee in an amount that is greater than an amount equal to
16 12 weeks of the state employee's normal wages.

17 (ii) The employment contract prohibits the state employee from
18 disclosing any of the following:

19 (A) Factual information about an alleged violation of law,
20 including, but not limited to, discrimination and sexual
21 harassment, in the state employee's workplace.

22 (B) The existence of the employment contract.

23 (C) A portion of or the full text of the employment contract.

24 (iii) The employment contract does not state that the employment
25 contract represents the complete and exclusive agreement between
26 the parties to the contract.

27 (b) Pay to a state employee severance pay in an amount greater
28 than is authorized under subdivision (a) (i).

29 (2) For a state employee in the executive branch, if the

1 attorney general determines that severance pay for the state
2 employee in an amount greater than is authorized under subsection
3 (1) (a) (i) is necessary to serve the best interests of this state
4 based on the risk of litigation and the need to minimize the
5 expenditure of public funds, this state may, subject to subsection
6 (4), do either of the following:

7 (a) Enter into an employment contract with the state employee
8 that provides for severance pay to the state employee in an amount
9 greater than is authorized under subsection (1) (a) (i) if the
10 employment contract releases, to the extent allowed by law, all
11 claims the state employee may have against this state.

12 (b) Pay to the state employee severance pay as provided for in
13 the employment contract described in subdivision (a).

14 (3) For a state employee in the legislative branch, if the
15 legal counsel for the public body that employs the state employee
16 determines that severance pay for the state employee in an amount
17 greater than is authorized under subsection (1) (a) (i) is necessary
18 to serve the best interests of this state based on the risk of
19 litigation and the need to minimize the expenditure of public
20 funds, this state may, subject to subsection (4), do either of the
21 following:

22 (a) Enter into an employment contract with the state employee
23 that provides for severance pay to the state employee in an amount
24 greater than is authorized under subsection (1) (a) (i) if the
25 employment contract releases, to the extent allowed by law, all
26 claims the state employee may have against this state.

27 (b) Pay to the state employee severance pay as provided for in
28 the employment contract described in subdivision (a).

29 (4) If this state enters into an employment contract with a

1 state employee or state officer that provides for severance pay to
2 the state employee or state officer in an amount equal to or
3 greater than an amount equal to 6 weeks of the state employee's or
4 state officer's normal wages, the public body that employs the
5 state employee or in which the state officer serves shall, within
6 28 days after the employment contract is entered into and to the
7 extent allowed by law, make the full text of the employment
8 contract available to the public on the public body's website.

9 Sec. 7. (1) Except as otherwise provided in subsection (2) or
10 (3), this state shall not do any of the following:

11 (a) Enter into an employment contract with a state officer if
12 any of the following conditions apply:

13 (i) The employment contract provides for severance pay to the
14 state officer.

15 (ii) The employment contract prohibits the state officer from
16 disclosing any of the following:

17 (A) Factual information about an alleged violation of law,
18 including, but not limited to, discrimination and sexual
19 harassment, in the state officer's workplace.

20 (B) The existence of the employment contract.

21 (C) A portion of or the full text of the employment contract.

22 (iii) The employment contract does not state that the employment
23 contract represents the complete and exclusive agreement between
24 the parties to the contract.

25 (b) Pay severance pay to a state officer.

26 (c) Enter into a nondisclosure or confidentiality agreement
27 with a state officer regarding the performance of the state
28 officer's official duties, unless confidentiality is required by
29 law.

1 (2) For a state officer in the executive branch, if the
2 attorney general determines that severance pay for the state
3 officer is necessary to serve the best interests of this state
4 based on the risk of litigation and the need to minimize the
5 expenditure of public funds, this state may, subject to subsection
6 (4) and section 5(4), do either of the following:

7 (a) Enter into an employment contract with the state officer
8 that provides for severance pay to the state officer if the
9 employment contract releases, to the extent allowed by law, all
10 claims the state officer may have against this state.

11 (b) Pay to the state officer severance pay as provided for in
12 the employment contract described in subdivision (a).

13 (3) For a state officer in the legislative branch, if the
14 legal counsel for the public body in which the public officer
15 serves determines that severance pay for the state officer is
16 necessary to serve the best interests of this state based on the
17 risk of litigation and the need to minimize the expenditure of
18 public funds, this state may, subject to subsection (4) and section
19 5(4), do either of the following:

20 (a) Enter into an employment contract with the state officer
21 that provides for severance pay to the state officer if the
22 employment contract releases, to the extent allowed by law, all
23 claims the state officer may have against this state.

24 (b) Pay to the state officer severance pay as provided for in
25 the employment contract described in subdivision (a).

26 (4) If a determination is made under subsection (2) or (3)
27 that severance pay for a state officer is necessary to serve the
28 best interests of this state based on the risk of litigation and
29 the need to minimize the expenditure of public funds, the public

1 body in which the public officer serves shall, within 3 days after
2 the employment contract is entered into and to the extent allowed
3 by law, submit by electronic means the full text of the state
4 officer's employment contract to all of the following:

- 5 (a) The speaker of the house of representatives.
- 6 (b) The minority leader of the house of representatives.
- 7 (c) The senate majority leader.
- 8 (d) The senate minority leader.

9 Sec. 9. This act applies to an employment contract that is
10 entered into, amended, extended, or renewed on or after the
11 effective date of this act.