

**SENATE 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 may be cited as the "state employment  
2 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),  
11 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 legislative branch, if the



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

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

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

15 (3) If this state enters into an employment contract with a  
16 state employee or state officer that provides for severance pay to  
17 the state employee or state officer in an amount equal to or  
18 greater than an amount equal to 6 weeks of the state employee's or  
19 state officer's normal wages, the public body that employs the  
20 state employee or in which the state officer serves shall, within  
21 28 days after the employment contract is entered into and to the  
22 extent allowed by law, make the full text of the employment  
23 contract available to the public on the public body's website.

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

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

28 (i) The employment contract provides for severance pay to the  
29 state officer.



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

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

6 (B) The existence of the employment contract.

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

8 (iii) The employment contract does not state that the employment  
9 contract represents the complete and exclusive agreement between  
10 the parties to the contract.

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

12 (c) Enter into a nondisclosure or confidentiality agreement  
13 with a state officer regarding the performance of the state  
14 officer's official duties, unless confidentiality is required by  
15 law.

16 (2) For a state officer in the legislative branch, if the  
17 legal counsel for the public body in which the public officer  
18 serves determines that severance pay for the state officer is  
19 necessary to serve the best interests of this state based on the  
20 risk of litigation and the need to minimize the expenditure of  
21 public funds, this state may, subject to subsection (3) and section  
22 5(3), do either of the following:

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

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

29 (3) If a determination is made under subsection (2) that



1 severance pay for a state officer is necessary to serve the best  
2 interests of this state based on the risk of litigation and the  
3 need to minimize the expenditure of public funds, the public body  
4 in which the public officer serves shall, within 3 days after the  
5 employment contract is entered into and to the extent allowed by  
6 law, submit by electronic means the full text of the state  
7 officer's employment contract to all of the following:

8 (a) The speaker of the house of representatives.

9 (b) The minority leader of the house of representatives.

10 (c) The senate majority leader.

11 (d) The senate minority leader.

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

