

BILL ANALYSIS

C.S.H.B. 906
By: Gallego
Government Reform
Committee Report (Substituted)

BACKGROUND AND PURPOSE

State agencies have human resource personnel responsible for a number of staffing duties, including recruitment, classification, administration of benefits and training. In many state agencies, HR departments appear to be overstaffed when compared to other HR departments servicing an equal or comparable number of employees. Nationwide surveys indicate that the more efficient and effective ratios of HR staff to total staff hover around the 1:100 ratio, meaning one HR staff person for every 100 employees. Records show that many of Texas' largest state agencies deviate from the 1:100 by large numbers. This bill requires large state agencies to modify their ratios so that agency ratios meet the national standard. The bill also requires the State Council on Competitive Government to conduct a feasibility study relating to the cost-effectiveness of allowing medium-sized and small state agencies to contract with private entities for human resources functions.

RULEMAKING AUTHORITY

It is the Committee's opinion that this bill does not expressly grant any additional rulemaking authority to any state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amend Subtitle B, Title 6, Government Code, by adding a new Chapter 670 as follows:

Chapter 670. HUMAN RESOURCES STAFFING AND FUNCTIONS.

Sec. 670.001. Definitions. This section defines "state agency" as a department, commission, board, office, authority, council, or any other governmental entity in the executive branch created by the constitution or statute of this state and has authority not limited to a specific geographical portion of the state.

The definition excludes university systems or institutions of higher education as defined by Section 61.003 of the Education Code.

Sec. 670.002. HUMAN RESOURCES STAFFING FOR LARGE STATE AGENCIES. Requires a state agency with 500 or more full-time equivalent employees to adjust the human resource staff so that the ratio of human resource employees to total staff is one for every one hundred (1:100).

Sec. 670.003. HUMAN RESOURCES STAFFING FOR MEDIUM-SIZED AND SMALL STATE AGENCIES; OUTSOURCING. Requires the State Council on Competitive Government (Council) to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform these functions of state agencies that employ fewer than 500 full-time equivalent employees.

If the Council determines that contracting with a private vendor is cost-effective, the council must issue a request for proposal for vendors to perform human resources functions of agencies. The Council must determine which functions private vendors shall perform and which functions the agency may select to perform. Each agency shall pay for the contracts for human resources functions out of the agency's human resources budget.

Under Subsection (e) a state agency may appeal to the Legislative Budget Board (LBB) for a waiver from the decision of the Council to require the state agency to consolidate the human resource functions or to contract with a private entity to perform these functions. The LBB may grant a waiver if the LBB determines that it would not be cost-effective for the agency to consolidate the human resource functions of the agency or to contract with a private entity to perform these functions. A state agency that receives a waiver under this Subsection is exempt from the requirements of this section.

SECTION 2. Each state agency with 500 or more full-time equivalent employees must comply with the human resources employee to staff ratio requirements under Section 670.002 of this Act no later than September 1, 2003.

The Council must conduct an initial feasibility study to determine the cost-effectiveness of consolidating the human resources functions of or contracting with private entities to perform these functions of state agencies under Section 670.003 of this Act no later than January 1, 2004.

SECTION 3. Effective Date.

EFFECTIVE DATE

This Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute changes Section 670.003 of the original by requiring both medium sized and small state agencies to participate in the Council's study to determine if contracting with private agencies for human resources functions is cost effective. The substitute allows a medium-sized or small state agency to appeal to the LBB for a waiver from the decision of the Council. Standards for waivers are set forth in the substitute.

Section 670.004 is deleted.

The substitute requires large state agencies to comply with the ratio set in the bill no later than September 1, 2003. The substitute requires the Council to conduct a feasibility study pursuant to Section 670.003 no later than January 1, 2004.