

## BILL ANALYSIS

Senate Research Center  
78R9630 MCK-F

H.B. 906  
By: Gallego (Whitmire)  
Government Organization  
5/14/2003  
Engrossed

### DIGEST AND PURPOSE

State agencies have human resource personnel responsible for duties, including recruitment, classification, administration of benefits and training. In many state agencies, Human Resources (HR) departments may 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 significantly from the 1:100 ratio. H.B. 906 requires large state agencies to modify their ratios to 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

This bill does not expressly grant any additional rulemaking authority to any state officer, department, agency, or institution.

### SECTION BY SECTION ANALYSIS

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

#### Chapter 670. HUMAN RESOURCES STAFFING AND FUNCTIONS

Sec. 670.001. Definitions. Defines "state agency."

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. (a) 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 those functions for state agencies that employ fewer than 500 full-time equivalent employees.

(b) Requires the council, if it determines that contracting with a private vendor is cost-effective, to issue a request for proposals for vendors to perform human resources functions of agencies.

(c) Requires the council to determine which human resources functions are subject to the contract and which functions the agency may select to perform itself.

(d) Requires each agency to pay for the contracts for human resources functions out of the agency's human resources budget.

(e) Authorizes a state agency to 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 resources functions of the agency or to contract with a private entity to perform the human resources functions of the agency. Authorizes LBB to grant a waiver if it determines that, based on the facts and circumstances of the state agency, it would not be cost-effective for the agency to consolidate the human resources functions of the agency or to contract with a private entity to perform the human resources functions of the agency. Provides that a state agency that receives a waiver under this subsection is exempt from the requirements of this section.

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

(b) Requires the council to 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: September 1, 2003.