

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1050

SPONSOR: Governmental Oversight & Productivity Committee and Senator Mitchell

SUBJECT: Health Benefits; Other-Personal-Services Employees

DATE: March 29, 1999 REVISED: \_\_\_\_\_

|    | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION       |
|----|---------|----------------|-----------|--------------|
| 1. | Rhea    | Wilson         | GO        | Favorable/CS |
| 2. |         |                | FP        |              |
| 3. |         |                |           |              |
| 4. |         |                |           |              |
| 5. |         |                |           |              |

## I. Summary:

The committee substitute requires the Department of Management Services (DMS), in cooperation with legislative staff and the Office of Program Policy Analysis and Governmental Accountability (OPPAGA), to conduct a study of all positions in state government which are filled by employees in the other-personnel-services classification.

The committee substitute also creates an undesignated section of law.

## II. Present Situation:

Ch. 110, F.S., provides general state employment provisions. The purpose of the chapter is to establish a system of personnel management. This system is to provide means to recruit, select, train, develop, and maintain an effective and responsible workforce. The chapter includes policies and procedures for employee hiring and advancement, training and career development, position classification, salary administration, benefits, discipline, discharge, employee performance evaluations, affirmative action, and other related activities.

Section 110.131, F.S. (1998 Supp.), provides requirements for other-personal-services (OPS) temporary employment. An agency<sup>1</sup> may employ any individual in OPS employment for 1,040 hours within any 12 month period.<sup>2</sup> An extension beyond a total of 1,040 hours within an agency for any individual requires the approval of the agency head or a designee. Approval of extensions must be made in accordance with criteria established by the Department of Management Services

<sup>1</sup>The term "agency" is defined by s. 110.131(1), F.S. (1998 Supp.), to mean any official, officer, commission, board, authority, council, committee, or department of the executive branch of state government and means any officer, court, commission, or other unit of the judicial branch of state government supported in whole or in part by appropriations made by the Legislature.

<sup>2</sup>The time limit established by this section does not include: board members, consultants, seasonal employees, institutional clients employed as part of their rehabilitation, or bona fide, degree-seeking students in accredited secondary or postsecondary educational programs.

(DMS). Agencies are required to maintain employee information as specified by the DMS regarding each extension of OPS employment.

The DMS is required by the section to adopt rules providing that OPS employment is to be used for short-term tasks. The rules are required to specify the employment categories, terms, conditions, rate of pay, and frequency of OPS employment and the duration for which such employment may last. Further, the rules must specify the criteria for approving extensions beyond the time limitation provided in subsection (2) of the section and prescribe recordkeeping and reporting requirements for OPS employment.

The DMS is required to maintain information related to OPS employment for each agency. The information is to include: (a) total amount of compensation for OPS personnel by category; (b) name; (c) social security number; (d) employment category; (e) employment commencement date; (f) number of hours worked for each individual whose initial OPS employment began before the start of the preceding fiscal year and who was still employed as an OPS temporary employee at the end of the preceding fiscal year.

OPS personnel do not currently receive health benefits.

According to the Department of Banking and Finance (DBF), the number of OPS workers varies greatly from month to month, but as of the end of February, 1999, there were approximately 46,380 workers in the OPS classification. The average number of such workers was approximately 43,900 per month for the year ended February 28, 1999.

Most OPS workers are found in the State University System (SUS), with over 37,100 OPS employees. Of that number, almost 25,000 are students. The remaining approximately 12,000 workers are in other classifications, or in mixed classifications.

In agencies such as Children and Family Services, many of the OPS workers are agency clients employed as part of their rehabilitation.

### **III. Effect of Proposed Changes:**

The committee substitute requires the DMS, in cooperation with legislative staff and OPPAGA, to conduct an in-depth study to identify the types of benefit plans or related compensation options that exist that could be made available to OPS employees. The DMS is required to compare the types of benefits afforded by these plans, as well as other options. Advantages and disadvantages of each must be identified in the report.

The committee substitute specifically requires the DMS to investigate defined contribution programs under s. 3121(b)(7)(F) of the Internal Revenue Code, and alternative plans that provide similar benefits. The bill requires certain criteria to be applied in the evaluation of plans:

- (a) Whether there is any risk of the principal to plan participants.
- (b) Whether the rate of return is reasonable or guaranteed.

- (c) Whether any penalty, fee, or tax would apply upon withdrawal of funds.
- (d) The effect of an employee's participation upon his or her ability to contribute to other plans, such as an individual retirement account.
- (e) The degree and timing of vesting under the plan.
- (f) Whether the plan is portable.

The committee substitute requires the department to prepare a report of its study which describes the available benefit plans or other compensation options and recommends one or more that would be most beneficial for the state's part-time, temporary, and seasonal employees.

The report must be submitted to the Speaker of the House, the Minority Leader of the House, the President of the Senate and the Minority Leader of the Senate, no later than December 31, 1999.

The act takes effect upon becoming a law.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Economic Impact and Fiscal Note:**

##### **A. Tax/Fee Issues:**

None.

##### **B. Private Sector Impact:**

None.

##### **C. Government Sector Impact:**

The DMS will experience some costs for performing the study.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The committee substitute requires the DMS, an executive agency, to submit the report to the Speaker of the House, the House Minority Leader, the Senate President, and the Senate Minority Leader. Typically, reports are submitted to the Senate President, the Speaker of the House, and the Governor.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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