

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1528

SPONSOR: Governmental Oversight and Productivity Committee and Senator Wise

SUBJECT: Governmental Reorganization

DATE: April 14, 2003      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Fav/CS
2.	_____	_____	AP	_____
3.	_____	_____	RC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill revises the authorization given the Department of Management Services (DMS) in expiring appropriations proviso language to continue to use the services provided by contract vendors in the redeployment of its personnel infrastructure. It makes changes to the method of recognizing and awarding employees for exemplary achievement and provides for the review of state agency service contracts. Finally, the bill corrects a cross-reference that specifies an incorrect number of members required for a quorum of the State Retirement Commission.

This bill substantially amends the following sections of the Florida Statutes: ss. 110.107, 110.116, 110.1245, 110.152, 110.191, 110.2035, 110.205, 110.213, 110.227, 110.406, 110.603, 110.606, 121.24, 215.92, 215.93, 215.94 and 216.011. It repeals s. 110.203, F.S.

## II. Present Situation:

The Department of Management Services functions as the central administrative services entity for all agencies in the Executive Branch and for many functions of Legislative and Judicial Branch agencies. Its five program areas of Workforce, Support, Information Technology, Facilities, and Administration provide shared services in personnel, office space, and benefits management across all state and several hundred non-state government agencies.<sup>1</sup>

The 2002 Legislature significantly changed the deployment of personnel administration across state agencies of the Executive Branch in two principal ways<sup>2</sup>. First, many employees in supervisory positions were transferred from civil service to exempt status. Accompanying this

<sup>1</sup> Its Division of Retirement manages a multi-employer pension plan and oversees several hundred separate local government pension plans.

<sup>2</sup> Chapter 2001-43, Laws of Florida.

*Service First* initiative was a change in the method of recognizing and rewarding achievement and the extension of a full employer-paid benefits package to several thousand additional employees. Second, the DMS received approval in the General Appropriations Act<sup>3</sup> to proceed with the full redeployment of its personnel infrastructure from state agencies to a contract vendor.<sup>4</sup> Over the course of 2003 and 2004 the vendor, Convergys Corporation, will provide an internet-based access point for personnel and benefit management using commercially available software in place of the DMS proprietary technology approaching the end of its useful life. As this deployment becomes less labor-intensive, employees will access personnel services directly through the central electronic portal rather than through their own employer's separate personnel office. A progressive attrition of employees from these offices will generate the payroll savings to pay for the redeployment.

A component of the transition was the development of a revised personnel classification system that would consolidate the more than 3,000 job classifications spread among nearly 500 pay grades. Originally implemented on a trial basis with the Department of Transportation, this new broadbanding classification system substituted the new terms of *job family*, *occupation groups*, and *occupation profiles* for the conventional designations of *salary ranges* and *job classes*.

### III. Effect of Proposed Changes:

**Section 1.** Creates 31 new definitions of terms used to describe the new personnel classification system. It provides specific definition of the new broadbanding terms and describes the individual components of the processes from hiring through dismissal.

**Section 2.** Amends s. 110.116(1), F.S., to permit, but not require, participation of the Legislative Branch in the revised personnel management system.

**Section 3.** Amends s. 110.1245, F.S., to provide a revision of the savings sharing program that permits peer input but does not weight it at forty percent of the determination.

**Section 4.** Amends s. 110.152(1), F.S., to provide a lump-sum payment in a single year for state employees who adopt a special needs child. It also terminates this payment should the employee lose eligibility for the adoption benefit payment and eliminates language of a temporary nature on the adoption payments.

**Section 5.** Amends s. 110.191, F.S., to provide a corrected cross-reference relative to state employee leasing activities.

**Section 6.** Amends s. 110.2035, F.S., to specifically authorize the DMS to develop by rule approved by the Administration Commission a revised classification and compensation plan in which it will act. The pay levels, or bands, shall not exceed 25 and are to spread across no more than 38, rather than the current 50, occupational groups. Routine application of the system is the responsibility of the employing agency with the DMS acting in a supervisory capacity.

---

<sup>3</sup> Section 40, Chapter 2002-402, Laws of Florida.

<sup>4</sup> Since renamed *People First* from the former *Human Resources Outsourcing Project*.

**Section 7.** Amends s. 110.205, F.S., to provide corrected cross references to the nomenclature changes effected by broadbanding classification relative to positions exempt from the career service.

**Section 8.** Amends s. 110.213, F.S., to permit selection of employment candidates based upon meeting the minimum agency requirements or such other licensure requirements if any apply.

**Section 9.** Amends s. 110.227, F.S., to make specific reference to the one-year probationary requirement for state employees as it affects disciplinary actions and grievances.

**Section 10.** Amends s. 110.406, F.S., to provide corrected cross references relative to the broadbanding classification system.

**Section 11.** Amend s. 110.603, F.S., to provide corrected cross references relative to broadbanding classification as it affects pay and benefits.

**Section 12.** Amends s. 110.606, F.S., to provide corrected cross references relative to broadbanding classification as it affects the Selected Exempt Service.

**Section 13.** Amends s. 215.92, F.S., to provide technical grammatical changes to the new references provided for the personnel management system as it affects the state automated financial management system.

**Section 14.** Amends s. 215.93, F.S., to replace the former Cooperative Personnel Employment Subsystem with the new Personnel Information System.

**Section 15.** Amends s. 215.94, F.S., to permit contracting of the personnel information system and to require each using agency to ensure its installation.

**Section 16.** Amends s. 216.011, F.S., to provide corrected cross references in the state planning and budgeting statutes relative to the broadbanding classification system.

**Section 17.** Repeals s. 110.203, F.S., providing definitions.

**Section 18.** This section directs the DMS to issue a request for proposal for the review of state agency service contracts for the maintenance of leased or owned equipment.

**Section 19.** Amends s. 121.24, F.S., to correct a cross reference on a quorum of members of the State Retirement Commission.

**Section 20.** The bill 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:

The execution of a contract with Convergys, the approved vendor, will provide about \$278 million in income to the firm over the seven-year term.

## C. Government Sector Impact:

Each state agency will retain a residual complement of staff for its administrative operations although its personnel head count will be reduced to effect the software and hardware changes envisioned by the outsourcing of human resources functions. The net savings to the State of Florida is estimated at \$3.7 million in FY 04 and \$10.3 million in FY 05.

The Governor's Recommended Budget includes \$1.2 million in adoption subsidy payments to participating eligible employees.

It is not clear what costs or savings can be attributed to the provision in s. 18 on state agency service contracts. Several states have contracts with firms that do these evaluations. Currently, the University of Florida has one such agreement with a firm for the maintenance of its office and related equipment.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

---

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

---