

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

HOUSE CONCURRENT
RESOLUTION NO. 1104

By: Cox of the House

and

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AS INTRODUCED

A Concurrent Resolution expanding the state agency oversight functions of certain committees of the Legislature to include use of temporary employees and for-profit temporary employment agencies by state agencies.

WHEREAS, state agencies' employment of temporary employees increased from 5,343 in FY-91 to 7,047 in FY-96, which is an increase of 1,704 or 31.8% and does not include temporary employees employed by temporary employment agencies; and

WHEREAS, state agencies increased spending with temporary employment services from \$4.5 million in FY-95 to \$7.8 million in FY-96, an increase of 73% over the previous year; and

WHEREAS, the steep increase in utilization of temporary employment agencies for that period has continued and could rise to an estimated \$9.2 million in FY-99 or a nearly 100% increase since FY-95; and

WHEREAS, contracts with temporary employment agencies currently involve 23 state agencies and an estimated 700 temporary employees, which does not count seasonal or temporary employees hired with no participation by temporary employment agencies; and

WHEREAS, a legislative study on temporary employment agencies had indicated that state agencies pay temporary employment agencies

an average \$7.20 per hour per employee, only \$6.00 of which is received by the employee in gross hourly wages, allowing the employment agency, after taking out \$0.55 in payroll taxes, the remaining \$0.65 or 7.8% for profit and overhead which may have been used to pay medical or other benefits if an employee had been hired by the state agency as a regular state employee; and

WHEREAS, the State of Oklahoma has had a long commitment to providing its workforce with a first-class benefits package; and

WHEREAS, the sharp increase in the use of temporary employment by state agencies may undermine state efforts to raise per capita income levels and increase positions with medical and other benefits for working families; and

WHEREAS, state law normally requires an employee who works more than 1,000 hours in a year to receive retirement and health benefits, but those employed by temporary employment agencies are not subject to these requirements; and

WHEREAS, surveys of the temporary employment industry have suggested that the industry's benefit packages are considerably less than those provided to full-time employees in major industries and the public sector; and

WHEREAS, temporary employees employed by temporary employment agencies and working for state agencies are not hired through normal competitive hiring procedures used to hire classified employees and have none of the employee protections governing state employees through the Oklahoma Personnel Act; and

WHEREAS, the state budgeting process establishes personal service and full-time-equivalent (FTE) limits for state agencies which are artificially distorted by the practice of using employees who do not count against agency FTE limits provided by temporary employment agencies to fill positions established for regular state employees; and

WHEREAS, these practices make it difficult for the Legislature and the public to obtain an accurate understanding of state agency payrolls and employment practices; and

WHEREAS, temporary employees must be trained for their positions just as a regular employee and that training is a cost to the state; and

WHEREAS, state agencies extensive use of temporary employees and temporary employment agencies may partially reduce the effectiveness of the current state hiring freeze by shifting personnel service funds in agency budgets authorized for regular state employees to the employment of temporary employees by state agencies and temporary employment agencies; and

WHEREAS, the Legislature supports state agency contracts with not-for-profit, sheltered workshops, sponsored by organizations such as Goodwill Industries, that provide temporary employment opportunities and work experience to their employees and state programs designed to hire persons in the Temporary Assistance for Needy Families program.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE 2ND SESSION OF THE 46TH OKLAHOMA LEGISLATURE, THE SENATE CONCURRING THEREIN:

THAT the Committee on Appropriations and Budget of the House of Representatives and the Committee on Appropriations of the State Senate shall expand its oversight of state agencies during the 1998 legislative interim to examine the use of temporary employees and for-profit temporary employment agencies by state agencies.

THAT said committees shall examine state controls to account for the use of temporary employees and oversee contracts with for-profit temporary employment agencies and the employment of temporary employees by state agencies.

THAT said committees shall initiate any reforms the committees deem appropriate from their study.

46-2-11525

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