

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

SENATE BILL 1049

By: Rabon

AS INTRODUCED

An Act relating to the Oklahoma Privatization of State Functions Act; amending Section 3, Chapter 281, O.S.L. 1999 (74 O.S. Supp. 1999, Section 588), which relates to definitions; providing definition of "Cost/Benefit Analysis" and "Cost/Benefit Analysis Report"; requiring certain agencies to perform a cost/benefit analysis; requiring agencies to provide cost/benefit analysis report to the Department of Central Services; requiring the Department of Central Services to review report and make findings; requiring the Department of Central Services to return report with instructions if certain findings are made; requiring findings; requiring notification; promulgating rules; requiring the Department to send a copy of the rules to the Joint Legislative Committee on Budget and Program Oversight; amending Section 4, Chapter 281, O.S.L. 1999 (74 O.S. Supp. 1999, Section 589), which relates to employee proposals; providing restrictions prior to privatizing; limiting requirement for employee proposals based on the budget of the function, program, service, unit or division; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 3, Chapter 281, O.S.L. 1999 (74 O.S. Supp. 1999, Section 588), is amended to read as follows:

Section 588. As used in ~~this act~~ Section 586 et seq. of this title:

1. "Agency" means an agency, board, commission or other entity of state government~~;~~;

2. "Cost/Benefit Analysis" means a study to include, but not be limited to, all direct personnel costs, including an analysis of how much employee time is spent directly on a particular project, materials and supplies, equipment, capital and equipment

depreciation costs, rent, maintenance and repairs, utilities, insurance, travel, operations overhead, and general administrative overhead associated with privatization of a function, program, service, unit or division; a feasibility study determining whether other state agencies could perform the function, program, service, unit or division sought to be privatized; detailed analysis of the cost savings and quality enhancements expected to be gained by privatizing, and any other provisions that may be required by rules adopted by the Department of Central Services related to privatization;

3. "Cost/Benefit Analysis Report" means a written report of the Cost/Benefit Analysis; and

4. "Privatize" means to enter into contract for the performance of a duty or function which is currently being performed by a state employee.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 588.1 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Before any agency can contract to privatize a function, program, service, unit or division, having a budget of Fifty Thousand Dollars (\$50,000.00) or more, the agency must perform a cost/benefit analysis and provide a copy of the cost/benefit analysis report to the Department of Central Services.

B. The Department of Central Services shall review the cost/benefit analysis report and make a finding as to whether it fulfills the content requirements of this act and the rules of the Department. If the cost/benefit analysis report is found not to meet the requirements under this act and the rules of the Department, the Department shall return the cost/benefit analysis report to the agency with instructions.

C. Upon a finding that the cost/benefit analysis report meets the requirements of this act and the rules of the Department, the

Department shall make a finding as to whether the proposed cost savings and quality enhancements warrant privatizing the function, program, service, unit or division, and shall notify the agency of its findings.

D. The Director of the Department of Central Services shall promulgate such rules as are necessary to implement the provisions of this act. The Department shall send a copy of such promulgated rules to the Joint Legislative Committee on Budget and Program Oversight at least thirty (30) days prior to submitting its rules for legislative approval.

SECTION 3. AMENDATORY Section 4, Chapter 281, O.S.L. 1999 (74 O.S. Supp. 1999, Section 589), is amended to read as follows:

Section 589. A. ~~Before~~ Upon a finding by the Department of Central Services that the proposed cost savings and quality enhancements warrant privatizing a function, program, service, unit or division, pursuant to Section 2 of this act, and before any agency can contract to privatize a function, program, service, unit or division having a budget of Fifty Thousand Dollars (\$50,000.00) or more, the agency must allow its employees the opportunity to submit proposals for improving the operations, efficiency or organization of the entity being considered for privatization.

B. The privatization process shall begin with:

1. Notification to employees impacted by the proposed privatization by the agency of its intent to privatize a function, program, service, unit or division of the agency;

2. A specific statement that employees have an opportunity to submit proposals to the agency; and

3. Notification by the agency simultaneously with the notice required pursuant to paragraph 1 of this subsection, to the Director of the Office of State Finance of the agency's intent to privatize a state function.

C. The agency shall provide information about the delivery of services to its employees as they develop proposals to be considered. This information shall include revenue expenditure data, wage and salary data, and inventory of the supplies, equipment, and facilities associated with the program being privatized.

D. Proposals submitted by agency employees to the agency shall be considered when a determination is made on seeking nonemployee bids to privatize a function, program, service, unit or division of the agency.

E. After an agency has decided to privatize a function, program, service, unit or division and has met the requirements of subsection D of this section, the agency shall notify the Director of State Finance of its intent to solicit bids by interested parties. Prior to solicitation of bids from other interested parties, the agency shall notify the Governor, President Pro Tempore of the Senate, and Speaker of the House of Representatives of the agency's intent to solicit bids and a statement that the agency has given the opportunity to its employees to submit proposals pursuant to this section prior to the decision to privatize. The agency shall also certify that the provisions of this act and all other applicable laws regarding the privatization of the respective state functions have been complied with.

SECTION 4. This act shall become effective July 1, 2000.

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.