

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.: **HB 1755**
Version: Committee Substitute
Author: Representative Martin (Scott)
Date: February 26, 2009
Impact: Potential Savings From Efficiencies
State Cost Dependent on
Funding by the Legislature

Bill Summary

Research Analyst: Jonathan S. Small II

The measure is for the purpose of designating Comp Source as an “Enterprise Agency”, for 3 years. Enterprise Agencies are intended to achieve savings and be an example to other agencies, based on internal efficiency plans and reductions, which can be returned to the agency or appropriated for other purposes.

As an Enterprise Agency, Compsource would meet the following requirements:

- prepare a proposed plan for the agency for personnel, staffing and compensation and procurement
- proposed plans would contain measurable organizational and budgetary goals in key operational areas of the agency, and the amount of savings the agency is expected to generate from implementing the proposed plan
- annually present detailed reports about progress of plan implementation and reports on agency status and impact of changes

Enterprise Agencies would be permitted to receive the following exemptions:

- exemptions from the Oklahoma Central Purchasing Act
- exemptions from some FTE limitations
- exemptions from some merit and compensation limitations, if implemented plans are based on alternative plans approved by OPM and the Governor’s Office
- ability to pay performance based bonuses (15% of current salary levels) if goals are met and efficiencies are achieved

The measure is effective July 1, 2009.

Fiscal Summary

Fiscal Analyst: Terry McKenna

The Committee Substitute for HB 1755 designates CompSource Oklahoma as an enterprise agency for a period of three years. The purpose of the designation is to grant the agency relief from certain statutory provisions or agency rules in order to realize projected savings resulting from such relief. Prior to each fiscal year, the CompSource President and Chief Executive Officer shall submit an annual enterprise plan that shall set forth measurable organizational and budgetary goals in key operational areas of the agency. The measure allows the Board of Managers of CompSosource Oklahoma to set the salary and authorize the payment of a bonus to the agency's President and Chief Executive Officer, and to the employees of CompSource in an amount not in excess of fifteen percent (15%) of their annual rate of pay; the bonus is based upon the performance of these persons in relation to the goals set forth in the annual performance plan. The proceeds from the sale or lease of capital assets that are under the control of CompSource Oklahoma shall be retained by the agency and used for purposes that are within the scope of its responsibilities. CompSource Oklahoma may waive any personnel rule or statute and may exercise the authority granted to the Office of Personnel Management concerning employees of the enterprise agency, any provision of The Oklahoma Central Purchasing Act, and may temporarily waive or suspend the provisions of any other administrative rule if the rule impacts the ability of the agency to perform its duties in a more cost-efficient manner. An enterprise agency grant fund is created in the State Treasury for the purpose of providing funding to support innovation in accordance with this act. Monies in the fund are appropriated to the Office of State Finance for the purposes described in this measure.

Fiscal Analysis

Any FY-10 costs to the state would be dependent on an appropriation to the Office of State Finance for deposit in the enterprise agency grant fund.

CompSource is allowed to keep the proceeds from the sale or lease of the agency's capital assets and thus may use the funds for the purposes outlined in this measure that are intended to produce savings from efficiencies.

The Department of Central Services (DCS) advises that CompSource is already exempt from competitive bidding procedures under the Central Purchasing Act, and thus has no direct fiscal impact on DCS.

Long Term Fiscal Considerations

The designation of CompSosource Oklahoma as an enterprise agency tests the following hypothesis: Given greater flexibility an enterprise agency will be able to produce better outcomes for agency customers at less cost than under the standard bureaucratic system; also, an enterprise agency wastes less time and money on paperwork and low-valued added rule compliance. However, it is not possible to project the amount of savings related to the operations of CompSource Oklahoma as an enterprise agency; such information could only be determined after at least one fiscal year under the provisions of the Proposed Committee Substitute for HB 1755.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director