

# Fiscal Analysis

## Consolidation of Human Resource Operations



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**Bill/Sponsor**                      **HOUSE BILL 5190 AS PASSED HOUSE**, Rep. Philip J. LaJoy

**House Committee**                Employment Relations, Training, and Safety

**Analysis**                              **Summary**

House Bill 5190 would establish the Office of Human Resource Operations within the Department of Civil Service. The Office would be charged with consolidating and reorganizing all human resource operations within the Executive branch of state government, excluding the Departments of Attorney General and State. The bill would require all human resource activities, including payroll and employee benefit administration, to be conducted by the new Office of Human Resource Operations.

The State Personnel Director would be required to hire a Human Resource Operations Executive Director within 120 days of the effective date of the bill to head up the new Office. The Executive Director would be required to create, develop, and implement a business plan, and to assist the Office in consolidating and reorganizing all human resource operations in the Executive branch by September 30, 2004.

House Bill 5190 would require Executive branch departments and state agencies to cooperate with the Office in completing its mission. By September 30, 2004, the Office would be required to develop standard operating procedures and policies that all Executive branch human resource employees would follow, develop service level agreements within the Executive branch to ensure quality human resource services, determine the true costs of providing human resource services before the consolidation and reorganization, and develop and use specific measurements to determine the true costs of human resource services after the consolidation and reorganization. A report on the progress of consolidating and reorganizing human resource operations would be required every three months, beginning three months after the effective date of the bill. Upon completion of the consolidation and reorganization, the Executive Director would be required to provide a report on the total savings achieved, the reduction in state employees, if any reduction in state employees was due to the consolidation and reorganization, and the current status of human resource services in the Office every six months for eighteen months following consolidation and reorganization.

**Fiscal Impact**

Initially, there would be costs to the state for establishment of the Office of Human Resource Operations. Additional costs would be incurred for operational expenses such as staff salaries and fringe benefits, office supplies, equipment, rent, utilities, telephones, printing, travel, etc. The amount of additional costs is indeterminate at this time and would depend primarily on how the bill is implemented and the degree to which existing resources are utilized.

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When human resource operations for Executive branch departments and state agencies are consolidated and reorganized, the fiscal impact to the state would be a cost savings. Once again, the amount of savings to be realized is indeterminate and would depend on how the consolidation and reorganization is structured and the degree to which existing resources are utilized.

**Analyst(s)**  
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**FLOOR ANALYSIS - 11/6/03**

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