

BILL ANALYSIS

Senate Research Center
77R5119 MCK-D

S.B. 1488
By: Haywood
Finance
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As Filed

DIGEST AND PURPOSE

Many private companies as well as state and federal agencies have adopted pay-for-performance (PFP) compensation systems. PFP systems are designed to increase productivity by recognizing the best performers and compensating them accordingly. PFP furthers performance-based management by linking the goals of the organization to those of the individual, whose role is to contribute to the defined performance objectives. Through PFP planning, individuals participate cooperatively with the organization to design performance objectives and define mutually beneficial outcomes. As proposed, S.B. 1488 requires each state agency to adopt policies to ensure that individual performance expectations are linked to goals in the agency's strategic plans. The bill also requires a task force to be created to evaluate, compare, and contrast the benefits of the state's current merit system with a PFP system of compensation.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 659K, Government Code, by adding Sections 659.2551 and 659.2552, as follows:

Sec. 659.2551. **PERFORMANCE LINKED TO AGENCY GOALS.** Requires each state agency to adopt policies to ensure that an employee's performance expectations are linked to the goals in the agency's strategic plan adopted under Chapter 2056.

Sec. 659.2552. **TASK FORCE TO EVALUATE EMPLOYEE COMPENSATION SYSTEMS.** (a) Sets forth the composition of the task force.

(b) Requires the representative of the State Auditor's Office to serve as presiding officer of the task force.

(c) Requires the task force to evaluate the strengths and weaknesses of the current merit increase system for compensating employees, identify statewide opportunities for funding pay-for-performance policies and practices to supplement current efforts at recruiting and retaining employees, and provide recommendations on those matters to the legislature not later than January 1, 2003.

(d) Provides that a member of the task force serves at the will of the appointing entity.

SECTION 2. Effective date: September 1, 2001.