

CONTRACT WORKFORCE CHECKLIST

A. Staffing Strategies Checklist

Have you reviewed the:

1. Overall goals and objectives in the strategic plan?
2. Existing skills of workers compared to those needed in the future?
3. Cost of compensation per position including salaries, benefits, and productivity?
4. Type of work to be performed?
5. Volume of the workload?
6. Time required to complete a project?
7. Cyclical nature of services provided?

B. Cost-Effective Checklist

Have you:

1. Compared the contract company's charge or the amount paid to contract workers with the salaries and benefits paid to employees doing the same type of work?
2. Compared productivity between the contract workers and state employees?
3. Calculated the unit labor cost per worker? The unit labor cost per worker is the cost of employment adjusted for productivity. For example, if the salary and benefit cost of contract workers is 11 percent less than state employees, and productivity is four percent less, then the unit labor cost of contract workers is still seven percent less than state employees.
4. Factored the cost of training contract workers, such as salaries and lost output? These costs occur because the contract workers are paid while attending training, and they are not continuing to produce output while in training.
5. Analyzed the return on the training investment after the training is over? This analysis can be done by comparing the value of output produced by the contract worker to the money paid for that person's salary and benefits. After training, the output that workers produce should exceed the cost of their salaries and benefits. This gap is how organizations regain training costs.
6. Considered how long the contract worker stays on the job as it relates to training costs?

C. Best Practices Checklist

1. Provide managers with guidelines for using contract workers. Time limits on assignments should be included prevent "permanent" temporaries.
2. Make distinctions between types of work to be performed by state employees and contract workers. Provide considerations for use in making these distinctions. Avoid using contract workers in critical areas where in-house expertise should be retained or where confidentiality is important.
3. Be specific when describing skills and training needed for the position.
4. Ensure that you are not the only client of independent contractors or contracting companies. Ask them to provide evidence of their independent business operation.
5. Avoid the appearance of an employer-employee relationship by not using the services of one contractor full-time for long periods and by not providing job titles, dedicated office space, or dedicated support staff.

6. Provide separate ID cards for contract workers so they can be identified separately from state employees.
7. Interact with contract workers so that they do not view the State as their employer. For example, contract workers might feel the State is their employer if a supervisor manages and evaluates them the same as state employees.
8. Require any temporary or contracting company to make all employment decisions.
9. Use a separate policy manual and require reporting of personnel problems to the contracting company.

D. Policies and Procedures Checklist

1. How will you decide whether to use a contract worker or a state employee? A method for analyzing costs and benefits (including productivity) should be included.
2. How will you ensure the best contract workers are fairly and objectively selected?
3. How will you manage the contract workforce? Policies including legal considerations and risks should be included.
4. How will you evaluate and monitor performance of contract workers and contract companies?

The above check lists are only a summary of the issues noted in the Best Practices and Guidelines for Effectively Using A Contract Workforce.” Please refer to the web site at:
<http://www.sap/tx/us/Resources/Manuals/Workforce/99.326.pdf> for a complete copy of the practices and guidelines.