

A Classification Compliance Audit Report on the

# State's Planning, Research, and Statistics Positions

June 2004

Report No. 04-705



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## **Overall Conclusion**

The State Classification Office reviewed 539 planning, research, and statistics positions and found that 85 (16 percent) of these positions are misclassified. State agencies may spend up to \$60,386 to properly classify these positions. Proper classification and compensation of positions are vital to reduce the financial and business risks that can be associated with misclassified positions.

### **Background Information**

Texas Government Code, Section 654.036 (2) and (3), specifies that the State Classification Office "shall advise and assist state agencies in equitably and uniformly applying the [classification] plan and conduct classification compliance audits to ensure conformity with the plan."

## **Key Points**

**Sixteen percent of planning, research, and statistics positions were identified as misclassified.**

Of the 539 planning, research, and statistics positions reviewed, 85 (16 percent) were identified as misclassified.

The majority of misclassifications were a result of agencies' classifying positions in the wrong class series and at too low a level within a class series.

**State agencies may spend up to \$60,386 to properly classify positions.**

Collectively, state agencies may spend up to \$60,386 to properly classify positions that were misclassified. In most cases, agencies were able to reclassify positions without changing the salaries. Twenty-two positions required salary increases ranging from \$636 to \$7,392 annually, and one reclassification resulted in a \$1,476 decrease in annual salary.

**Financial and business risks can be associated with misclassified positions and with the inappropriate use of the State's classification and compensation system.**

The State of Texas spends more than \$5 billion annually on compensating state employees (excluding employees at institutions of higher education). Positions that are misclassified may result in additional costs to the State.

Inappropriate use of the State's classification and compensation system can hinder an agency's efforts to achieve its mission and strategic goals.



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*This classification compliance audit was conducted in accordance with Government Code, Section 654.036.*

*For more information regarding this report, please contact Tony Garrant, PHR, Acting State Classification Officer, at (512) 936-9500.*

## ***Summary of Objective, Scope, and Methodology***

The objective of this classification compliance audit was to determine whether agencies conform with the Classification Plan by ensuring proper classification of positions.

The scope of this study included employees classified within the Planning Assistant, Planner, Research Assistant, Research Specialist, Statistician, and Economist class series. We also reviewed positions that agencies identified as performing similar work but that were classified in other class series.

The State Classification Office uses the classification method of job evaluation when reviewing positions and determining proper classifications. These determinations are primarily based on the comparison of duties and responsibilities being performed with the state job description for the position.

# Detailed Results

Chapter 1

## Planning, Research, and Statistics Positions

Of the 539 planning, research, and statistics positions reviewed for this classification compliance audit, 85 positions (16 percent) were misclassified. The positions reviewed included Planners (including Planning Assistants), Research Assistants, Research Specialists, Statisticians, and Economists (see Table 1). We also reviewed positions that agencies identified as performing similar work but that were classified in other class series.

Table 1

Positions Reviewed	
Class Series	Number of Employees
Planner	232
Research Assistant	16
Research Specialist	197
Statistician	27
Economist	47
Other Classes	20
<b>Total</b>	<b>539</b>

### Chapter 1-A Classification

Proper classification and compensation of positions are vital to reduce the financial and business risks that can be associated with misclassified positions and inappropriate use of the State's compensation system (see text box).

The State of Texas spends more than \$5 billion annually on compensating state employees (excluding employees at institutions of higher education). Positions that are misclassified may result in additional costs to the State. Additional costs may occur when agencies (1) classify positions too high in a class series for compensation purposes, regardless of proper classification, and (2) classify positions at too low a level in a class series, resulting in employees' performing at higher levels than they are paid for, which could lower motivation and productivity and increase turnover costs.

#### Types of Risks to the State

**Financial** - How was the money spent?

**Business** - How does the agency conduct business?

**Service** - What services did the citizens get for the money?

Furthermore, inappropriate use of the State's classification and compensation system can hinder an agency's efforts to achieve its mission and strategic goals. The appropriate use of the classification and compensation system is most effective in influencing organizational behavior and goal attainment. Because employee compensation can be the greatest expense of doing business, it requires careful planning and management.

When determining proper classification, the State Classification Office does not focus on specific differences between one level and the next in a class series (for example, Planner I versus Planner II). We consider whether an employee is appropriately classified within broad responsibility levels, such as Staff Planner versus Senior Planner.

Additionally, an agency's internal job evaluation process and career ladders should not drive determinations of proper classification. The State's classification and

compensation system is intended to provide an overall framework of appropriate pay for specified duties performed. An agency's job evaluation process and career ladders should support the overall concept of the State's system.

Most agencies appropriately classify their planning, research, and statistics positions. However, we initially found that 30 percent of the positions reviewed (164 out of 539) were potentially misclassified.

The State Classification Office notified these agencies of their possible misclassifications, and the agencies were allowed the opportunity to address them. To address each potential misclassification, agencies had the option to:

- Reclassify the employee to a class title consistent with the work performed.
- Change the employee's duties to conform to the assigned class title.
- Provide justification that the position is, in fact, appropriately classified.

As a result of the agencies' reviewing the positions and providing appropriate justification, the percentage of misclassified positions was reduced to 16 percent.

As Table 2 shows, the majority of misclassifications were a result of agencies' classifying positions in the wrong class series and at too low a level within a class series.

Table 2

Analysis of Misclassified Positions				
Class Series	Number of incumbents reclassified to a higher level within the class series	Number of incumbents reclassified to a lower level within the class series	Number of incumbents reclassified to a more appropriate class series	Number of incumbents who had their duties restructured to remain in their current class titles
Planners	20	1	19	4
Research Assistants	3	0	0	0
Research Specialists	10	3	8	6
Statisticians	0	4	6	0
Economists	0	0	1	0
<b>Total Misclassifications</b>	<b>33</b>	<b>8</b>	<b>34</b>	<b>10</b>

Collectively, state agencies may spend up to \$60,386 to properly classify positions that were misclassified. In most cases, agencies were able to reclassify positions without changing the salaries. Twenty-two positions required salary increases ranging from \$636 to \$7,392 annually, and one reclassification resulted in a \$1,476 decrease in annual salary.

Chapter 1-B

### Spot Audits, Follow-up Calls, and Audit Exceptions

Spot audits and/or follow-up calls were conducted with 13 agencies covering 36 positions to gather additional information and ensure proper classification of positions. We believe two positions at the Department of Human Services and the

Department of Assistive and Rehabilitative Services, which are part of the health and human services agencies consolidation overseen by the Health and Human Services Commission (HHSC), remain misclassified.

### Management's Response

*We agree that these positions may be misclassified within the strict context of their current assignments. Like all of the other Project Management Office (PMO) staff, these two (2) are on special assignment to HHSC, on loan from the other HHS agencies. This management approach to meeting the numerous project staffing requirements anticipated under the HHS Consolidation Business Case, is a direct result of the state's limited budgetary resources. It is one of several methods that management is using to implement the directives outlined in H.B. 2292.*

*The temporary status of the PMO staff is atypical of the standard definition for temporary staff. Due to the number and duration of projects they will support as the HHS Consolidation progresses, the length of their assignments vary from the customary six month time frame associated with temporary staffing. As consolidation projects are completed, it is anticipated these assignments will expire and the staff that fill these positions will return to the loaning agencies, resuming their previous duties that are consistent with their current job classifications.*

### SCO Follow-up Comment

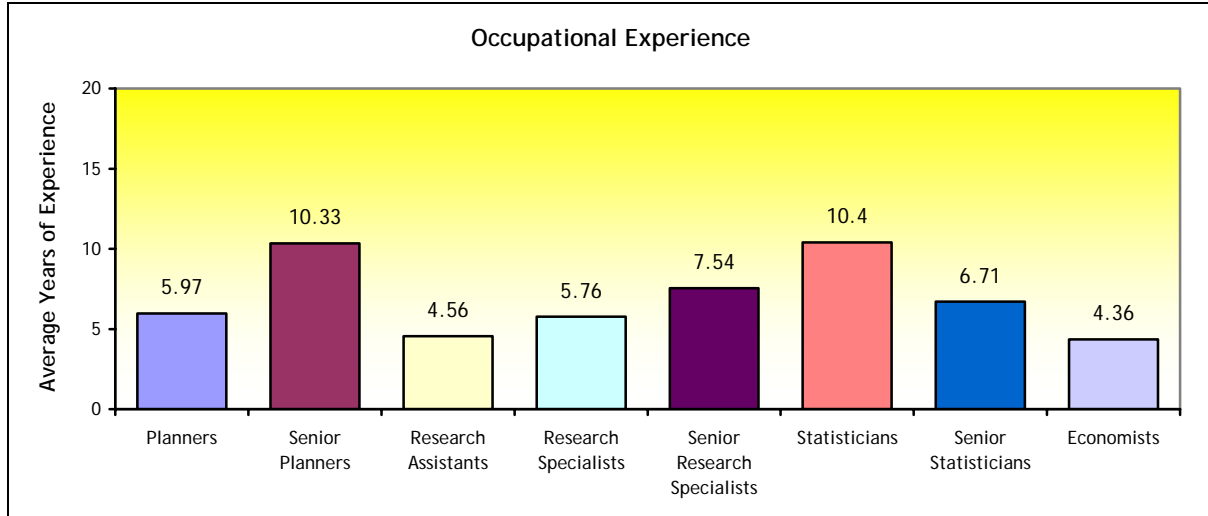
The employee survey results support the reclassification of these two positions. Although we understand the challenges the HHSC faces during the consolidation process, we maintain that positions should be properly classified in accordance with current statute.

Chapter 1-C

### Experience and Education Levels

To better understand the experience level of employees, we surveyed the number of years employees had worked in their occupational fields. As Figure 1 shows, most employees in senior level positions have more occupational experience than those in staff level positions, with the exception of the Statistician class series.

Figure 1



Additionally, we studied the educational levels of the employees. As Table 3 shows, most employees occupying professional level positions have a bachelor’s degree or higher.

Table 3

Percentage of Employees by Levels of Education within Each Occupational Level				
Occupational Level	High School Diploma	Associate’s Degree	Bachelor’s Degree	Graduate Degree
Planners	26.50%	7.69%	43.59%	22.22%
Senior Planners	13.91%	2.61%	32.17%	51.30%
Research Assistants	75.00%	6.25%	18.75%	0.00%
Research Specialists	47.69%	8.46%	23.85%	20.00%
Senior Research Specialists	5.97%	4.48%	17.91%	71.64%
Statisticians	40.00%	0.00%	20.00%	40.00%
Senior Statisticians	23.53%	0.00%	41.18%	35.29%
Economists	17.02%	6.38%	63.83%	12.77%

# Appendices

## Appendix 1

### *Objective, Scope, and Methodology*

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#### Objective

The objective of this classification compliance audit was to determine whether agencies conform with the Classification Plan in ensuring proper classification of positions.

#### Scope

The scope of our review included employees classified within the Planning Assistant, Planner, Research Assistant, Research Specialist, Statistician, and Economist class series. We also reviewed positions that agencies identified as performing similar work but that were classified in other class series.

#### Methodology

In determining whether positions were appropriately classified, we reviewed the following:

- State job descriptions
- Surveys completed by employees and verified by their supervisors
- Organizational reporting relationships
- Internal salary relationships

The State Classification Office uses the classification method of job evaluation when reviewing positions and determining proper classifications. These determinations are primarily based on the comparison of duties and responsibilities being performed with the state job description for the position.

The State Classification Office has an automated job evaluation process. We populated a database with information about the employees whose positions were reviewed. Staff in agency human resources departments verified the information in the database to ensure that all positions were included. Employees were then notified to complete on-line surveys. Employees were allowed to add duties they perform that were not listed in the survey, and they also identified the percentage of time they spend performing their duties. Supervisors were automatically notified to complete their reviews of the employees' surveys.

Completed survey results were entered into the automated job evaluation system, which made an initial determination of whether the positions were appropriately classified, and agencies were given an opportunity to review and address potential misclassifications. To address each potential misclassification, agencies could reclassify an employee to a class title consistent with the work performed, change an



employee's duties to conform to the assigned class title, or provide justification that an employee was appropriately classified.

State agencies had a 100 percent completion rate of returned position surveys for this study. However, two agencies did not meet our initial deadline—the Adjutant General's Department (agency number 401) and the Department of Public Safety (agency number 405). All agencies met our deadline in addressing potential misclassifications.

Spot audits and/or follow-up calls were also conducted with selected agencies to determine and validate proper classification of positions and to gather additional information to resolve discrepancies.

We would like to commend the Department of Assistive and Rehabilitative Services, which is currently in a state of transition along with several other health and human services agencies, on its efforts in coordinating with other health and human services agencies and in addressing possible misclassifications across the agencies.

Demographic and salary comparison graphs for the State's planning, research, and statistics positions can be found at the following Web site:  
<http://www.hr.state.tx.us/Compensation/parity.html>

## **Project Information**

This classification compliance audit was not conducted in accordance with generally accepted government auditing standards.

The following employees of the State Auditor's staff prepared this report:

- Juliette Torres, CCP, PHR, Project Manager
- Lynne Ballman, CCP, CISA
- Sharon Schneider, PHR
- Dave Simmons, CISA
- Tony Garrant, PHR, Acting State Classification Officer

**Career ladder** – Provides upward mobility within the same position within a class series when each level in that ladder can be differentiated in terms of duties, responsibilities, and requirements.

**Classification method of job evaluation** – A method that compares jobs on a “whole job” basis. Predetermined class descriptions are established for a series of job classes, and a job is placed in whichever classification best describes it.

**Duties restructured** – Rearranging an employee’s duties so the duties are more in line with the employee’s current job classification. This usually occurs when employees are misclassified and agencies restructure duties so that the employee can remain in his or her current class title and still be properly classified.

**Incumbent** – A person occupying and performing a job.

**Job class** – An individual job within a job class series.

**Job class series** – A hierarchical structure of jobs arranged into job classes involving work of the same nature but requiring different responsibility levels.

**Job evaluation** – A formal process by which management determines the relative value to be placed on various jobs within the organization.

**Misclassification** – Occurs when a job is not currently in the proper job classification for the duties currently being performed.

**Position** – The total duties and responsibilities requiring the employment of a single employee. If an organization has 20 people performing jobs as Administrative Assistants, then that organization has 20 Administrative Assistant positions.

**Reclassify** – The (re)assignment of a job to a higher or lower grade or range in the organization’s job hierarchy. Reclassifications need to occur when employees are performing duties that fit better within another job classification.

**Senior level** – Job duties that typically require a high level of responsibility, training, experience, and competence. A senior level employee possesses and applies broad and comprehensive knowledge of principles, practices, and procedures and performs advanced and/or supervisory work that involves minimal supervision and direction.

**Spot audit** – Used to gather more information to determine proper job classification; spot audits are usually conducted on site.

**Staff level** – Job duties that typically require previous training or experience. Specific skills are often required, and position requires limited supervision.

## Participating Agencies

An "X" indicates that the particular agency has employees classified within the class series.

Agency No.	Agency	Planners	Research Assistants	Research Specialists	Statisticians	Economists
301	Office of the Governor	X	X	X		
302	Office of the Attorney General	X		X	X	
303	Building and Procurement Commission	X		X		
304	Comptroller of Public Accounts	X		X		
305	General Land Office	X				
313	Department of Information Resources	X				
320	Texas Workforce Commission	X		X		X
324	Department of Human Services	X		X	X	
332	Department of Housing and Community Affairs	X		X		
340	Department on Aging			X		
352	Bond Review Board			X		
357	Office of Rural and Community Affairs			X		
359	Office of Public Insurance Counsel			X		X
362	Lottery Commission			X		
401	Adjutant General's Department			X		
405	Department of Public Safety	X		X	X	
407	Commission on Law Enforcement Officer Standards			X		
409	Commission on Jail Standards	X		X		
453	Workers' Compensation Commission		X	X		
454	Department of Insurance	X		X	X	
455	Railroad Commission	X		X		
458	Alcoholic Beverage Commission			X		
466	Office of the Consumer Credit Commissioner			X		
475	Office of the Public Utility Counsel			X		
477	Advisory Commission on State Emergency Communications	X				
501	Department of Health	X		X	X	

Agency No.	Agency	Planners	Research Assistants	Research Specialists	Statisticians	Economists
517	Commission on Alcohol and Drug Abuse			X		
529	Health and Human Services Commission	X		X	X	
530	Department of Family and Protective Services			X		
538	Department of Assistive and Rehabilitation Services	X		X	X	
551	Department of Agriculture			X	X	
580	Water Development Board	X	X	X		
582	Texas Commission on Environmental Quality	X				
592	Soil and Water Conservation Board	X				
601	Department of Transportation	X			X	
655	Mental Health and Mental Retardation	X		X		
665	Juvenile Probation Commission	X		X		
694	Texas Youth Commission	X		X		
696	Department of Criminal Justice	X		X		X
701	Texas Education Agency			X		
705	State Board of Educator Certification			X		
771	School for the Blind and Visually Impaired	X				
772	School for the Deaf	X				
802	Parks and Wildlife Department	X		X		
809	Preservation Board	X				

## *Distribution Information*

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The Honorable Rick Perry, Governor

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