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A Biennial Report on

The Total Compensation Package for State of Texas Employees

September 2006
Report No. 07-701



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Overall Conclusion

The State of Texas provides a comprehensive total compensation package to employees working in state agencies and higher education institutions.

“Total compensation” is a phrase used to describe the complete rewards and recognition the State provides to employees in exchange for their time, talent, and efforts. The cost to provide this package represents a significant investment for the State of Texas and accounted for 60 percent of total operating expenses in fiscal year 2005.

In addition to payroll and benefit costs, the State provides employees with other rewards that cannot be easily quantified but provide indirect, real, and valuable benefits. Examples of these rewards include employee recognition programs, professional training and career development, a challenging and rewarding work environment, and flexible work schedules.

Background Information

- The State of Texas employed an average of 280,817 full-time equivalent (FTE) employees in state agencies and higher education institutions during fiscal year 2005. An FTE is a ratio that represents the equivalent of a 40-hour-a-week employee and is not the same as headcount.
- An average of 141,927 FTEs (51 percent) work at 127 state agencies. This represents 24 percent of the public administration labor market in Texas.
- An average of 138,890 FTEs (49 percent) work at 67 higher education institutions. This represents 14 percent of the educational labor market in Texas.

Key Points

The State of Texas invested \$15.6 billion in salaries, wages, and benefits in fiscal year 2005.

Compensation and benefit expenditures account for a large percentage of the State’s operating expenses each fiscal year, and state agencies and higher education institutions use a variety of tools to increase employee pay. However, the availability of funding for those pay increases is often a concern for agencies and higher education institutions.

Although the cost to provide benefits to state employees has increased, the State continues to offer a comprehensive benefits package.

The cost to provide health insurance benefits to state employees increased 20 percent from fiscal year 2002 to fiscal year 2005. Despite increasing costs, the State has been consistent in funding 100 percent of member-only coverage for full-time employees and 50 percent of dependent coverage. In addition, the State maintains strong retirement and paid time off packages, and employee feedback indicates high satisfaction levels with those benefits.

State agencies and higher education institutions offer challenging and rewarding work and performance and recognition programs, and they encourage their employees to pursue training and career development.

State agencies and higher education institutions use a variety of tools, both monetary and non-monetary, to motivate and retain employees. Feedback from surveys indicates that a majority of employees are proud to work for the State, feel they are evaluated fairly, are given the opportunity to do their best work in state government, and have access to training and developmental opportunities.

Summary of Objective, Scope, and Methodology

The objective of this study was to identify the total compensation package, including salary, benefits, and other components, provided by the State of Texas to employees working in state agencies and higher education institutions.

The scope of this study included reviewing expenditures for salary, wages, and other benefits made by state agencies and higher education institutions; analyzing related information provided by state agencies and higher education institutions; and conducting a state-wide survey on total rewards. The State Auditor's Office's State Classification Office conducted this review in accordance with Texas Government Code, Chapter 654.

The State Classification Office conducts periodic studies of salary rates and trends in private industry and other governmental agencies for work that is similar to work performed in state government. This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to ensure accuracy and compliance with generally accepted compensation practices.

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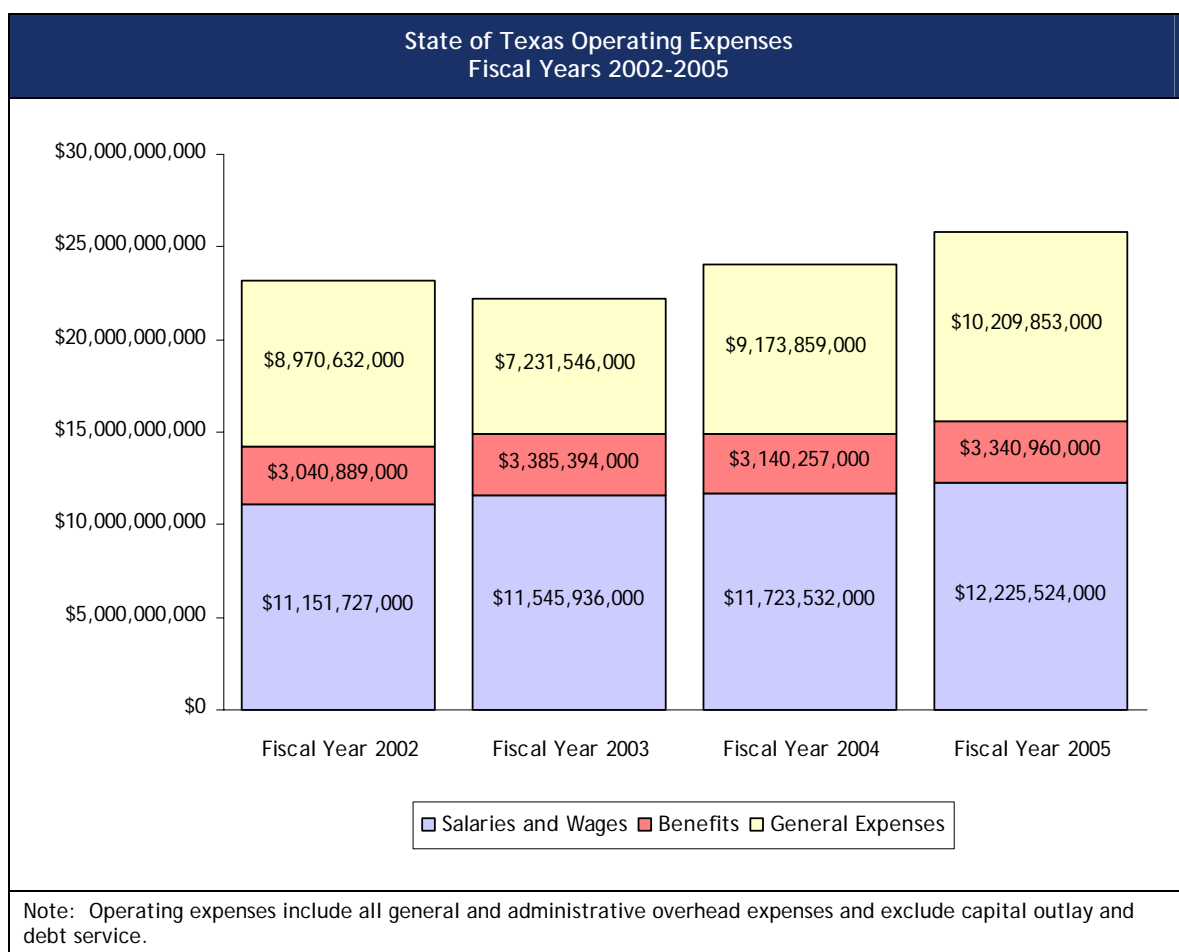
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Detailed Results

Introduction

The State of Texas invested \$15.6 billion in fiscal year 2005 to provide salaries, wages, and benefits to employees working in state agencies and higher education institutions. This amount represented \$55,433 for every full-time equivalent employee working in state government and 60 percent of the State's total operating expenses. Total dollars invested in each category for fiscal years 2002 through 2005 are shown in Figure 1.

Figure 1



Source: State of Texas comprehensive annual financial reports for fiscal years 2002 through 2005.

In addition to payroll and benefits, the State provides employees with other rewards that cannot be easily quantified but provide indirect, real, and valuable benefits. These rewards include training and professional development, flexible work schedules, challenging and rewarding work, and employee recognition programs. All of these rewards factor into the “total

compensation” package the State provides to employees in exchange for their time, talent, and efforts.

Total compensation (or total rewards) is a phrase used to describe the complete reward and recognition package that an employee receives. Use of the total compensation package allows the State to leverage multiple factors to attract, motivate, and retain employees. This package includes an employee’s base salary, benefits, and other prerequisites as listed in Table 1.

Table 1

The State’s Total Compensation Package	
Component	Description
Compensation	Includes all wages and salary provided to employees.
Benefits	Includes federally mandated programs such as Social Security and unemployment and core benefits that satisfy an employee’s basic expectation for health insurance, retirement, and time off.
Performance and Recognition	Includes programs that acknowledge or give special attention to employee actions, efforts, behavior, or performance. These programs may include monetary and non-monetary rewards.
Training and Development	Includes opportunities for employees to perform better in their jobs or advance their career goals.
The Work Experience	Includes items that are important to employees and the State but that are less tangible than employee pay and benefits. This component may include scheduling flexibility, programs to help employees be successful at home and at work, as well as challenging and rewarding work environments.

The State offers a unique mix of these components to employees of state agencies and higher education institutions. This report describes what the State offers in each of these categories. The information presented in this report includes financial data regarding state agencies and higher education institutions; results from the State Auditor’s Office Survey of Total Rewards; and information from the Survey of Organizational Excellence, a survey conducted annually by the University of Texas at Austin.

To gain a greater understanding of how state agencies and higher education institutions use various compensation programs, the State Auditor’s Office conducted a total rewards survey in July 2006. This survey was sent to all state agencies and higher education institutions. A total of 121 agencies and higher education institutions responded to the survey; those agencies and higher education institutions employ 77 percent of the State’s total workforce.

The University of Texas at Austin conducts an annual survey of employees of state agencies and higher education institutions to gather feedback on pay, benefits, working conditions, and working relationships. Although this survey is not mandatory, a total of 73 state agencies and higher education institutions participated in the survey in fiscal year 2005; those agencies and higher

education institutions employ 93 percent of employees working in state agencies, but only 9 percent of employees working in higher education.

Expenditures for Salaries and Wages Increased 10 Percent from Fiscal Year 2002 to Fiscal Year 2005

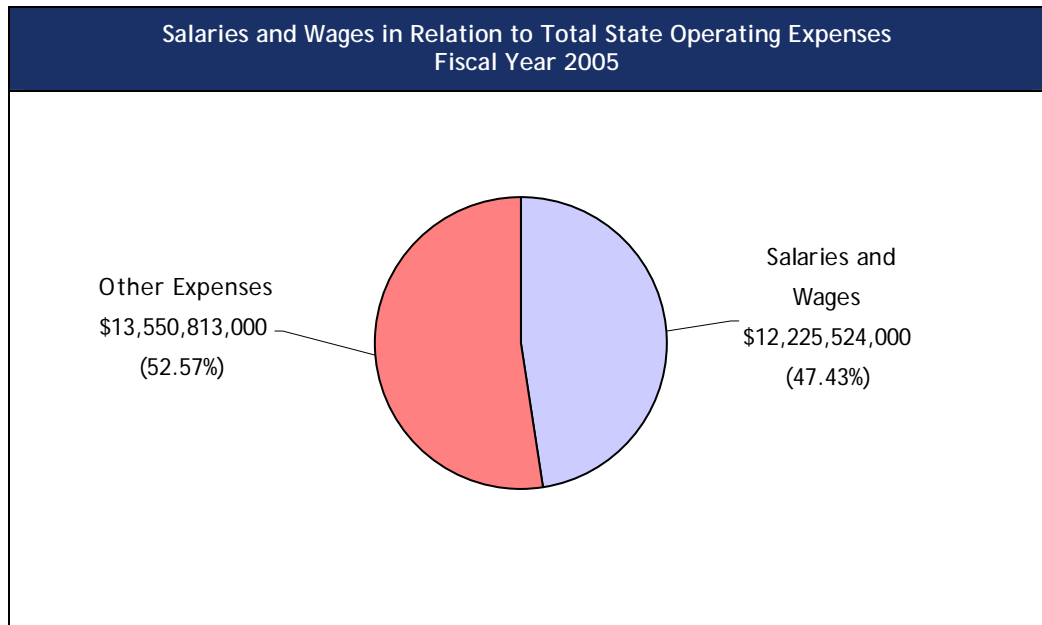
The most traditional and visible element of the State's total compensation package is compensation provided to employees for work they perform. Direct or base pay represents an employee's normal salary rate, while variable pay is additional compensation that may take the form of merit increases, service incentives, and longevity pay or performance bonuses.

Chapter 1-A

Almost Half of the State's Operating Expenses Are Payroll Costs

In fiscal year 2005, the State spent \$12.2 billion on salaries and wages, a 10 percent increase compared to fiscal year 2002. This amount, which does not include the cost of benefits, represented 47 percent of the state's operating expenses in fiscal year 2005 (see Figure 2) and included all expenditures for direct and variable pay for state employees.

Figure 2



Source: State of Texas Comprehensive Annual Financial Report - Fiscal Year 2005.

Longevity and hazardous duty pay are additional forms of employee compensation.

Base pay, or an employee's salary, is the largest component of payroll expenditures. However, many employees receive additional pay through performance incentives, on-call pay, salary and educational stipends, or shift differentials. Other programs include recruitment and retention bonuses, benefit replacement pay, and longevity and hazardous duty pay. These

programs vary according to the organization, and some statutory requirements apply to these program.

For retention and recruitment bonuses, state agencies and higher education institutions have the authority to offer up to \$5,000 in the form of one-time payments to enhance recruitment and retention of employees. Prior to 1996, benefit replacement pay was offered to employees to offset the cost of federal taxes. As a result, some state employees with relatively long tenures may receive additional compensation each month as a result of this benefit.

Longevity and hazardous duty pay are the most common forms of additional employee compensation. Specifically:

- Longevity pay, a form of service incentive, is provided to full-time employees after they accrue two years of state service. Eligible employees are paid \$20 per month for every two years of lifetime service credit and receive longevity pay increases after each additional two years of service, up to and including 42 years of service.
- Hazardous duty pay is provided to some employees in lieu of longevity pay. This type of pay is provided primarily to commissioned law enforcement officers (for example, state troopers) or correctional officers and increases with years of service.

From fiscal year 2002 to fiscal year 2005, the State spent an additional 5 percent on longevity pay and 11 percent on hazardous duty pay to reward state service (see Table 2).

Table 2

State Expenditures for Longevity and Hazardous Duty Pay				
Category	Fiscal Year 2005	Fiscal Year 2004	Fiscal Year 2003	Fiscal Year 2002
Longevity Pay	\$ 100,021,451	\$ 123,457,647	\$ 102,580,558	\$ 95,501,097
Hazardous Duty Pay	27,833,344	26,857,305	26,401,087	25,179,726
Totals	\$ 127,854,795	\$ 150,314,953	\$ 128,981,645	\$ 120,680,823

Source: 2002 through 2005 Comptroller of Public Accounts' Cash History Report, Table 15.

State agencies reward employees through a variety of pay increases.

State agencies that pay employees in accordance with salaries in the State Classification Plan have the ability to reward employees through different mechanisms such as promotions, merit increases, and career ladder progressions. The State spent \$161 million on merit increases, promotions, and career ladder progressions, in the 2004-2005 biennium. Table 3 presents information regarding those expenditures.

Table 3

Expenditures for Salary Actions That State Agencies Implemented				
Category	Fiscal Year 2005	Fiscal Year 2004	Fiscal Year 2003	Fiscal Year 2002
One-Time Merit Awards	\$ 25,891,198	\$ 13,663,281	\$ 7,469,371	\$ 4,863,719
Merit Increases	15,617,151	14,536,008	15,654,994	13,821,832
Career Ladder Progressions	7,356,130	6,651,416	8,522,684	44,164,716
Promotions	36,686,858	40,778,051	24,950,339	27,770,780
Totals	\$ 85,551,336	\$ 75,628,757	\$ 56,597,388	\$ 90,621,048

Note: Agencies in the legislative branch and higher education institutions also award these types of increases, but these entities operate their own classification and compensation systems. As a result, comparable data for these entities' salary actions is not available.

Source: Comptroller of Public Accounts' Human Resources Information System, the Uniform Statewide Payroll/Personnel System, and the Standardized Payroll/Personnel Reporting System.

Chapter 1-B

State Agencies and Higher Education Institutions Use a Variety of Tools to Change Employee Pay, But Funding for Those Changes is Often a Concern for the Agencies and Higher Education Institutions

To the extent that funds are available, state agencies and higher education institutions work to provide promotional pay increases and merit pay increases to their employees. Although there are a variety of tools they can use to increase an employee's pay, funding issues affect these entities' ability to implement some of these tools. In a survey the State Auditor's Office conducted, 89 percent of agencies and higher education institutions that responded reported they did not have a separate promotional pay increase budget for employees, and 79 percent reported that the availability of funding affects their ability to award employees merit increases.

Employee feedback from the Survey of Organizational Excellence, a separate survey conducted by the University of Texas at Austin, indicates that 25 percent of state agency employees and 22 percent of higher education employees received a promotion during the past year. For that same time period, 36 percent of state agency employees and 60 percent of higher education employees indicated that they received a merit increase.

Table 4 shows additional survey results related to how state employees feel about their pay. Although survey results indicate state employees have concerns about the competitiveness of their pay, 86 percent of employees who responded to the survey stated they were interested in remaining in state government.

Table 4

Survey of Organizational Excellence Survey Results Related to Employee Compensation				
Survey Statement	Average Scores (Scale of 1 to 5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Higher Education Institutions	State Agencies	Higher Education Institutions
My pay keeps pace with the cost of living.	2.32	2.82	12.3%	32.7%
People are paid fairly for the work they do.	2.87	2.97	22.6%	38.6%
Salaries are competitive with similar jobs in the community. ^a	2.61	2.87	20.4%	33.9%
^a For higher education institutions, the statement was worded "Salaries are competitive with similar positions in the community or at comparable institutions."				

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

Although the Cost to Provide Benefits to State Employees Has Increased, the State Continues to Offer a Comprehensive Benefit and Retirement Package

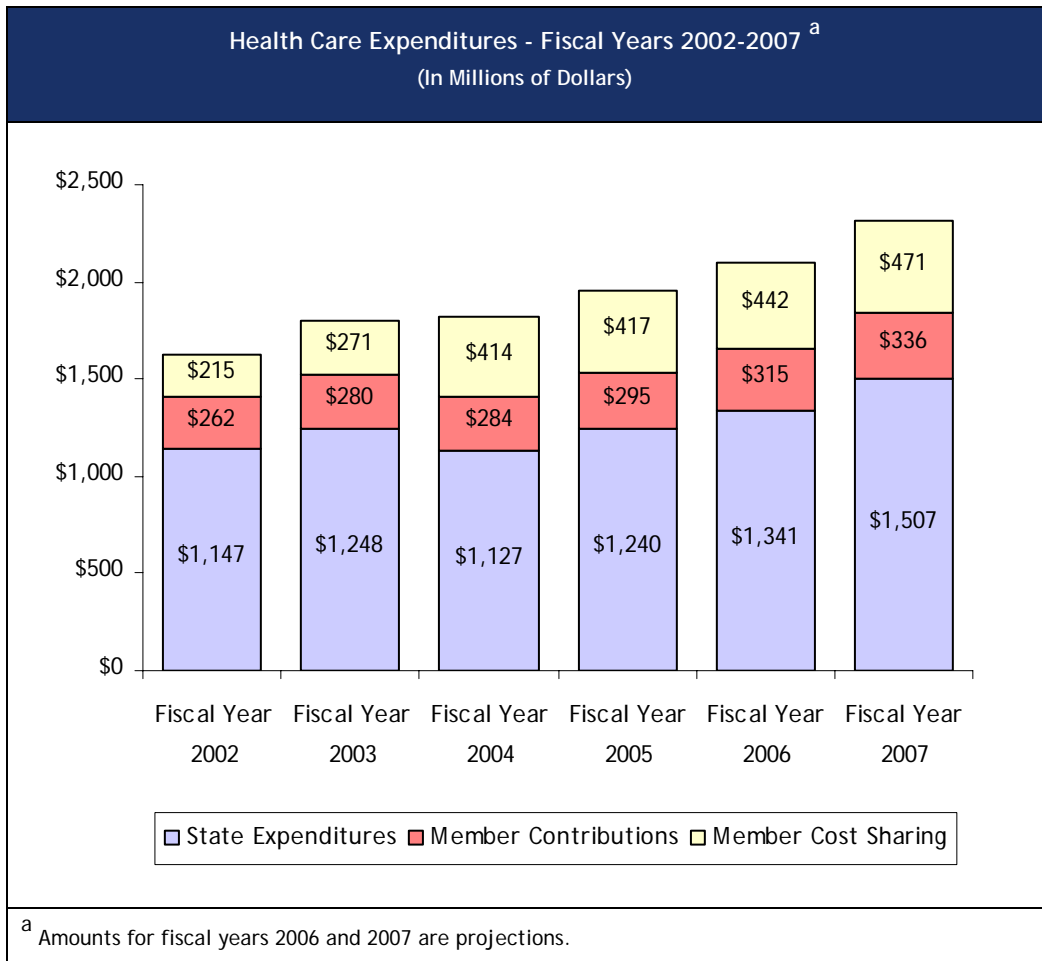
Benefits are the programs an employer uses to supplement the cash compensation that employees receive. Examples of benefits include federally mandated programs such as Social Security and unemployment, as well as core benefits that satisfy an employee's basic expectation for health insurance and time off. The State offers these health, income protection, savings, and retirement programs to provide security for its employees and their families.

Chapter 2-A

The Cost to Provide Health Insurance Benefits to State Employees Increased 20 Percent from Fiscal Year 2002 to Fiscal Year 2005.

In fiscal year 2005, the State spent \$2.0 billion to provide health insurance benefits to employees. This cost covered 266,649 members and provided insurance to 505,870 individuals in Texas. Currently, the State pays 79 percent of the cost of employees' insurance benefits. The remaining cost is shared by members through monthly contributions and other sources such as co-payments or insurance deductions. Figure 3 shows the cost to provide insurance from fiscal year 2002 to fiscal year 2005, including projections for fiscal years 2006 and 2007.

Figure 3

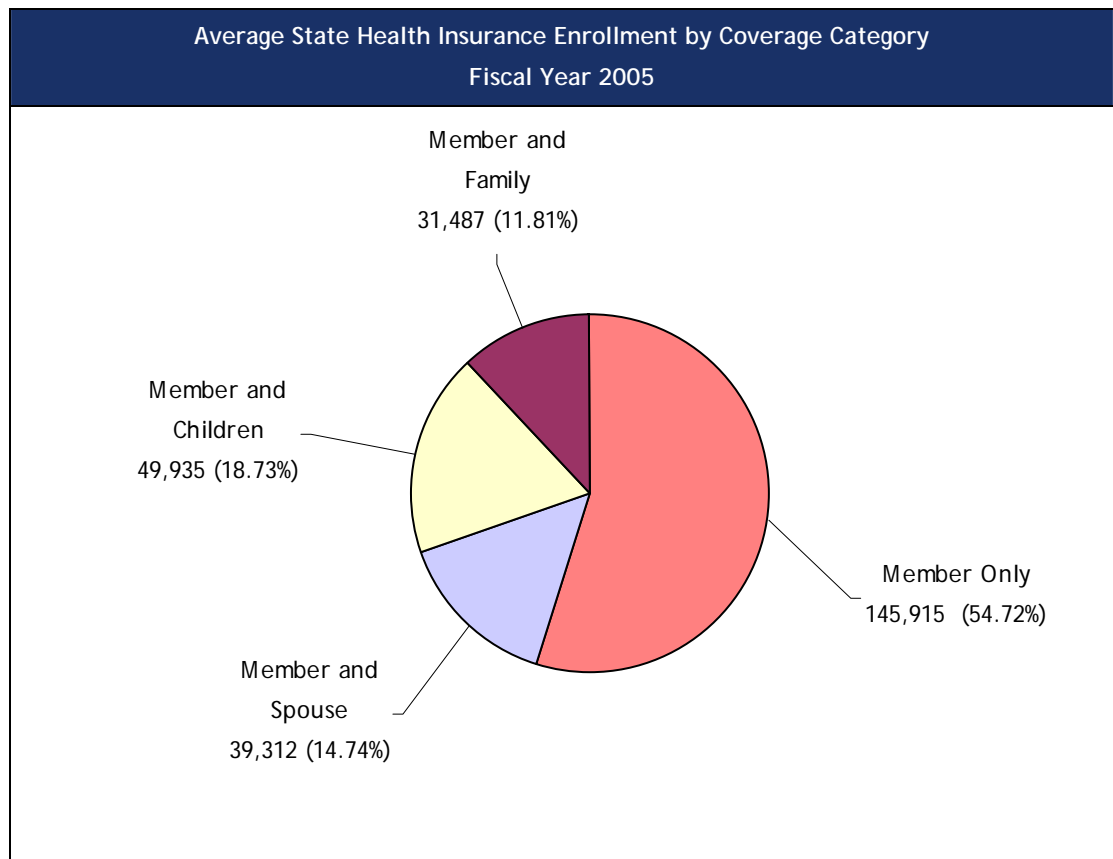


Source: Employees Retirement System.

Health insurance is available for employees in all state agencies and higher education institutions through the Employees Retirement System of Texas (two exceptions are the University of Texas and Texas A&M University Systems, which provide their own health insurance programs). Although the State provides dependent insurance coverage, the majority of participants covered by state insurance are in the “member-only” category.

Figure 4 shows the average enrollment by coverage category for fiscal year 2005. Despite increasing costs, the State has been consistent in funding 100 percent of member-only coverage (for full-time employees) and 50 percent of dependent coverage.

Figure 4



Source: Employees Retirement System.

In addition to health insurance, state employees have access to other types of insurance such as dental, vision, life, supplemental life, dependent life, short- and long-term disability insurance, and flexible medical savings accounts. Although the majority of these programs are paid for by the employee, the State negotiates and provides affordable programs in which employees may participate.

In addition to traditional insurance programs, many agencies and higher education institutions provide health and wellness programs. The State Auditor's Office Survey of Total Rewards determined that 37 percent of agencies and higher education institutions offer health and well-being classes, and 41 percent have implemented health and well-being programs for their employees. In addition, 31 percent of these organizations provide on-site exercise facilities for their employees. These preventive programs serve as a way to improve employees' health and decrease the chances of employees developing more serious health conditions in the future.

According to results from the Survey of Organization Excellence, the majority of employees understand the benefits plan the State offers but may not view these benefits as comparable to the benefits that other organizations provide. Table 5 shows survey statements related to employee benefits and the percentage of employees who agree or strongly agree with these items.

Table 5

Survey of Organizational Excellence Survey Results Related to Employee Benefits				
Survey Statement	Average Scores (Scale of 1-5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Higher Education Institutions	State Agencies	Higher Education Institutions
I am satisfied with my medical insurance.	3.20	3.71	44.9%	66.6%
I am satisfied with my dental insurance.	3.01	3.36	32.1%	47.5%
I am satisfied with my vision insurance.	3.05	3.28	29.3%	37.8%
Benefits are comparable to those offered in other jobs.	3.45	3.84	51.3%	72.0%
Benefits can be selected to meet individual needs.	3.55	3.82	56.2%	73.5%
I understand my benefit plan.	3.84	3.95	73.4%	82.8%
Changes in benefits and compensation have been explained to me during the last 2 years.	3.63	3.93	56.9%	75.1%

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

Chapter 2-B

The State Maintains a Strong Retirement Package

The State offers both a defined benefit retirement plan and a defined contribution retirement plan to employees. The defined benefit plan (or traditional pension plan) is designed to reward employees who spend the majority of their careers in state service. The popularity of this type of program is declining in many organizations due in part to the high cost of plan maintenance, as well as the high number of employees with relatively few years of service.

Employee Satisfaction with Retirement in the State

Overall, satisfaction levels with the State's retirement system are high. For state agencies, 59 percent of employees agreed or strongly agreed with the statement "I am satisfied with my retirement." For higher education employees, 67 percent of employees agreed or strongly agreed.

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

The State, however, continues to maintain a defined benefit retirement plan for employees. Currently, state employees contribute 6 percent of their salaries to the defined benefit plan. In fiscal year 2005, the State, as the sponsor of the employee retirement fund, processed benefit payments for 60,461 retirees and beneficiaries totaling \$1,200,373,003.

The State contributed \$276,034,664 to the employee retirement fund in fiscal year 2005. For fiscal year 2006, estimates in the General Appropriations Act (79th Legislature) indicate that the State will contribute \$309,726,399 to the employee retirement fund.

Retirement benefits for higher education employees are processed through the Teacher Retirement System. For fiscal year 2006, estimates in the General Appropriations Act (79th Legislature) indicate that \$259,466,436 will be contributed to the higher education employees' retirement fund.

Employees also have the opportunity to contribute to defined contribution plans such as 401(k) or 457(k) accounts. These accounts can supplement the current state retirement plan, and they offer employees the option of choosing how they will invest money. These plans also offer better portability options for employees who may not remain in public service. During fiscal year 2005, a total of 36,333 employees took the opportunity to contribute to the State's defined contribution plans. Currently, the State does not match employee contributions for defined contribution plans.

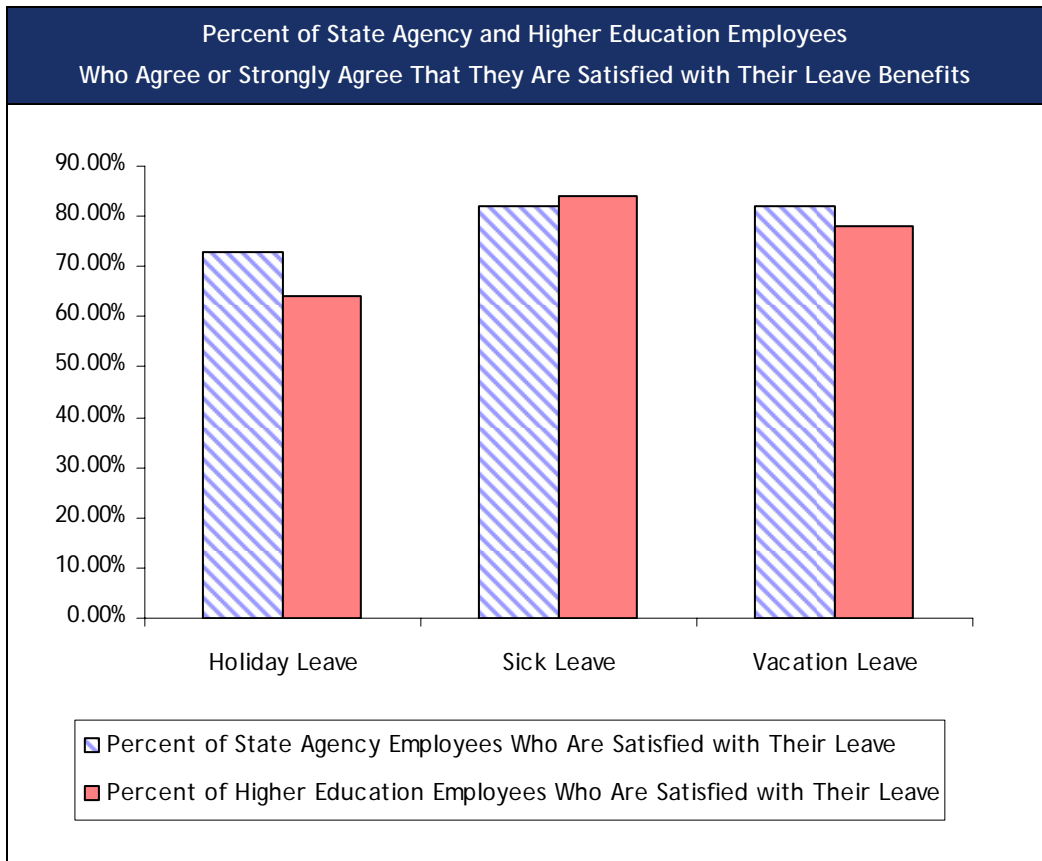
Chapter 2-C

State Employees Appreciate Their Paid Time Off Benefits

State employees enjoy generous leave benefits in the form of paid time off for vacation leave, sick leave, and holiday leave. Although there are some restrictions on accruing and using these types of leave, full-time state employees generally accrue a minimum of eight hours of vacation leave each month and eight hours of sick leave each month.

During fiscal year 2005, state employees enjoyed twelve federal and state holidays. Overall, the majority of employees agree or strongly agree that they are satisfied with their vacation leave, sick leave, and holiday leave benefits (see Figure 5).

Figure 5



Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

In addition to these traditional forms of paid time off, employees may also benefit from extended sick leave, military leave, parental leave, emergency leave, and administrative leave depending upon agency policy and procedures and individual circumstances. Individual agencies and higher education institutions also may provide additional paid time off in the form of all-staff events or time off for volunteering and community involvement.

State Agencies and Higher Education Institutions Use a Range of Employee Performance and Recognition Programs

Performance and recognition programs are an important way for the State to reward employees for their accomplishments. The monetary and non-monetary awards that agencies and higher education institutions provide through these programs are essential tools to motivate employees, acknowledge their contributions to the State, and encourage the achievement of overall goals.

State agencies and higher education institutions provide performance and recognition programs to the majority of their employees.

Each state agency and higher education institution has the opportunity to tailor performance and reward programs to match its goals. According to a survey conducted by the State Auditor's Office, state agencies and higher education institutions actively work to provide recognition to their employees. Table 6 shows several general categories of reward programs. Additionally, 11 percent of agencies and higher education institutions indicate their staff may receive other types of rewards not listed in Table 6.

Table 6

Reward and Recognition Programs at State Agencies and Higher Education Institutions		
Nature of Reward Program	Percentage of Agencies and Higher Education Institutions Offering Program	Percentage of Employees Receiving Recognition
Length of Service	64%	85%
Outstanding Performance	62%	59%
Employee of the month/year	29%	21%
Employee Suggestions	10%	57%
Safety	9%	57%
Attendance	4%	59%

Source: State Auditor's Office Survey of Total Rewards.

Survey results also indicate that, in general, recognition and rewards are presented at agency-wide meetings, staff meetings, and in one-on-one sessions between a manager and an employee. Certificates and plaques (68 percent) are the most common item presented to employees, but rewards may also include merchandise or consumer items (32 percent) or cash and gift certificates (20 percent). State agencies and higher education institutions have the authority to purchase and present these awards to employees for professional achievement or outstanding service. The maximum cost of each award is \$100.

State employees feel that they are evaluated fairly and are given the opportunity to do their best work in state government.

Although performance and recognition programs can have some monetary cost to the State, the long-term value of these programs is difficult to quantify. For most employees, feeling appreciated and valued for their work is a key component of their job. Individuals often choose a job in the public sector as a way to serve their community and provide valuable services to the citizens of Texas. Public service work at times can be demanding and difficult; however, employees may realize great personal and professional rewards by helping their agency or higher education institution achieve its mission and goals.

To this extent, recognizing and rewarding employee accomplishments can be an essential tool to retain qualified, dedicated employees. Table 7 shows results from the Survey of Organizational Excellence related to how state employees feel about performance and recognition in their jobs.

Table 7

Survey of Organizational Excellence Survey Results Related to Performance and Recognition				
Survey Statement	Average Scores (Scale of 1-5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Institutions of Higher Education	State Agencies	Institutions of Higher Education
My performance is evaluated fairly.	3.88	3.91	67.4%	73.4%
We are given the opportunity to do our best work.	3.79	3.84	61.9%	73.8%
My ideas and opinions count at work.	3.60	3.74	52.9%	69.7%
We are given accurate feedback about our performance.	3.59	3.61	55.7%	63.4%
Every employee is valued.	3.57	3.69	51.1%	65.2%
Outstanding work is recognized.	3.49	3.49	46.2%	59.3%

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

The State Supports and Encourages Training and Career Development Opportunities for Employees

Employment within state government offers a wide range of professional, technical, skilled-craft, and administrative positions. Employees who choose public sector work have the opportunity to work in diverse areas such as education, business and economic development, regulatory, health and human services, natural resources, criminal justice, public safety, or legislative environments. State employees may decide to remain within one state entity for the duration of their career, or they may move to other state entities for additional professional development opportunities. Although state employees may face reductions-in-force or reorganizations, overall, work in the public sector is less vulnerable to shifts in the economic and labor markets and offers a stable work environment. Regardless of the career path employees choose, the State of Texas supports and encourages training and professional development for its employees.

In fiscal year 2005, the State spent \$24 million on employee training and professional development.

The total dollars spent on training, registration fees, and education training services for state employees decreased significantly between fiscal year 2002 and fiscal year 2005. This decrease may be a result of cost containment measures in state government. Despite the decrease in available funds for training, the majority of state agencies and higher education institutions continue to provide a variety of training and professional developmental opportunities for their employees. To offset the cost of providing traditional training programs, agencies and higher education institutions may offer internal training programs as well as other professional development opportunities. The State Auditor's Survey of Total Rewards obtained information on some of these career and professional programs and the participation rates at state agencies and higher education institutions (see Table 8).

Table 8

Training and Professional Development at State Agencies and Higher Education Institutions			
Career and Developmental Programs	Percentage of Agencies Offering Program	Percentage of Employees Provided the Benefit	Percentage of Staff Using the Benefit
External training reimbursement	74%	81%	50%
Internal training opportunities	68%	99%	60%
Reimbursement for professional memberships	64%	51%	26%
Tuition reimbursement	49%	90%	16%
Time off to take certification exams	29%	55%	17%
Reimbursement for certification exam fees	26%	67%	14%
Time off to study for certification exams	24%	60%	25%
Reimbursement for certification study courses	21%	69%	14%

Source: State Auditor's Office Survey of Total Rewards.

The majority of state employees have access to training and developmental opportunities.

Although training expenditures have decreased, state employees still feel they have access to professional and personal development opportunities. Providing training and development can help employees reach professional and personal goals and benefit the State as a whole. More than half of the employees who responded to the Survey of Organizational Excellence stated they were satisfied with their continuing and professional developmental opportunities. Additional survey results pertaining to these areas are listed in Table 9.

Table 9

Survey of Organizational Excellence Survey Results Related to Training and Development				
Survey Statement	Average Scores (Scale 1 to 5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Institutions of Higher Education	State Agencies	Institutions of Higher Education
We have access to information about job opportunities, conferences, workshops, and training.	3.69	3.87	66.7%	75.4%
I am satisfied with my continuing education/training opportunities.	3.44	3.64	50.3%	61.9%
Training is made available to us for personal growth and development. ^a	3.62	3.80	59.1%	70.8%
Training is made available to us so that we can do our jobs better. ^b	3.71	3.68	63.9%	64.7%
Supervisors know whether an individual's career goals are compatible with organizational goals. ^c	3.41	4.00	43.1%	73.7%
<p>^a For higher education institutions, the statement was worded "Learning opportunities or training are made available for professional growth or skills development."</p> <p>^b For higher education institutions, the statement was worded "Learning opportunities or training are made available for professional growth or skills development."</p> <p>^c For higher education institutions, the statement was worded "My supervisor is supportive of my career goals."</p>				

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

The Public Sector Work Environment Provides Challenging, Rewarding, and Diverse Work Opportunities

One of the most difficult components to describe and quantify is the work-life experience for employees. This critical component includes things that are important to employees and the State but that are less tangible than compensation and benefits. Work-life programs are a set of organizational practices, policies, and programs that actively support efforts to help employees achieve success both in the workplace and at home. Examples include providing flexible work schedules; creating positive, constructive work environments; and developing trust and respect among supervisors and employees.

Employees are proud to say they work for the State.

Results from the Survey of Organizational Excellence indicate that 62 percent of state agency employees and 81 percent of higher education employees feel a sense of pride when they tell people where they work. Results from the same survey also indicate that the majority of employees feel their jobs meet their expectations. Although there are always aspects of the work environment that can be improved, a large percentage of employees in state agencies and higher education institutions agree that trust, respect, and value are part of their organizational culture. Table 10 presents additional information about these areas.

Table 10

Survey of Organizational Excellence Survey Results Related to Organizational Culture				
Survey Statement	Average Scores (Score of 1-5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Institutions of Higher Education	State Agencies	Institutions of Higher Education
The people I work with treat each other with respect.	3.78	3.90	66.1%	75.2%
Within my workplace, there is a feeling of community.	3.62	3.78	57.7%	69.3%
There is a basic trust among employees and supervisors. ^a	3.40	3.26	47.6%	50.7%
The work atmosphere encourages open and honest communication.	3.42	3.53	48.6%	62.0%
We feel our efforts count.	3.53	3.57	49.2%	62.1%
There is a real feeling of teamwork.	3.41	3.45	46.6%	55.6%
^a For higher education institutions, the statement was worded "There is a sense of trust throughout the organization."				

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

The majority of state employees feel their work environment supports a balance between work and personal life.

Currently, state agencies and higher education institutions have the ability to create work-life programs that specifically meet the needs of their employees. Results from a survey conducted by the State Auditor's Office indicate that the State provides a variety of programs targeted at achieving a balance for employees in their professional and personal lives. Table 11 shows the percentage of organizations that offer these programs.

Table 11

Work-Life Initiatives in State Agency and Higher Education Institutions			
Nature of Program	Percentage of Agencies Offering Program	Percentage of Employees Provided the Benefit	Percentage of Staff Using the Benefit
Compensatory time accrual	92%	82%	75%
Flexible work schedules	78%	78%	56%
Casual dress day (every day)	66%	87%	77%
Compressed work weeks (for example, working four, ten-hour days)	45%	62%	19%
Casual dress day (one day a week)	37%	92%	87%
Telecommuting (part-time)	26%	67%	10%
Telecommuting (full-time)	24%	56%	9%
Job share programs	8%	47%	13%

Source: State Auditor's Office Survey of Total Rewards.

Results from the Survey of Organizational Excellence indicate that the pace of work and the amount of work employees are expected to perform is reasonable. For many employees, this allow them to better handle family matters, enjoy and appreciate outside interests, and become more involved in the community. The majority of higher education employees (61 percent) and a large percentage of state agency employees (42 percent) agree that their organizations encourage community involvement. Additionally, 63 percent of higher education employees and 51 percent of state agency employees indicate they have regular involvement (once a month or more) in community activities and groups. Additional results related to work-life balance are listed in Table 12.

Table 12

Survey of Organizational Excellence Survey Results Related to Work-Life Balance				
Survey Statement	Average Scores (Scale of 1 to 5)		Percentage of Employees Who Strongly Agreed or Agreed with Survey Statement	
	State Agencies	Institutions of Higher Education	State Agencies	Institutions of Higher Education
The environment supports a balance between work and personal life.	3.71	3.71	56.2%	67.7%
The pace of the work in this organization enables me to do a good job.	3.63	3.78	55.7%	72.8%
The amount of work I am asked to do is reasonable. ^a	3.68	3.71	62.7%	72.0%
^a For higher education institutions, the statement was worded "The amount of work that is expected of me is reasonable."				

Source: Survey of Organizational Excellence conducted by the University of Texas at Austin.

Appendix

Appendix

Objective, Scope, and Methodology

Objective

The objective of this study was to identify the total compensation package, including salary, benefits, and other components, provided by the State of Texas to employees working in state agencies and higher education institutions.

Scope

The scope of this study included reviewing expenditures for salary, wages, and other benefits made by state agencies and higher education institutions; analyzing related information provided by state agencies and higher education institutions; and conducting a state-wide survey on total rewards. The State Auditor's Office's State Classification Office conducted this review in accordance with Texas Government Code, Chapter 654.

Methodology

The State Classification Office conducts periodic studies of salary rates and trends in private industry and other governmental agencies for work that is similar to work performed in state government.

Information collected and reviewed included information from the following sources:

- State of Texas Comprehensive Annual Financial Reports for fiscal years 2002-2005.
- Information from the State Auditor's Office's Full-Time Equivalent Employee System.
- Texas labor market data from the Texas Workforce Commission.
- Information from the Employees Retirement System.
- General Appropriations Act (79th Legislature).
- Texas State Auditor's Office's Survey of Total Rewards.
- University of Texas at Austin's Survey of Organizational Excellence.
- Comptroller of Public Accounts' Cash History Report 2002-2005.

- Information from the Comptroller of Public Accounts' Human Resources Information System, Uniform Statewide Payroll/Personnel System, and Standardized Payroll/Personnel Reporting System.
- Texas Government Code.
- Information from the State Auditor's Office's Texas Human Resources Management Statutes Inventory.

Project Information

This review was conducted from April 2006 to August 2006. This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to ensure accuracy and compliance with generally accepted compensation practices.

The following members of the State Auditor's staff performed the review:

- Christine M. Bailey, CCP (Project Manager)
- Stacey McClure, PHR
- Joe Curtis, CPA
- Tracy Jarratt, MAcy
- Sharon Schneider, PHR
- Juliette Torres, CCP, PHR
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Susan Riley, CPA (Assistant State Auditor)

Copies of this report have been distributed to the following:

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The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

Office of the Governor

The Honorable Rick Perry, Governor

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