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A Classification Study of
Exempt Positions

August 2008
Report No. 08-708

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Overall Conclusion

The State would benefit from restructuring the process by which state agencies' chief executive officers (executive officers) are compensated and evaluated in order to attract and retain high-quality chief administrators. A revised process should include expanding and increasing salary ranges for executive officers; annually reviewing individual pay based upon demonstrated performance, experience, and skill; and annually evaluating executive officers' success in reaching defined performance standards. These changes would increase the State's ability to recruit and motivate high-performing, qualified, senior-level professionals to manage and direct state agencies.

The State Auditor's Office's State Classification Team reviewed 84 executive officer salaries and found that the salaries for these positions are, on average, 27 percent behind similar professional positions in the market. Current salary ranges are not sufficient to provide competitive salary rates for executive officer positions. These lower-than-market pay rates have contributed to pay compression between the salaries of exempt state executive officers and those of classified employees. Pay compression exists when the pay of a subordinate comes close to (or at times exceeds) the pay of a direct supervisor.

Although the State provides a comprehensive benefits package to employees and multiple tools to recruit and retain employees, some incentives such as merit or performance awards do not exist for exempt executive officer positions. All of these factors may limit the State's ability to attract and retain high caliber, qualified executive officers.

Exempt Positions

The 80th Legislature directed the State Auditor's Office to conduct a study of executive positions similar to the biennial review of salary rates for state classified employees. This study, the first comprehensive review of executive officer positions for the State, focuses solely on 84 positions exempt from the State Classification Plan (Plan) and does not include elected officials.

For the purpose of this report, "executive officer" refers to the executive director, administrative officer, or commissioner who serves as the administrative head for each state agency.

Other positions exempt from the Plan but not covered by this report include district attorneys in the Office of the Comptroller of Public Accounts, Supreme Court and Appeals Court justices, and various board and commission members. These exempt positions (825 employees) account for less than 1 percent of the total state agency employee population.

See Chapter 2 for a list of specific positions covered by this report.

Market Comparison

For purposes of this report, market analysis included a balance of public and private sector data for similar professional professions. This analysis excluded executive positions in the private sector that have stock options or other equity-based compensation.

Key Recommendations

To address these issues, the Legislature should consider adjusting the salary ranges for exempt positions so that pay ranges are competitive, as well as conduct continued biennial reviews of these positions. This report includes a recommended salary group assignment for each exempt executive officer that is appropriate to the nature and complexity of the agency.

To be consistent with classified employees, executive officers could then be moved to at least the minimum of the salary range for their assigned group. The cost to the State to make these adjustments is \$1.3 million for the 2010-2011 biennium; however, these costs may increase if the Legislature or an agency's governing board moves an individual executive officer to a higher salary within the new pay ranges. The Legislature may want to consider reviewing these recommended salary group assignments to ensure they align with the overall strategies and goals of the State.

The Legislature and/or an agency's governing board should set the individual pay for each executive officer, as well as annually review these rates based upon the executive officer's demonstrated experience, skills, and performance. To help determine individual pay, this report includes guidelines that split each salary range into three defined tiers. The placement of an executive officer in these tiers would be based on an annual review of the individual's experience, performance, and skill level. These tiers are:

Evaluating Executive Officer Performance

Successful performance of an executive officer should include:

- Achieving the key strategic goals of the agency and its programs, as defined in the agency's strategic plan.
- Attaining targeted levels on key performance measures.

- A base pay tier, or minimum salary rate, for each position. Individuals placed in this tier may be new to the position, have limited experience in the field, or may not be meeting current performance targets. This tier may also be used if there are limited funds available to adjust salaries.
- A market-competitive tier, or "target range" that corresponds to a market average for similar professional positions. Individuals placed in this tier are skilled performers, bring strong experience to the positions, and are currently meeting performance targets. Although the salary range in this tier represents the market average, not all employees should be paid in this range.
- A performance tier that represents pay rates above the market average for similar professional positions. Individuals placed in this tier have additional expertise, qualifications, licenses, or certifications above what is required for the job. This tier may also be used to compensate individuals who are outstanding performers, exceed current performance targets, or are critical skill experts.

Chapter 2 provides additional detail on each of the tiers.

In addition, the Legislature and/or agency governing boards should consider implementing annual performance evaluations of executive officers. These evaluations could provide critical information to the Legislature and the agency's governing board about what the executive officer has and has not accomplished. The Legislature and agency's governing boards also could use these evaluations as the basis for critical decisions, such as determining the annual level of an executive officer's compensation, directing the executive officer to focus on making improvements in selected areas, or removing the executive officer.

Key Points

Salaries for most state executive officer positions are not comparable with similar professional positions in the market.

Based on public and private sector survey data, the current salaries for executive officer positions are, on average, 27 percent lower than similar professional positions in the market. Current salary ranges are not sufficient to provide competitive salary rates for executive officer positions. To maintain competitive pay ranges for executive officer positions, the Legislature may want to consider adjusting current salary ranges for exempt positions.

In a survey conducted by the State Auditor's Office, 69 percent of executive officers stated that their current salary is not appropriate for the work performed, and 55 percent stated that the pay for their positions was not in line with comparable classified positions in the State or in similar industries.

To ensure consistency among positions, the Legislature should consider assigning each executive officer to a salary group and ensuring that the executive officer is paid a salary that is at least the minimum of the assigned salary group. The cost to the State to make these adjustments is \$1.3 million for the 2010-2011 biennium; however, these costs may increase if the Legislature or an agency's governing board moves an individual executive officer to a higher salary within the new pay ranges. In placing individual executive officers within a pay range, the Legislature or the agency's governing board should consider various factors, including years of experience; current performance levels; education; and specific licenses, certifications, and specializations. Suggested guidelines for placement of employees in ranges are included in Chapter 2 of this report.

The difference between the salaries of classified senior-level professional employees and executive officers is relatively narrow.

Although there may be circumstances in which a subordinate could justifiably be paid more than his or her direct supervisor, there should be a reasonable difference between an executive officer's salary and the salaries of other senior-level employees in most cases. This differential recognizes executives for their skills, experience, and responsibilities and provides an incentive to high-performing employees to aspire to higher-level management positions. A review of

current executive officer positions found that, on average, agencies lacked this type of differential between the salaries of executive officers and senior professional positions. Specifically:

- On average, the highest-paid employee in each agency is paid 6 percent less than the executive officer. After September 1, 2008, that gap will narrow to 4.2 percent because classified employees will receive a 2 percent pay increase. An average difference of at least 15 percent would be more consistent with standard compensation practices.
- Twenty-six of 84 (31 percent) agencies reviewed had employees whose annual pay is at or above the executive officer's annual salary. The majority of the positions with equal or more pay than the executive officer were deputy directors, directors, general counsels, and other specialized professional positions.
- More than 23,000 classified full-time employees are paid in salary ranges comparable to those for executive officers. The majority of these employees (81 percent) are in professional classifications that do not necessarily require any supervisory or managerial responsibilities. The overlap of salary ranges between executive officers and classified employees occurs because executive officer salaries have not been reviewed and adjusted on a regular basis consistent with classified employees.

Low salary rates for executive officers may create an unintentional salary cap at some agencies if the agencies or their governing boards are reluctant to pay employees in professional-level positions more than the executive officer's salary. This limits agencies'—particularly small and mid-sized agencies'—ability to hire and retain senior-level skilled professionals, such as chief financial officers or general counsels, at competitive pay rates.

The State may want to consider optional compensation incentives for executive officer positions.

Another option to recognize and reward high achieving executive officers could include the use of merit or performance awards. Merit increases, either in the form of a base pay increase or a one-time payment, could be used to reward those executive officers whose performance is consistently above what is normally expected and required. Executive officers are not currently eligible for these types of awards beyond their base pay, but they could be awarded this type of compensation based upon their accomplishments and achievements. If the Legislature chooses to implement a merit increase program for these positions, criteria for these increases could include current performance measures and mirror the language currently in statute for merit increases for classified employees.

Summary of Objective, Scope, and Methodology

The objective of this study was to conduct a review, similar to the study on the State's classification plan, on the compensation of executive positions as outlined in the General Appropriations Act (Article IX, Section 3.09, 80th Legislature).

Classification Study on Scheduled Exempt Positions

"The State Auditor's Office is directed to conduct a study similar to the biennial study on the state's classification plan that reviews the compensation of exempt positions in the General Appropriations Act. The study should compare exempt positions from different agencies and take into account the size of an agency's annual appropriations, FTE level, market average compensation for similar executive positions, the exempt position salary as compared to classified positions within the agency, and any other objective criteria the Auditor's Office deems appropriate. The study shall be submitted to all members of the Legislature and the director of the Legislative Budget Board no later than September 1, 2008."

Source: General Appropriations Act, Article IX, Section 3.09 (80th Legislature).

For this study, the State Classification Team considered criteria such as average market compensation for similar professional positions; pay for classified employees; the size and complexity of agencies; and specialized experience, education, or skills required for each position. The State Classification Team sent surveys to state executive officers and state human resources directors to gather information about executive officers' minimum qualifications and duties, as well as each agency's organizational structure. Additional surveys were sent to cities, counties, and other states to gather information about executive pay practices and salary rates.

The salary and market analysis was conducted from February 2008 through July 2008. 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

subjected to quality control procedures to ensure accuracy and compliance with generally accepted compensation practices.

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Detailed Results

Chapter 1

Comparison of Executive Officer Salaries with Similar Professional Positions in the Market and State Classified Employees

To determine whether current pay ranges are sufficient to attract competent, high-qualified executive officers, it is critical for the State to be aware of the “going rate” for comparable professional positions in the market. If the State’s salary ranges fall too far behind the market, it may be difficult for the State to recruit and retain chief administrators. For this study, the State Classification Team conducted a market comparison using a balance of public and private sector data appropriate to the nature and complexity of each executive officer position and determined that current pay ranges for executive officers were behind those in the market.

In addition to reviewing external market salaries, it is important to review the salaries of classified employees to ensure internal consistency while at the same time provide appropriate salary relationships between executive officers’ salaries and salaries of senior-level classified employees. A review of current executive officer positions found that state agencies, on average, did not provide a sufficient distinction between the salaries of senior-level classified employees and those of executive officers.

Chapter 1-A

Market Comparison of Executive Officer Salaries with Similar Professional Positions

The current salary rates for state executive officer positions are, on average, 27 percent behind similar professional positions in the market. Current salary ranges are not sufficient to provide competitive salary rates for executive officer positions. Even if all executive officers were moved to the maximum of their current salary ranges, 79 percent of those positions would remain below the market average. These lower-than-market salary rates may limit the State’s ability to attract and retain qualified executive officers. To help maintain competitive salaries for executive officer positions, the Legislature should consider adjusting current salary ranges for exempt positions to align them closer with the current salary rates for similar professional positions in the market and among classified employees.

Current salary rates for executive officer positions are not competitive with similar professional positions.

The State has a limited number of positions at state agencies that are exempt from the State Classification Plan; these include executive officer positions. During each legislative session, executive officer positions are either assigned

to a salary group or given a not-to-exceed pay rate. Unless specifically authorized, an executive officer may not receive a salary that is greater than his or her authorized salary, even if the executive officer performs duties assigned to classified employees who may be paid a higher salary. Each salary group has a pay range setting the minimum and maximum annual salary allowed for each executive officer assigned to that group (see Table 1).

Table 1

Exempt Salary Groups for 2008-2009 Biennium			
Salary Group	Minimum Annual Salary	Maximum Annual Salary	Number of Executive Officer Positions Assigned to Group
1	\$ 49,080	\$ 75,828	14
2	\$ 58,092	\$ 89,749	9
3	\$ 68,772	\$106,260	11
4	\$ 81,480	\$125,880	15
5	\$ 96,468	\$149,052	15
6	\$114,288	\$214,236	14
No Assigned Salary Group (Not-to-exceed rates)			6
Total			84

These salary groups, as well as guidelines on changing executive officer salaries, are outlined in “Scheduled Exempt Positions,” Article IX, Section 3.05, General Appropriations Act (80th Legislature). (See Appendix 2 for more information.)

Methodology of Market Analysis

The State Classification Team reviewed a variety of data sources, including published salary sources representing governmental, non-profit, and private sector market data. To supplement this data, the State Classification Team sent surveys to agencies in other states, as well as in major Texas cities and counties.

The State Classification Team used a methodology that is consistent with reviews of classified positions; data from public, non-profit, and private sector salary survey sources were blended to determine a market average or “going rate” for a comparable professional position. This analysis took into consideration the nature and complexity of each agency, but it did not include an evaluation of the individuals currently performing the job. For executive officer positions that required a specific license or certification (for example, attorney, engineer, or physician), data on those specific positions was factored into the analysis.

For this report, the State Classification Team reviewed both individual salary rates and salary ranges for state executive officer positions. Salary ranges are used to provide minimum and maximum salary rates for each position and should be designed to be cost-effective; be consistent with similar professional positions; provide a logical progression from one level to the next; and accommodate a variety of positions, levels of expertise, experience, and varying performance levels.

An analysis of market-related data indicates that the current salary ranges for executive officer positions are not competitive with the salary ranges offered to similar professional positions in the market, as well as those offered to professional positions within the State’s Classification Plan (see text box for explanation of the market analysis methodology).

Adjusting current salary ranges will provide a more competitive structure for executive officer positions.

Currently, the State offers six salary groups for executive officers with corresponding salary ranges. Based on a market analysis, the following changes to the current salary ranges would need to be made to provide more competitive pay ranges to executive officers within a variety of agencies and who have a variety of responsibilities:

- Adding two salary groups.
- Increasing the minimum salary rate for any executive officer position from \$49,080 to \$70,000.
- Increasing the maximum salary rate for executive officer positions.
- Adjusting the salary ranges to provide a consistent progression from one salary group to the next.
- Assigning executive officer positions to a salary group based upon the market results for each position. Moving the six executive officers who are not currently assigned a salary group to assigned salary groups would help maintain equity among similar executive officer positions. The Legislature may want to consider reviewing these recommended salary group assignments to ensure they align with the overall strategies and goals of the State.
- Moving executive officers to at least the minimum of their assigned salary groups.

These changes would move the executive officer salary from an average of 27 percent behind the market to an average of 17 percent behind the market. The cost to make these adjustments is \$1.3 million for the 2010-2011 biennium; however, the fiscal impact may increase if the Legislature or an agency's governing board moves an individual executive officer higher in the salary ranges.

Also, changes made to executive officer salaries may affect the current salary relationships among elected officials, court justices, and executive officers. The Legislature may want to consider reviewing salaries for elected and judicial positions in conjunction with changes made to the salaries of executive officer positions to ensure they align with the Legislature's strategies and goals. Although this report did not review salaries for elected officials or judicial positions, it does include comparison data about salaries for elected and judicial positions in Texas and salaries for similar positions in the 10 most populous states, as well as the states bordering Texas (see Appendices 3 and 4).

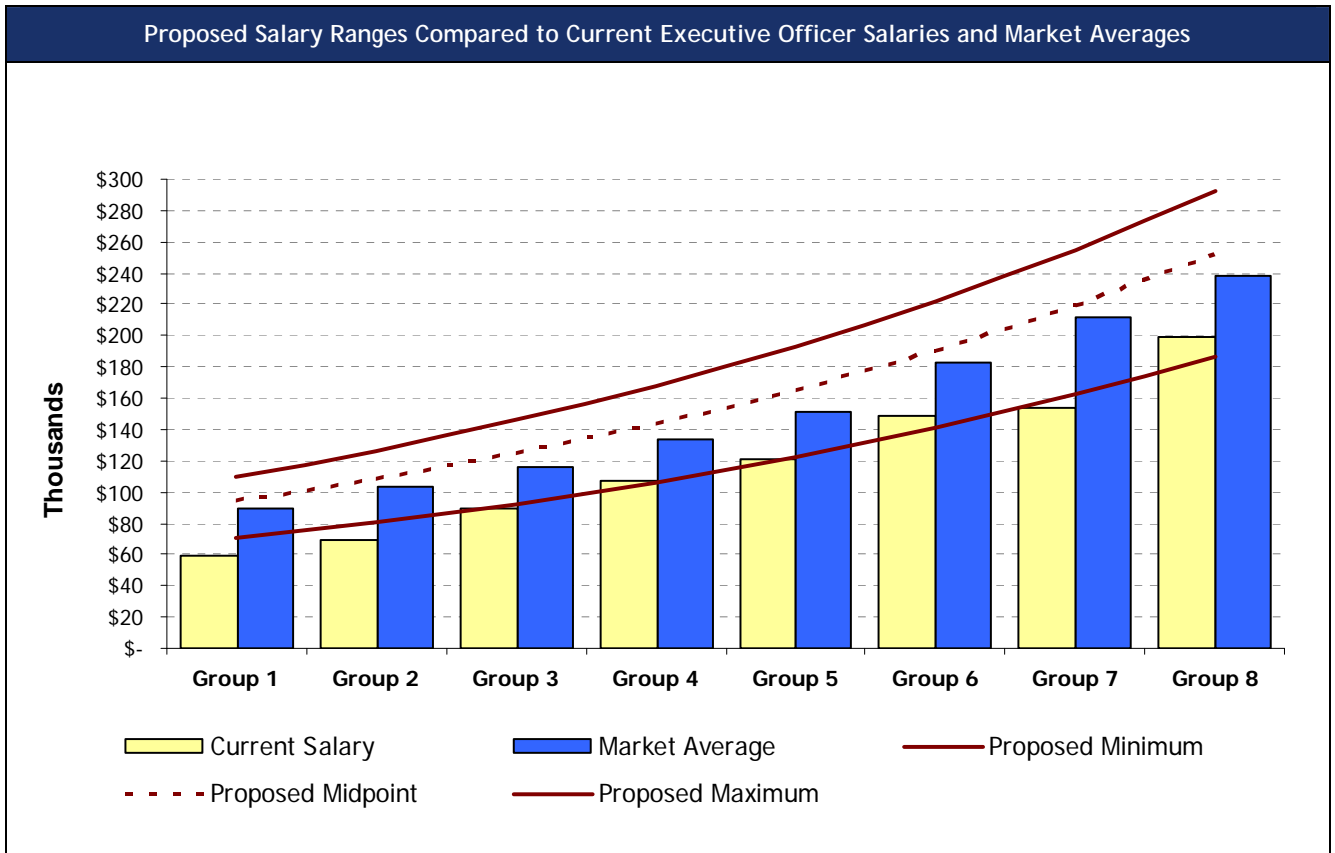
Table 2 lists the recommended salary groups for executive officer positions for the 2010-2011 biennium. (See Chapter 2 for a complete list of salary group assignments and market data.)

Table 2

Proposed Salary Groups for Executive Officer Positions Fiscal Years 2010 and 2011			
Salary Group	Minimum Annual Salary	Maximum Annual Salary	Number of Executive Officer Positions Assigned to Group
1	\$ 70,000	\$110,000	7
2	\$ 80,500	\$126,600	6
3	\$ 92,600	\$145,600	15
4	\$106,500	\$167,500	26
5	\$122,500	\$192,600	11
6	\$140,900	\$221,500	5
7	\$162,000	\$254,700	7
8	\$186,300	\$292,500	7
Total			84

The Legislature and each agency's governing board should consider an individual executive officer's performance, experience, education, licenses, and certifications to appropriately place the executive officer within his or her assigned salary range. Because of these factors, not all executive officers will, or should be, paid at the market average. Suggested guidelines for placing individuals within each range are discussed in Chapter 2. Figure 1 on the next page shows the relationship between the proposed salary ranges and the current salaries and market averages for executive officer positions.

Figure 1



Sources: Data for current salaries is from the Comptroller of Public Accounts' Human Resource Information System, the Uniform Statewide Payroll/Personnel System, and the Standardized Payroll/Personnel System. Data for the market average is a result of the market analysis conducted for this report.

Supplemental Survey Results

The State Classification Team sent a survey to each executive officer and human resources director to gather background information on each executive officer position. This survey contained questions about the minimum and preferred qualifications, duties, and organizational relationships of the executive officer position. The response rate was 100 percent. More than half of the executive officers expressed concern about their rate of pay. Specifically:

- Fifty-eight (69 percent) executive officers stated that their current salary is not appropriate for the work performed.
- Forty-six (55 percent) executive officers stated that the pay for their positions was not in line with comparable classified positions within the State or in similar industries.

Executive officers also expressed concerns that their agencies would have difficulty recruiting a replacement because current pay levels are not

competitive. In three instances, executive officers noted they took a pay cut to accept their current position, despite an increase in responsibilities and duties. In these situations, the employees moved from either a position in state government or from a non-profit association.

Recommendations

The Legislature should consider:

- Adopting the recommended salary group assignments and ranges to maintain market-competitive ranges for executive officer positions.
- Moving executive officer positions to the minimum of each assigned salary group and reviewing individual pay for executive officer positions as appropriate.
- Reviewing salaries for elected and judicial positions in conjunction with changes made to the salaries of executive officer positions to ensure they align with the Legislature's strategies and goals.

Chapter 1-B

Comparison of Executive Officers' Salaries with State Classified Employees' Salaries

State Classification Plan

Prior to September 1, 1961, there was no uniform approach to classification, compensation, and salary administration in Texas state government. The Classification Plan (Plan), established by the Position Classification Act, requires state agencies to comply with the salary schedules and compensation provisions of Article IX of the General Appropriations Act.

The Plan is administered by the State Classification Team, located in the State Auditor's Office. Responsibilities of the State Classification Team include maintaining the Plan and ensuring it is current and accurate; advising and assisting state agencies to ensure equitable and uniform application of the Plan; assisting with position classification audits to ensure conformity with the Plan; and making recommendations to the Governor and Legislature as necessary and appropriate regarding the implementation of the Plan.

Source: Texas Government Code, Section 654.036.

With limited exceptions, employees within state agencies are covered by the State Classification Plan (Plan). The State Auditor's Office conducts a biennial market review of those positions and makes recommendations to adjust salary ranges as appropriate. As a result, state agency employees have had the benefit of regular market reviews and, as needed, adjustments to their salary ranges. Salary ranges for executive officer positions, however, have not been reviewed and adjusted on a regular basis consistent with classified positions.

This has created an overlap in the salary ranges between executive officers and classified, senior-level professional employees, and in many agencies the difference between the salaries of these positions has become relatively narrow. Without a sufficient differential between the salaries of executive officers and classified, senior-level professional employees, the State may find it difficult to motivate, reward, and recruit qualified executive officers.

Pay compression exists between senior-level classified employees and executive officer salaries.

Pay compression occurs when the pay of a subordinate comes close to (or at times exceeds) the pay of a direct supervisor. Although there may be circumstances in which a subordinate could justifiably be paid more than his or her direct supervisor, in most cases there should be a reasonable difference between an executive officer's salary and the salaries of other senior-level employees. This differential recognizes executives for their skills, experience, and responsibilities and provides an incentive to high-performing employees to aspire to higher-level management positions. However, the difference between current salaries of classified, senior-level professional employees and state executive officers is relatively narrow. Specifically:

- On average, the highest-paid employee in each agency is paid 6 percent less than the executive officer. After September 1, 2008, the average gap between the salaries of the highest-paid employee and the executive officer will narrow to 4.2 percent because classified employees will receive a 2 percent pay increase. An average difference of at least 15 percent would be more consistent with standard compensation practices.
- Twenty-six of 84 (31 percent) agencies reviewed had employees whose annual pay is at or above the executive officer's annual salary. Another 15 (18 percent) agencies had differences of less than 10 percent. The majority of these positions were deputy directors, directors, general counsels, and other specialized professional positions. Table 3 lists the differences in salaries between the highest paid employee and the executive officer. (See Appendix 6 for a list of positions paid at or above the executive officer.)

Table 3

Salary Comparison of Highest Paid Employee to Executive Officer		
Highest Paid Employee's Salary Compared to Executive Officer's Salary	Number of Agencies	Percent of Agencies
Paid at or above	26	31 %
Less than 10% difference	15	18 %
Between 10% and 20% difference	23	27 %
More than 20% difference	20	24 %
Total	84	100 %

More than 23,000 classified full-time employees are paid in salary ranges comparable to those for executive officers.

Mandated management-to-staff ratios limit the number of supervisory positions that state agencies are allowed to have. These ratios, along with

changes in the market, have increased the need for state agencies to compensate senior-level, non-supervisory professional positions at higher salary rates. As a result, many non-supervisory positions are paid in ranges comparable to the current salary rates for executive officers.

More than 23,000 classified full-time employees are paid in salary ranges comparable to those for executive officers (see Table 4). The majority of these employees (81 percent) are in professional classifications that do not necessarily require any supervisory or managerial responsibilities. The overlap of salary ranges between executive officers and classified, senior-level employees occurs because executive officer salaries have not been reviewed and adjusted on a regular basis consistent with classified employees.

Table 4

Comparison of Executive Officer Salaries to Classified State Employees' Salaries				
Average Annual Salary	Number of Executive Officers	Fiscal Year 2008, 2nd Quarter Full-Time Classified Employee Headcount		
		Number of Managers and Directors	Number of Professional Positions	Total Classified Positions
\$50,000 - \$69,999	14	1,574	15,054	16,628
\$70,000 - \$89,999	8	1,821	2,824	4,645
\$90,000 - \$109,999	21	767	410	1,177
\$110,000 - \$129,999	18	190	108	298
\$130,000 - \$149,999	10	60	104	164
\$150,000 - \$169,999	4	28	68	96
Greater than \$170,000	9	0	0	0
Totals	84	4,440	18,568	23,008

Some agencies may be reluctant to pay senior-level employees more than their executive officers.

Low salary rates for executive officers may create an unintentional salary cap at some agencies if the agencies or their governing boards are reluctant to pay employees in professional-level positions more than the executive officer's salary. Although many executive officer positions do not require a specific license or certification, all agencies have a need for specialized employees in legal, finance, information technology, and other technical fields.

For these professional positions, agencies may struggle to recruit and retain staff because of competition in the market, unless they are willing to pay employees in these positions more than the executive officer. If an executive officer's salary is set at a level lower than what most professional positions are paid in the market, an agency's ability to hire and retain senior-level

skilled professionals, such as a chief financial officer or general counsel, may be limited.

Recommendation

The Legislature should consider requesting a biennial review of exempt salaries to ensure that these positions remain competitive with state employee salaries and other similar professional positions in the public and private sector.

Suggested Guidelines for Placing Executive Officers within Salary Ranges

The Legislature and/or an agency's governing board should consider reviewing on an annual basis the individual pay for each executive officer based upon demonstrated experience, skills, and performance. Factors such as years of experience; current performance levels; education; and specific licenses, certifications, or specializations should affect how far into a salary range an executive officer is placed. To assist in this placement, ranges could be split into three broad tiers: a base pay tier, a market-competitive tier, and a performance tier.

Table 5 shows how salaries within each tier could be broken down to determine an individual executive officer's annual compensation.

Table 5

Suggested Salary Ranges for Each Tier within Recommended Salary Groups			
Salary Group	Suggested Salary Range for Base Pay Tier	Suggested Salary Range for Market-Competitive Tier	Suggested Salary Range for Performance Tier
1	\$ 70,000 to \$ 80,500	\$ 80,500 to \$ 94,500	\$ 94,500 to \$110,000
2	\$ 80,500 to \$ 92,600	\$ 92,600 to \$108,700	\$108,700 to \$126,600
3	\$ 92,600 to \$106,500	\$106,500 to \$125,000	\$125,000 to \$145,600
4	\$106,500 to \$122,500	\$122,500 to \$143,800	\$143,800 to \$167,500
5	\$122,500 to \$140,900	\$140,900 to \$165,400	\$165,400 to \$192,600
6	\$140,900 to \$162,000	\$162,000 to \$190,200	\$190,200 to \$221,500
7	\$162,000 to \$186,300	\$186,300 to \$218,700	\$218,700 to \$254,700
8	\$186,300 to \$214,300	\$214,300 to \$251,500	\$251,500 to \$292,500

Each tier would correspond to an executive officer's varying experience, performance, and skill level. For example, an executive officer new to the position, with limited experience and skills, may be placed in the base pay tier, which represents the minimum salary rate for that position. As an executive officer's experience and skills increase, he or she may move through the range and into the market-competitive tier or performance tier, depending on the executive officer's performance in that position. In the example above, higher tiers also could be used for an executive officer to recognize additional licenses, certifications, or experience beyond minimum qualifications or other special circumstances. The placement of an executive officer in these tiers should be based on an annual review of the individual's experience, performance, and skill level. Table 6 on the next page lists additional suggested guidelines for using the three recommended tiers.

Table 6

Suggested Guidelines for Placement in Salary Ranges		
Base Pay Tier	Market-Competitive Tier	Performance Tier
The salary range in this tier represents the minimum salary range for the executive officer position.	The salary range in this tier represents the "target" salary range for the executive officer position that is in line with the market average for similar professional positions.	The salary range in this tier represents pay rates above the market average for similar professional positions.
Individuals placed in this tier may be new to the position, have limited experience in the field, or may not be meeting current performance targets.	Individuals placed in this tier are skilled performers, bring strong experience to the position, and are currently meeting performance targets.	Individuals placed in this tier have additional expertise, qualifications, licenses, or certifications above what is required for the job.
The salary range in this tier also may be used if there are limited funds available to adjust salaries.	Although the salary range in this tier represents the market average, not all employees should be paid in this range.	This tier also may be used to compensate individuals who are outstanding performers, exceed current performance targets, or are critical skill experts.

Market Analysis and Recommended Salary Group Assignments for Each Executive Officer Position

Tables 7 through 15 list, by General Appropriations Act Article, the suggested salary group assignments for each of the 84 executive officer positions reviewed in this report. The table also includes information about the average salary paid for similar positions in the market. The current salaries listed represent either the fiscal year 2008 annual salary that the incumbent is being paid or, in the case of a vacant position, the amount authorized in the General Appropriations Act for that position.

This analysis took into consideration the nature and complexity of each agency, but it did not evaluate the individuals currently performing the job. An executive officer's performance, experience, education, and certification should be considered to place the employee within each proposed salary range. Because of these factors, not all individuals will, or should be, paid the market average. To be consistent with classified employees, executive officers could be moved to at least the minimum of the salary range for their assigned group.

Table 7

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article I: General Government		
Executive Director: Commission on the Arts (813)	Current Salary	\$77,500
	Market Average	\$112,122
	Current Salary Group	2
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,100
Executive Director: Bond Review Board (352)	Current Salary	\$90,000
	Market Average	\$126,322
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$16,500
Executive Director: Cancer Council (527)	Current Salary	\$61,729
	Market Average	\$97,246
	Current Salary Group	1
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$18,771
Executive Director: Commission on State Emergency Communications (477)	Current Salary	\$82,500
	Market Average	\$128,390
	Current Salary Group	2
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$24,000
Executive Director: Employees Retirement System (327)	Current Salary	\$231,000
	Market Average	\$241,456
	Current Salary Group	None
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article I: General Government		
Executive Director: Texas Ethics Commission (356)	Current Salary	\$115,000
	Market Average	\$140,264
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Texas Facilities Commission (303)	Current Salary	\$126,500
	Market Average	\$155,227
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Public Finance Authority (347)	Current Salary	\$120,000
	Market Average	\$127,389
	Current Salary Group	5
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Commissioner: Fire Fighters' Pension Commissioner (325)	Current Salary	\$70,000
	Market Average	\$120,278
	Current Salary Group	1
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$22,600
Executive Director: Historical Commission (808)	Current Salary	\$125,000
	Market Average	\$138,505
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article I: General Government		
Executive Director: Department of Information Resources (313)	Current Salary	\$175,000
	Market Average	\$190,736
	Current Salary Group	6
	Recommended Salary Group	6
	Base Pay Tier	\$140,900 to \$162,000
	Market Competitive Tier	\$162,000 to \$190,200
	Performance Tier	\$190,200 to \$221,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Director-Librarian: Library and Archives Commission (306)	Current Salary	\$95,000
	Market Average	\$129,237
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$11,500
Executive Director: Pension Review Board (338)	Current Salary	\$60,000
	Market Average	\$127,037
	Current Salary Group	1
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$46,500
Executive Director: Preservation Board (809)	Current Salary	\$91,000
	Market Average	\$134,186
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,500
Executive Director: State Office of Risk Management (479)	Current Salary	\$95,000
	Market Average	\$128,717
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$11,500

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article I: General Government		
Executive Director: Office of State-Federal Relations (333)	Current Salary	\$106,260
	Market Average	\$112,928
	Current Salary Group	3
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Veterans Commission (403)	Current Salary	\$115,000
	Market Average	\$131,880
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Table 8

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article II: Health and Human Services		
Commissioner: Department of Aging and Disability Services (539)	Current Salary	\$163,200
	Market Average	\$224,775
	Current Salary Group	6
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Commissioner: Department of Assistive and Rehabilitative Services (538)	Current Salary	\$132,600
	Market Average	\$218,627
	Current Salary Group	5
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$29,400
Commissioner: Department of Family and Protective Services (530)	Current Salary	\$168,000
	Market Average	\$216,884
	Current Salary Group	6
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Commissioner: Department of State Health Services (537)	Current Salary	\$183,750
	Market Average	\$227,587
	Current Salary Group	6
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Commissioner: Health and Human Services Commission (529)	Current Salary	\$200,000
	Market Average	\$250,585
	Current Salary Group	6
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Table 9

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article III: Public Education		
Commissioner: Texas Education Agency (701)	Current Salary	\$180,000
	Market Average	\$232,106
	Current Salary Group	6
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$6,300
Superintendent: School for the Blind and Visually Impaired (771)	Current Salary	\$115,000
	Market Average	\$128,768
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: School for the Deaf (772)	Current Salary	\$115,000
	Market Average	\$129,024
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Teacher Retirement System (323)	Current Salary	\$225,000
	Market Average	\$253,511
	Current Salary Group	None
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Commissioner of Higher Education: Higher Education Coordinating Board (781)	Current Salary	\$180,000
	Market Average	\$228,130
	Current Salary Group	6
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$6,300

Table 10

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article IV: The Judiciary		
Administrative Director: Texas Judicial Council Office of Court Administration (212)	Current Salary	\$110,770
	Market Average	\$155,230
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$11,730
State Prosecuting Attorney: Office of the State Prosecuting Attorney (213)	Current Salary	\$125,000
	Market Average	\$138,255
	Current Salary Group	None
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Director: State Law Library (243)	Current Salary	\$63,800
	Market Average	\$101,241
	Current Salary Group	1
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$16,700
Executive Director: State Commission on Judicial Conduct (242)	Current Salary	\$110,000
	Market Average	\$125,107
	Current Salary Group	4
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Table 11

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article V: Public Safety and Criminal Justice		
Adjutant General: Adjutant General's Department (401)	Current Salary	\$139,140
	Market Average	\$164,493
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Administrator: Alcoholic Beverage Commission (458)	Current Salary	\$105,000
	Market Average	\$144,308
	Current Salary Group	4
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$17,500
Executive Director: Texas Department of Criminal Justice (696)	Current Salary	\$181,500
	Market Average	\$229,006
	Current Salary Group	6
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$4,800
Executive Director: Commission on Fire Protection (411)	Current Salary	\$90,000
	Market Average	\$112,794
	Current Salary Group	3
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$2,600
Executive Director: Commission on Jail Standards (409)	Current Salary	\$68,500
	Market Average	\$106,018
	Current Salary Group	2
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$12,000

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article V: Public Safety and Criminal Justice		
Executive Director: Juvenile Probation Commission (665)	Current Salary	\$109,112
	Market Average	\$147,205
	Current Salary Group	4
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$13,388
Executive Director: Commission on Law Enforcement Officer Standards and Education (407)	Current Salary	\$88,000
	Market Average	\$105,691
	Current Salary Group	2
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Director: Texas Department of Public Safety (405)	Current Salary	\$157,500
	Market Average	\$204,590
	Current Salary Group	6
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$4,500
Executive Director: Texas Youth Commission (694)	Current Salary	\$125,000
	Market Average	\$183,778
	Current Salary Group	6
	Recommended Salary Group	6
	Base Pay Tier	\$140,900 to \$162,000
	Market Competitive Tier	\$162,000 to \$190,200
	Performance Tier	\$190,200 to \$221,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,900

Table 12

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VI: Natural Resources		
Executive Director: Animal Health Commission (554)	Current Salary	\$120,000
	Market Average	\$134,142
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Commission on Environmental Quality (582)	Current Salary	\$145,200
	Market Average	\$187,277
	Current Salary Group	5
	Recommended Salary Group	6
	Base Pay Tier	\$140,900 to \$162,000
	Market Competitive Tier	\$162,000 to \$190,200
	Performance Tier	\$190,200 to \$221,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Parks and Wildlife Department (802)	Current Salary	\$130,000
	Market Average	\$193,149
	Current Salary Group	5
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$32,000
Executive Director: Soil and Water Conservation Board (592)	Current Salary	\$90,000
	Market Average	\$120,811
	Current Salary Group	3
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$2,600
Executive Administrator: Water Development Board (580)	Current Salary	\$135,000
	Market Average	\$146,178
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Table 13

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VII: Business and Economic Development		
Executive Director: Texas Department of Housing and Community Affairs (332)	Current Salary	\$129,250
	Market Average	\$149,956
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Texas Lottery Commission (362)	Current Salary	\$135,000
	Market Average	\$173,804
	Current Salary Group	6
	Recommended Salary Group	6
	Base Pay Tier	\$140,900 to \$162,000
	Market Competitive Tier	\$162,000 to \$190,200
	Performance Tier	\$190,200 to \$221,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$5,900
Executive Director: Office of Rural and Community Affairs (357)	Current Salary	\$99,000
	Market Average	\$136,434
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive officer to Minimum of New Salary Group	\$7,500
Executive Director: Texas Department of Transportation (601)	Current Salary	\$192,500
	Market Average	\$231,054
	Current Salary Group	6
	Recommended Salary Group	8
	Base Pay Tier	\$186,300 to \$214,300
	Market Competitive Tier	\$214,300 to \$251,500
	Performance Tier	\$251,500 to \$292,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Texas Workforce Commission (320)	Current Salary	\$137,500
	Market Average	\$195,754
	Current Salary Group	5
	Recommended Salary Group	7
	Base Pay Tier	\$162,000 to \$186,300
	Market Competitive Tier	\$186,300 to \$218,700
	Performance Tier	\$218,700 to \$254,700
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$24,500

Table 14

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Chief Administrative Law Judge: State Office of Administrative Hearings (360)	Current Salary	\$118,625
	Market Average	\$145,791
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$3,875
Commissioner: Texas Department of Banking (451)	Current Salary	\$136,191
	Market Average	\$157,200
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Texas Board of Chiropractic Examiners (508)	Current Salary	\$61,600
	Market Average	\$90,576
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$8,400
Commissioner: Office of Consumer Credit Commissioner (466)	Current Salary	\$100,000
	Market Average	\$124,612
	Current Salary Group	3
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Commissioner: Credit Union Department (469)	Current Salary	\$115,000
	Market Average	\$119,866
	Current Salary Group	4
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Executive Director: Texas State Board of Dental Examiners (504)	Current Salary	\$75,000
	Market Average	\$110,409
	Current Salary Group	2
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$17,600
Executive Director: Funeral Service Commission (513)	Current Salary	\$55,816
	Market Average	\$91,180
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$14,184
Executive Director: Board of Professional Geoscientists (481)	Current Salary	\$57,400
	Market Average	\$89,438
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$12,600
Public Counsel: Office of Injured Employee Counsel (448)	Current Salary	\$105,000
	Market Average	\$151,634
	Current Salary Group	3
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$17,500
Commissioner of Insurance: Department of Insurance (454)	Current Salary	\$163,800
	Market Average	\$175,435
	Current Salary Group	6
	Recommended Salary Group	6
	Base Pay Tier	\$140,900 to \$162,000
	Market Competitive Tier	\$162,000 to \$190,200
	Performance Tier	\$190,200 to \$221,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Commissioner of Workers' Compensation: Department of Insurance (454)	Current Salary	\$140,000
	Market Average	\$143,132
	Current Salary Group	6
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Public Counsel: Office of Public Insurance Counsel (359)	Current Salary	\$99,000
	Market Average	\$132,887
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$7,500
Executive Director: Board of Professional Land Surveying (464)	Current Salary	\$55,000
	Market Average	\$88,941
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,000
Commissioner: Department of Licensing and Regulation (452)	Current Salary	\$123,750
	Market Average	\$138,180
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Executive Director: Texas Medical Board (503)	Current Salary	\$122,000 ^a
	Market Average	\$144,243
	Current Salary Group	5
	Recommended Salary Group	5
	Base Pay Tier	\$122,500 to \$140,900
	Market Competitive Tier	\$140,900 to \$165,400
	Performance Tier	\$165,400 to \$192,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$500
^a This current annual salary included a \$12,000 annual stipend because the executive officer is a licensed medical doctor.		
Executive Director: Texas Board of Nursing (507)	Current Salary	\$89,749
	Market Average	\$119,360
	Current Salary Group	2
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$2,851
Executive Director: Optometry Board (514)	Current Salary	\$68,250
	Market Average	\$89,865
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$1,750
Executive Director: Board of Pharmacy (515)	Current Salary	\$105,000
	Market Average	\$133,345
	Current Salary Group	5
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$1,500

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Executive Director: Executive Council of Physical Therapy and Occupational Therapy Examiners (533)	Current Salary	\$62,000
	Market Average	\$109,706
	Current Salary Group	1
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$30,600
Executive Director: Board of Plumbing Examiners (456)	Current Salary	\$70,000
	Market Average	\$108,844
	Current Salary Group	2
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$22,600
Executive Director: Board of Podiatric Medical Examiners (512)	Current Salary	\$55,000
	Market Average	\$88,372
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,000
Executive Director: Board of Examiners of Psychologists (520)	Current Salary	\$68,250
	Market Average	\$105,175
	Current Salary Group	1
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$12,250
Executive Secretary: Texas Racing Commission (476)	Current Salary	\$85,536
	Market Average	\$117,948
	Current Salary Group	2
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$7,064

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Administrator: Texas Real Estate Commission (329)	Current Salary	\$100,000
	Market Average	\$127,830
	Current Salary Group	2
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$6,500
Executive Director: Texas Residential Construction Commission (370)	Current Salary	\$98,000
	Market Average	\$128,310
	Current Salary Group	3
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$8,500
Commissioner: Department of Savings and Mortgage Lending (450)	Current Salary	\$100,000
	Market Average	\$141,202
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$6,500
State Securities Commissioner: Securities Board (312)	Current Salary	\$130,000
	Market Average	\$142,779
	Current Salary Group	5
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Board of Tax Professional Examiners (337)	Current Salary	\$60,000
	Market Average	\$88,372
	Current Salary Group	1
	Recommended Salary Group	1
	Base Pay Tier	\$ 70,000 to \$ 80,500
	Market Competitive Tier	\$ 80,500 to \$ 94,500
	Performance Tier	\$ 94,500 to \$110,000
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$10,000

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory		
Executive Director: Public Utility Commission of Texas (473)	Current Salary	\$115,500
	Market Average	\$137,875
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Public Counsel: Office of Public Utility Counsel (475)	Current Salary	\$115,000
	Market Average	\$134,900
	Current Salary Group	4
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
Executive Director: Board of Veterinary Medical Examiners (578)	Current Salary	\$65,000
	Market Average	\$105,998
	Current Salary Group	1
	Recommended Salary Group	2
	Base Pay Tier	\$ 80,500 to \$ 92,600
	Market Competitive Tier	\$ 92,600 to \$108,700
	Performance Tier	\$108,700 to \$126,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$15,500

Table 15

Market Analysis and Recommended Salary Groups Assignments for Executive Officer Positions		
Article VIII: Regulatory (Independent Agencies)		
Executive Director: Board of Public Accountancy (457)	Current Salary	\$102,937
	Market Average	\$119,714
	Current Salary Group	None
	Recommended Salary Group	3
	Base Pay Tier	\$ 92,600 to \$106,500
	Market Competitive Tier	\$106,500 to \$125,000
	Performance Tier	\$125,000 to \$145,600
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$0
	Executive Director: Board of Architectural Examiners (459)	Current Salary
Market Average		\$114,239
Current Salary Group		None
Recommended Salary Group		3
Base Pay Tier		\$ 92,600 to \$106,500
Market Competitive Tier		\$106,500 to \$125,000
Performance Tier		\$125,000 to \$145,600
Annual Cost to Move Executive Officer to Minimum of New Salary Group		\$0
Executive Director: Board of Professional Engineers (460)		Current Salary
	Market Average	\$124,208
	Current Salary Group	None
	Recommended Salary Group	4
	Base Pay Tier	\$106,500 to \$122,500
	Market Competitive Tier	\$122,500 to \$143,800
	Performance Tier	\$143,800 to \$167,500
	Annual Cost to Move Executive Officer to Minimum of New Salary Group	\$4,060

Evaluating Executive Officer Positions

Performance management systems are an effective tool to help agencies meet their mission, strategies, and organizational goals. This is accomplished by using individual performance evaluations to measure an employee's contribution to the agency. For executive officer positions, establishing an annual evaluation process could provide critical information to the Legislature and the agency's governing board about what the executive officer has and has not accomplished. The Legislature and agency's governing boards could use these annual evaluations as the basis for critical decisions, such as determining the level of an executive officer's compensation, directing the executive officer to focus on making improvements in selected areas, or removing the executive officer.

Executive officer performance should be annually evaluated using objective measures.

To determine successful performance for executive officers, annual evaluations should include established performance measures and standards. These include achieving the key strategic goals of the agency and its programs, as defined in each agency's strategic plan, as well as attaining targeted levels on key performance measures.

Sixty-nine percent of executive officers responding to a survey by the State Classification Team agreed that their performance should be measured by performance indicators listed in the General Appropriations Act. Executive officers suggested other criteria that could be considered in addition to current measures. These included:

- Feedback received by external partners or other related parties (44 percent of respondents).
- Effective management of agency resources (29 percent of respondents).
- Customer satisfaction (20 percent of respondents).
- Employee morale and turnover statistics (17 percent of respondents).
- Audit outcomes (8 percent of respondents).
- Results of the University of Texas at Austin's Survey of Organizational Excellence (7 percent of respondents).

Although executive officers agree that there are measures that could be used to evaluate their performance, 38 percent felt that external variables out of the agency's and/or executive officer's controls should be taken into account when assessing performance. External variables may include funding cuts,

economic and demographic changes, and emergencies that may hinder the accomplishment of some objectives.

Recommendation

The Legislature and/or an agency's governing board should consider developing annual performance evaluations for executive officers that include established performance measures and standards.

Optional Compensation Incentives

Another option to recognize and reward high performing executive officers could include the use of merit or performance awards. These awards could be used in addition to the suggested guidelines in Chapter 2 for determining executive officer pay or as a different approach to reward and recognize an executive officer's accomplishments and high achievements.

Merit increases, either in the form of a base pay increase or a one-time payment, could be used to reward those executive officers whose performance is consistently above what is normally expected and required. Merit increases, which increase base salary, could be used as part of annual agency and executive officer reviews. Lump-sum payments, which do not increase base pay, could be used to recognize an executive officer's specific achievements or accomplishments. For qualified executive officers, merit or performance awards may provide the State a tool for recognizing outstanding performance and providing increased incentive for an executive officer to meet agency performance measures and other goals set by the Legislature and the agency's governing board.

Executive officers are not currently eligible for these types of awards beyond their base pay. If the Legislature chooses to implement a merit increase program for these positions, criteria for these increases could include current performance measures and mirror the language currently in statute for merit increases for classified employees.

Public sector entities use merit increases and other incentives for their executive positions.

Public sector employment within the United States accounts for a large share of total employment; however, public sector pay structures and compensation management can differ significantly among the federal government, states, cities, and counties. The State Classification Team sent surveys to 31 governmental entities to gather information on salaries and pay practices for executive officer employees. The survey included major Texas cities and counties, the 10 most populated states, and surrounding states. Of those, 21 (68 percent) responded. (See Appendix 7 for a list of survey respondents and detailed results.) Results indicate that:

- The majority (62 percent) have defined salary ranges for these positions.
- The majority (67 percent) measure performance for their executives and 57 percent provide merit increases to those employees.
- Less than half (48 percent) provide cost-of-living or general pay increases to their executive officers.

- The majority (62 percent) noted that perquisites such as car, phone, and housing allowances were provided to executive employees.

Recommendation

The Legislature should consider implementing the use of merit or performance awards for qualified executive officers as an alternative method for rewarding high performance.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this study was to conduct a review, similar to the study on the State's classification plan, on the compensation of executive positions as outlined in the General Appropriations Act (Article IX, Section 3.09, 80th Legislature).

Scope

The scope of this study included a review of salaries and salary ranges of executive officer positions. The State Auditor's Office's State Classification Team analyzed state agency exempt position pay between state agencies and other public and private sector entities, taking into account factors such as:

- The size of the agency's annual appropriations.
- The levels of full-time equivalent (FTE) positions.
- The market average compensation for similar executive positions.
- The exempt position's salary as compared to the salaries of classified positions within the agency.

Other executive officer positions not included in this review include 7 elected or appointed officials and 15 chief justices. Salaries for elected officials are a public policy decision that is not tied directly to the market average for similar professional positions. Salaries for judicial positions are outlined in statute (see Appendix 5) and are based on larger policy decisions made by the Legislature.

Methodology

In developing recommendations, the State Classification Team reviewed salary rates for similar work performed in the public and private sector.

The recommended pay ranges were created using a market analysis based upon what similar professional positions pay. For this part of the analysis, the focus was solely on the position and not on the incumbents' credentials or quality of work.

The minimum estimated cost for implementing the recommendations was calculated by moving the affected incumbents to the minimum of the new

salary group. The cost to the State for the 2010-2011 biennium is provided because implementation costs are incurred for the entire biennium.

In making these recommendations, the State Classification Team reviewed:

- *2007 Central States Salary Survey.*
- American Library Association-Allied Professional Association, *ALA-APA Salary Survey 2007: Non-MLS-Public and Academic 2007.*
- American Association of Law Libraries, *Biennial Salary Survey and Organizational Characteristics, 2007.*
- *Army Times, 2008 Pay Charts, <http://www.armytimes.com>.*
- Association of Racing Commissioners International, Inc., *Executive Director Salaries 2007.*
- CompData Surveys, Dolan Technologies Corporation *Compensation Data 2007-Texas.*
- Olney Associates Inc., *2008 Compensation and Benefits Survey for Housing Organizations.*
- The Council of State Governments, *Book of States Survey, February 2008.*
- Federal Reserve Bank of Dallas, *2007 Officers and Employees Salary Survey 2007.*
- Maine State Board of Nursing, *Executive Director Salary Survey of State Boards of Nursing, March 2008.*
- National Center for State Courts, *Survey of Judicial Salaries, Volume 33 Number 1, January 1, 2008.*
- State Auditor's Office, salary survey of select public sector entities, 2008.
- State Auditor's Office, survey of executive officer and human resource directors, 2008.
- State Commission on Judicial Conduct, *Executive Director Salary Survey 2007.*
- State Higher Education Executive Officers, *Staffing and Salary Information with Survey of Agency Functions for Statewide Coordinating and Governing Higher Education Agencies, 2008.*
- Texas Association of Counties, *Salary Survey, January 2007.*

- Texas Association of School Boards, *Survey of Public School Districts* 2008.
- Texas Lottery Commission, *Survey of Executive Directors*, 2007.
- Texas Municipal League, *Salary and Fringe Benefit Survey*, January 2008.
- The International Association of Directors of Law Enforcement Standards and Training, *IADLEST Sourcebook*, Internet Edition 2005.
- The NonProfit Times, *Special Report NPT Salary Survey*, 2008.
- 2008–2009 Watson Wyatt geographic reports on compensation—for profit data, which include:
 - ♦ *2008 Health Care Clinical and Professional Personnel Compensation.*
 - ♦ *2008 Professional Specialized Services Personnel Compensation.*
 - ♦ *2008 Professional Specialized Services Administrative Personnel Compensation.*
- *2007/2008 Watson Wyatt Top Management Compensation.*
- *2008 Texas Society for Healthcare Human Resources Administration and Education Wage and Benefit Survey*, Werling Associates, Inc..
- *WorldatWork 34th Annual Salary Budget Survey*, 2007.

Data for full-time classified state employees and their salaries as of the second quarter of fiscal year 2008 was gathered from:

- The Uniform Statewide Payroll System (USPS).
- The Human Resources Information System (HRIS).
- The Standardized Payroll/Personnel Reporting System (SPRS).

Project Information

This study was conducted in accordance with generally accepted compensation practices and standards. Fieldwork was conducted from February 2008 through July 2008.

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 subjected 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, GRP (Project Manager)
- Rebecca Beachy, CIA, CGAP
- Michael Boehme, CIA, PHR
- Michelle DeFrance, MA
- Olivia Gutierrez
- Anne Hoel, CGAP
- Stacey Robbins McClure, MBA, PHR
- Dana Musgrave, MBA
- Sharon Schneider, PHR
- Willie Showels
- Juliette Torres, CCP, PHR
- Leslie Ashton, CPA (Quality Control Reviewer)
- Nicole M. Guerrero, MBA, CIA,CGAP (Audit Manager)

Scheduled Exempt Positions

The General Appropriations Act, Article IX, Section 3.05 (80th Legislature) provides guidance on salary groups for and changes to exempt position salaries under the “Scheduled Exempt Positions.” A copy of this section is provided below.

Scheduled Exempt Positions

(a) Except for the positions listed under Subsection (b)(3) or (c)(4), a position listed following an agency’s appropriation in the agency’s “Schedule of Exempt Positions” shall receive compensation at a rate not to exceed the amount indicated in that agency’s “Schedule of Exempt Positions.”

(b) (1) Notwithstanding the rate listed in an agency’s “Schedule of Exempt Positions,” a position listed in Subsection (b)(3) may receive compensation at a rate set by the Governor in an amount not to exceed the “Maximum Salary” but not less than the “Minimum Salary” for the appropriate group as listed in Subsection (b)(2). (2) An exempt position listed in Subsection (b)(3) or (c)(4) for which the term “Group,” followed by an Arabic numeral, is indicated, may receive compensation at a rate within the range indicated below for the respective salary group indicated.

Scheduled Exempt Position Salary Rates		
Group	Minimum Salary	Maximum Salary
1	\$ 49,080	\$ 75,828
2	\$ 58,092	\$ 89,749
3	\$ 68,772	\$106,260
4	\$ 81,480	\$125,880
5	\$ 96,468	\$149,052
6	\$114,288	\$214,236

(3)

Agency	Position	Salary Group
(A) Fire Fighters’ Pension Commissioner	Commissioner	Group 1
(B) Secretary of State	Secretary of State	Group 4
(C) Office of State-Federal Relations	Executive Director	Group 3
(D) Health and Human Services Commission	Executive Commissioner	Group 6

Agency	Position	Salary Group
(E) Texas Education Agency	Commissioner of Education	Group 6
(F) Adjutant General's Department	Adjutant General	Group 5
(G) Texas Department of Criminal Justice	Presiding Officer, Board of Pardons and Paroles	Group 4
(H) Texas Department of Criminal Justice	Board Members (6)	Group 3
(I) Texas Commission on Environmental Quality	Commissioners (3)	Group 6
(J) Texas Department of Housing and Community Affairs	Executive Director	Group 5
(K) Texas Workforce Commission	Commissioners (2)	Group 5
(L) Texas Workforce Commission	Commission Chair	Group 6
(M) State Office of Administrative Hearings	Chief Administrative Law Judge	Group 5
(N) Texas Department of Insurance	Commissioner of Insurance	Group 6
(O) Office of Public Insurance Counsel	Public Counsel	Group 3
(P) Public Utility Commission of Texas	Commissioners (3)	Group 6
(Q) Office of Public Utility Counsel	Public Counsel	Group 4
(R) Bond Review Board	Executive Director	Group 3
(S) Texas Department of Insurance	Commissioner of Workers' Compensation	Group 6

(c) (1) Notwithstanding the rate listed in an agency's "Schedule of Exempt Positions," an agency whose exempt position listed following the agency's appropriations in the "Schedule of Exempt of Positions" is listed in Subsection (c)(4) may request to set the rate of compensation provided for the agency's respective exempt position at an amount not to exceed the "Maximum Salary" but not less than the "Minimum Salary" for the appropriate group as listed in Subsection (b)(2).

(2) The request submitted by the governing board of the state agency shall include at a minimum:

- (A) The date on which the board approved the request;
- (B) A statement justifying the need to exceed the limitation; and
- (C) The source of funds to be used to pay the additional salary amount.

(3) A proposed rate increase shall be considered to be approved if neither the Legislative Budget Board nor the Governor issues a written disapproval of the proposal not later than:

(A) the tenth business day after the date the staff of the Legislative Budget Board concludes its review of the proposed rate increase and forwards its review to the Chair of the House Committee on Appropriations, Chair of the Senate Committee on Finance, Speaker of the House, and Lieutenant Governor; and

(B) the tenth business day after the receipt of the proposed transfer by the Governor.

(4)

Agency	Position	Salary Group
(A) Department of State Health Services	Commissioner	Group 6
(B) Department of Family and Protective Services	Commissioner	Group 6
(C) Higher Education Coordinating Board	Commissioner	Group 6
(D) Department of Aging and Disability Services	Commissioner	Group 6
(E) Department of Information Resources	Executive Director	Group 6
(F) Department of Assistive and Rehabilitative Services	Commissioner	Group 5
(G) Texas Lottery Commission	Executive Director	Group 6
(H) Texas Youth Commission	Executive Director	Group 6

(d) In addition to all other requirements, any salary increase from appropriated funds within the limits provided by this section and salary increases within the limit established under an agency's bill pattern, must be:

- (1) in writing;
- (2) signed by the presiding officer of the governing board;
- (3) submitted to the Governor, the Legislative Budget Board and the Comptroller; and
- (4) approved by the governing board in a public meeting.

(e) (1) Each title listed in a "Schedule of Exempt Positions" following an agency's appropriation authorizes one position for the agency unless the title is followed by an Arabic numeral indicating the number of positions authorized or unless the title is followed by "(UL)" which authorizes an unlimited number of positions for such position title.

(2) The number of authorized positions for a title listed in a "Schedule of Exempt Positions" may be exceeded only:

(A) for the purpose of hiring a replacement in a key management position as certified by the chief administrator of the agency;

(B) if the current incumbent of the position has formally resigned or otherwise announced irrevocable plans to vacate the position;

(C) for a period of time not to exceed the equivalent of one month's salary per fiscal year per terminating incumbent (excluding time spent on the payroll for the purpose of exhausting accrued annual leave or state compensatory time); and

(D) if exceptions are reported as prescribed for payroll reporting procedures.

Salary Comparisons for Elected Officials

Table 16 lists the salaries for elected officials in the most populous and surrounding states. This list includes the Secretary of State, which is not an elected position but is appointed by the Governor.

Table 16

Salaries for Elected Officials in Most Populous States and Surrounding States							
State	Governor	Attorney General	Comptroller	Railroad Commission	General Land Office	Secretary of State	Agriculture
Arkansas	\$ 80,848	\$ 67,373	\$ 92,341	\$ 95,110 ^b	\$ 52,570 ^d	\$ 50,529	\$ 97,334
California	\$ 212,179	\$184,301	\$ 169,743	\$122,424 ^b	Not Provided	\$ 159,134	\$ 156,840
Florida	\$ 132,932	\$131,604	\$131,604 ^a	\$ 90,000 ^b	Not Applicable	\$ 120,000	\$ 131,604
Georgia	\$ 135,281	\$133,778	\$126,500 ^a	\$113,060 ^b	\$ 148,000	\$ 120,036	\$ 118,016
Illinois	\$ 158,000	\$139,400	\$ 120,800	\$134,000 ^c	\$ 116,900	\$ 139,400	\$ 121,000
Louisiana	\$ 130,000	\$115,000	\$ 204,402	\$109,907 ^b	Not Provided	\$ 115,000	\$ 115,000
Michigan	\$ 177,000	\$124,900	\$ 116,591	Not Applicable	Not Applicable	\$ 124,900	\$ 129,842
New Mexico	\$ 110,000	\$ 95,000	\$ 110,250	\$120,750 ^b	\$ 90,000	\$ 85,000	\$ 147,290
New York	\$ 179,000	\$151,500	\$ 151,500	\$120,800 ^b	Not Provided	\$ 120,800	\$ 120,800
Oklahoma	\$ 140,000	\$126,500	\$ 90,000	Not Applicable	\$ 77,805	\$ 94,500	\$ 87,005
Ohio	\$ 144,830	\$109,986	\$ 126,401	\$ 78,520 ^b	Not Applicable	\$ 109,986	\$ 111,072
Pennsylvania	\$ 170,150	\$141,565	\$ 128,627	\$121,741 ^b	Not Provided	\$ 122,509	\$ 122,509
Texas	\$ 150,000	\$150,000	\$ 150,000	\$ 137,500	\$ 137,500	\$ 117,516	\$ 137,500
Average Salary	\$147,709	\$128,531	\$132,212	\$ 113,074	\$103,796	\$113,793	\$122,755
Average Salary (excluding Texas)	\$147,518	\$126,742	\$130,730	\$ 110,631	\$ 94,055	\$113,483	\$121,526
^a Salary for the Treasurer position. ^b Salary for the Energy position. ^c Salary for the Commerce position. ^d Maximum salary.							

Source: *The Book of the States 2008* and State Auditor's Office salary survey.

Salary Comparisons for Judicial Positions

Table 17 lists the salaries for chief justice, associate justice, and justices on the Court of Appeals in the most populous and surrounding states.

Table 17

Salaries for Judicial Officials in the Most Populous and Surrounding States			
State	Chief Judge/Justice	Associate Judge/Justice	Chief/Presiding Court of Appeals
Arkansas	\$148,000	\$137,000	\$ 135,000
California	\$229,000	\$218,000	\$ 205,000
Florida	\$161,000	\$161,000	\$153,000 ^a
Georgia	\$167,000	\$167,000	\$166,000 ^a
Illinois	\$189,000	\$189,000	\$178,000 ^a
Louisiana	\$138,000	\$131,000	\$ 131,000
Michigan	\$165,000	\$165,000	\$151,000 ^a
New Mexico	\$123,000	\$121,000	\$ 117,000
New York	\$156,000	\$151,000	\$ 148,000
Oklahoma ^b	\$147,000	\$137,655	\$ 142,485
Ohio	\$151,000	\$142,000	\$132,000 ^a
Pennsylvania	\$187,000	\$181,000	\$ 161,000 ^c
Texas	\$153,000	\$150,000	\$148,000 ^d
Average Salary	\$162,615	\$157,743	\$ 151,345
Average Salary (excluding Texas)	\$163,417	\$158,388	\$ 151,624
^a State did not distinguish whether salary was for presiding judge or other justices. ^b Salary data was obtained directly from the State of Oklahoma. ^c Maximum salary. Salary based on the number of judges/population. ^d Includes supplements.			

Source: *Survey of Judicial Salaries, Volume 33, Number 1, January 1, 2008*, National Center for State Courts.

Salary Provisions for Members of the Judiciary

Judges and justices in the judicial branch have limitations on salaries. Table 18 provides an outline of these salary provisions.

Table 18

Provisions for Salaries in the Judicial Branch		
Title	Minimum Salary	Maximum Salary
District Judge	\$125,000	Combined salary (state and county sources) may not exceed the amount that is \$5,000 less than the salary provided for a justice of a court of appeals. ^a
Justice, Court of Appeals	110 percent of salary of district judge.	Combined salary (state and county sources) may not exceed the amount that is \$5,000 less than the salary provided for a justice of the Texas Supreme Court.
Justice, Supreme Court and Judge, Criminal Court of Appeals ^a	120 percent of salary of district judge.	None.
Chief Justice of Supreme Court, Presiding Judge of Criminal Court of Appeal, and Chief of a Court of Appeals	\$2,500 more than the salary provided for other justices or judges of the court.	Combined salary may not exceed the amount that is \$2,500 less than the salary provided for a justice of the Texas Supreme Court.
^a This excludes chief justice positions.		

Source: Texas Government Code, Section 659.012.

Employees Whose Annual Pay Meets or Exceeds the Executive Officer's Salary

A review of executive officer pay compared to the pay of other employees within the agency found that, on average, the highest paid employee is paid 6 percent less than the executive officer. After September 1, 2008, that gap will narrow to 4.2 percent when classified employees receive an additional 2 percent pay increase.

Twenty-six of 84 (31 percent) agencies reviewed had employees whose annual pay is at or above the executive officer's annual salary. These include three agencies for which the difference was less than 1 percent. An additional three agencies will have employees who are paid within 1 percent of the agency's head after September 1, 2008. Table 19 lists these agencies and salaries of each agency's executive officer and highest paid employee.

Table 19

Agencies That Have Employees Whose Annual Pay Meets or Exceeds the Executive Officer's Salary				
Agency No.	Agency Name	Annual Salary of Executive Officer	Title of Highest Paid Agency Employee(s)	Annual Salary of Agency Highest Paid Employee(s)
303	Texas Facilities Commission	\$126,500	Deputy Director	\$136,000
303	Texas Facilities Commission	\$126,500	Deputy Director	\$170,000
306	Library and Archives Commission	\$95,000	Deputy Director ^b	\$92,940
323	Teacher Retirement System	\$225,000	Chief Investment Officer	\$402,000
323	Teacher Retirement System	\$225,000	Investment Fund Director	\$230,000
323	Teacher Retirement System	\$225,000	Investment Fund Director	\$250,000
325	Fire Fighters' Pension Commissioner	\$70,000	Director	\$89,067
327	Employees Retirement System	\$231,000	Deputy Director	\$300,000
338	Pension Review Board	\$60,000	Actuary	\$90,000
360	Administrative Hearings, State Office of	\$118,625	Master Administrative Law Judge ^a	\$118,620
362	Lottery Commission, Texas	\$135,000	Deputy Director	\$142,141
362	Lottery Commission, Texas	\$135,000	General Counsel	\$140,817
370	Residential Construction Commission	\$98,000	General Counsel	\$98,336

Agencies That Have Employees Whose Annual Pay Meets or Exceeds the Executive Officer's Salary				
Agency No.	Agency Name	Annual Salary of Executive Officer	Title of Highest Paid Agency Employee(s)	Annual Salary of Highest Paid Employee(s)
411	Fire Protection, Commission on	\$90,000	Manager ^a	\$89,748
454	Insurance, Department of (Workers' Comp)	\$140,000	Physician	\$171,360
457	Accountancy, Board of Public	\$102,937	Director of Administrative Services/Chief Financial Officer ^b	\$100,020
457	Accountancy, Board of Public	\$102,937	General Counsel ^b	\$100,020
458	Alcoholic Beverage Commission	\$105,000	Director	\$105,424
477	Emergency Communications, Commission on State	\$82,500	General Counsel	\$83,031
481	Professional Geoscientists, Board of	\$57,400	Manager	\$61,234
507	Nursing, Board of	\$89,749	Manager	\$91,931
520	Psychologists, Board of Examiners of	\$68,250	Accountant	\$69,140
529	Health and Human Services Commission	\$200,000	Psychiatrist	\$203,935
530	Department of Family and Protective Services	\$168,000	Medical Director ^b	\$163,992
533	Physical Therapy and Occupational Therapy Examiners, Executive Council of	\$62,000	Program Supervisor	\$62,179
533	Physical Therapy and Occupational Therapy Examiners, Executive Council of	\$62,000	Investigator	\$65,305
537	Department of State Health Services	\$183,750	Psychiatrist	\$198,000
537	Department of State Health Services	\$183,750	Psychiatrist	\$198,000
537	Department of State Health Services	\$183,750	Psychiatrist	\$203,935
538	Department of Assistive and Rehabilitative Services	\$132,600	Director	\$148,575
580	Water Development Board	\$135,000	Deputy Executive Administrator	\$142,104
665	Juvenile Probation Commission	\$109,112	Deputy Executive Director	\$112,961
694	Youth Commission, Texas	\$125,000	Physician	\$208,014
694	Youth Commission, Texas	\$125,000	Conservator	\$160,000

Agencies That Have Employees Whose Annual Pay Meets or Exceeds the Executive Officer's Salary

Agency No.	Agency Name	Annual Salary of Executive Officer	Title of Highest Paid Agency Employee(s)	Annual Salary of Agency Highest Paid Employee(s)
696	Criminal Justice, Texas Department of	\$181,500	Medical Director	\$249,900
701	Education Agency, Texas	\$180,000	Chief Investment Officer	\$193,800
701	Education Agency, Texas	\$180,000	Portfolio Manager	\$183,808
809	Preservation Board	\$91,000	Director	\$95,000
813	Arts, Commission on the	\$77,500	Director ^a	\$77,493

^a Within 1 percent.

^b Within 1 percent after September 1, 2008.

Public Sector Salary Survey Results

The State Classification Team developed and sent surveys to 31 governmental entities to gather information about their executive pay policies and procedures, as well as executive benefits. Twenty-one (68 percent) recipients responded to the survey. The survey contained questions regarding salary structure and salary movement within those structures for executive-level positions. Results indicate that:

- The majority (62 percent) have defined salary ranges for the executive-level positions.
- The majority (67 percent) measure performance for their executives and 57 percent provide merit increases to those employees.
- Less than half (48 percent) provide cost-of-living or general pay increases to their executive officers.
- The majority (62 percent) noted that perquisites such as car, phone, and housing allowances were provided to executive employees.

Table 20 lists individual survey respondents and responses.

Table 20

Executive Officer Pay Policies and Procedures					
State, City, or County	Executive Officer Positions Included in Classified Pay Plan?	Executive Officer Positions Have Defined Salary Ranges?	Performance Measured for Executive Officer Positions?	Merit Increase Given to Executive Officer Positions?	Executive Officer Positions Given Cost-of-Living Adjustment or General Salary Increases?
States					
California	No	Yes	No	No	Yes
Georgia	No	Yes	No	Yes	No
Louisiana	No	No	Yes	Yes	Yes
Michigan	No	No	Yes	Yes	No
New Jersey	No	No	No	No	No
New Mexico	No	Yes	Not Applicable	Yes	No
New York	No	No	No	No	Yes
Pennsylvania	No	No	No	No	Yes
Texas	No	Yes	No	No	No

Executive Officer Pay Policies and Procedures

State, City, or County	Executive Officer Positions Included in Classified Pay Plan?	Executive Officer Positions Have Defined Salary Ranges?	Performance Measured for Executive Officer Positions?	Merit Increase Given to Executive Officer Positions?	Executive Officer Positions Given Cost-of-Living Adjustment or General Salary Increases?
Texas Cities					
Austin	No	No	Yes	Yes	No
Dallas	Yes	Yes	Yes	Yes	No
El Paso	Yes ^a	Yes	Yes	No	No
Fort Worth	Yes	Yes	Yes	Yes	Yes
Houston	Yes	Yes	Yes	Yes	Yes
San Antonio	No	Yes	Yes	Yes	Yes
Texas Counties					
Bexar	Yes	Yes	Yes	No	Yes
Dallas	No	Yes	Yes	Yes	Yes
Denton	No	No	Yes	No	No
Fort Bend	Yes	Yes	Yes	No	No
Harris	No	No	No	No	Yes
Tarrant	Yes	Yes	Yes	Yes	No
Travis	Yes	Yes	Yes	Yes	Yes
^a All positions are considered unclassified.					

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The Honorable David Dewhurst, Lieutenant Governor, Joint Chair

The Honorable Tom Craddick, Speaker of the House, Joint Chair

The Honorable Steve Ogden, Senate Finance Committee

The Honorable Thomas “Tommy” Williams, Member, Texas Senate

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The Honorable Jim Keffer, House Ways and Means Committee

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The Honorable Rick Perry, Governor



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