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State Auditor

A Report on

Executive Compensation at State Agencies

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Report No. 14-705

Overall Conclusion

The decisions of state agencies' executive officers directly affect the delivery of services to the citizens of Texas. Therefore, it is in the State's best interest to ensure equitable pay for executive officer positions to help recruit and retain qualified executive officers capable of effectively and efficiently managing state agencies. Executive officer annual base salaries had a wide range—from \$70,000 to \$335,000—as of June 30, 2014.

The State Auditor's Office conducted a study of executive compensation and identified significant disparities among the annual base salaries of some executive officers compared with the annual base salaries of other executive officers and/or compared with the annual base salaries of other management positions at an agency. Specifically:

- Twenty-seven executive officers were among the top 100 highest paid management employees at state agencies. The remaining 73 positions were employees in other management positions¹ (see Table 1 on page 4 for more information).
- Of those 73 other management positions, 21 were at the Department of Transportation.
- Four executive officers and 10 other management positions earned higher annual base salaries than the Health and Human Services Commission's executive commissioner and the Department of Criminal Justice's executive director.² The executive commissioner of the Health and Human Services Commission oversees 5 agencies with a combined budget for fiscal year 2014 of approximately \$36.0 billion and 57,866.5 authorized full-time equivalent

Exempt Positions, Executive Officers, and Other Management Positions

Exempt Positions. An exempt position is exempted from the State's Position Classification Plan (Plan). Article IX of the General Appropriations Act establishes conditions for exempt positions. The schedule of exempt positions specifies salaries of certain employees not covered by the Plan.

Executive Officers. For the purpose of this report, "executive officers" refers to state employees who serve as the administrative heads for state agencies and hold titles such as executive director, superintendent, and commissioner.

Other Management Positions. For the purpose of this report, "other management positions" refers to state employees who are not executive officers and hold titles such as deputy director, division director, and chief financial officer.

¹ This analysis is based on the annual base salary for the job titles listed in Table 1 and excludes higher education institutions, legislative agencies (except for the State Auditor), temporary positions, and medical and investment positions that were not identified as management positions by their title.

² The Health and Human Services Commission's executive commissioner and the Department of Criminal Justice's executive director earned the same annual base salary as of June 30, 2014.

(FTE) employees.³ The Department of Criminal Justice has a budget for fiscal year 2014 of approximately \$3.2 billion and 40,295.4 authorized FTE employees.

The recommendations in this report are intended to bring about comparable pay among similar executive officer positions at state agencies. An analysis of the 100 highest management annual base salaries at state agencies identified the following:

- The annual base salary for the Department of Public Safety's director ranks sixty-sixth among the 100 highest management annual base salaries.
- The Employees Retirement System's executive director ranks first and the Teacher Retirement System's executive director ranks second among executive officers on the list of the 100 highest management annual base salaries at state agencies.⁴

For this analysis, the State Auditor's Office placed agencies in one of three executive officer compensation tiers, which are groups of agencies according to recommended salary groups, based on factors such as the size of the agency's budget, the number of authorized FTE employees, and the complexity of the agency's mission. For example, the agencies placed in Tier I include health and human services, education, and public safety agencies (see Chapter 1-B for more information).

Summary of Objective, Scope, and Methodology

The objective of this report was to conduct a study reviewing exempt position compensation to:

- Compare exempt positions to market average compensation for similar executive positions.
- Compare exempt positions' salaries to classified positions' salaries.
- Prepare an analysis of exempt position compensation that considers agency size, agency appropriations, authorized full-time equivalent employee levels, and classified positions within the agency.

The Legislature directed the State Auditor's Office to conduct a study that reviews the compensation of exempt positions in Article IX, Section 3.08, the General Appropriations Act (83rd Legislature).

³ All totals for authorized FTE employees cited in this report are as of February 28, 2014.

⁴ In addition to the annual base salary amount, the executive officer of the Employees Retirement System is eligible to receive additional compensation.

The scope of this study included 74 executive officer positions that were exempt from the State's Position Classification Plan (Plan) during the 2014-2015 biennium and 1 director-level position at the Bullock Texas State History Museum. This report also provides salary comparisons and market analysis for executive officers for self-directed, semi-independent agencies. This study excluded positions at higher education institutions and legislative agencies (except for the State Auditor, which was included for purposes of comparison), elected officials, the Secretary of State, and the courts.

For this study, the State Auditor's Office compared exempt positions at different agencies and considered the size of an agency's annual appropriations; the number of authorized FTE employees as of February 28, 2014, including the Governor's and Legislative Budget Board's approved changes; market average compensation for similar executive positions; the exempt position salary as compared to the salaries of classified positions within the agency; and specialized education required for each position.

In addition to reviewing compensation data compiled by external parties, the State Auditor's Office conducted surveys of state agency executive officers and human resources directors and selected public entities, and analyzed salaries for full-time classified state employees and exempt executive officers as of June 30, 2009, and June 30, 2014, from statewide personnel systems.

A family member of the State Auditor is the executive director of a state agency included in the scope of this report. This condition could be seen as potentially affecting our independence in making recommendations related to the agency. This condition did not affect our conclusions and is discussed further in Appendix 1 on page 28 of this report.

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Detailed Results

Chapter 1

Highest Salaried Management Positions at State Agencies and Recommended Salary Ranges for Executive Officers

Executive Officers

For the purposes of this report, “executive officers” refers to state employees who serve as the administrative heads for state agencies and hold titles such as executive director, superintendent, and commissioner.

The decisions of state agencies’ executive officers directly affect the delivery of services to the citizens of Texas. Therefore, it is in the State’s best interest to ensure equitable pay for executive officer positions to help recruit and retain qualified executive officers capable of effectively and efficiently managing state agencies.

The State Auditor’s Office conducted a study of executive compensation at state agencies and identified significant disparities among the annual base salaries of some executive officers compared with other executive officers and/or with other management positions at the agencies (see text box for more information about authorized employees and budget). For example:

Authorized Full-time Equivalent Employees and Budget

Authorized full-time equivalent employees are based on the second quarter of fiscal year 2014 (quarter ending February 28, 2014), including the Governor’s and the Legislative Budget Board’s approved changes.

The budget data is from the General Appropriations Act (83rd Legislature) “total method of financing” category in agencies’ bill patterns.

- Four executive officers and 10 other management positions earned higher annual base salaries than the Health and Human Services Commission’s executive commissioner and the Department of Criminal Justice’s executive director.⁵ The Health and Human Services Commission’s executive commissioner oversees 5 agencies with a combined budget for fiscal year 2014 of approximately \$36.0 billion and 57,866.5 authorized full-time equivalent (FTE) employees.⁶ The Department of Criminal Justice has a budget for fiscal year 2014 of approximately \$3.2 billion and 40,295.4 authorized FTE employees, which is the highest number of authorized FTE employees among state agencies.
- The annual base salary for the Department of Public Safety’s director ranks sixty-sixth among the 100 highest management annual base salaries, even though that position administers an agency providing services for public safety. In addition, the Department of Public Safety has a budget for fiscal year 2014 of approximately \$1.4 billion and 9,165.3 authorized FTE employees, making it one of the largest state agencies in terms of budget and employees.

For this analysis, the State Auditor’s Office placed agencies in one of three executive officer compensation tiers, which are groups of agencies according to recommended salary groups, based on factors such as the size of the

⁵ The Health and Human Services Commission’s executive commissioner and the Department of Criminal Justice’s executive director earned the same annual base salary as of June 30, 2014.

⁶ All totals for authorized FTE employees cited in this report are as of February 28, 2014.

agency's budget, the number of authorized FTE employees, and the complexity of the agency's mission.

Chapter 1-A

Highest Salaries for Management Positions at State Agencies

The two highest paid executive officers at state agencies, based on annual base salaries, are the executive officers at the Employees Retirement System and the Teacher Retirement System. The Employees Retirement System's and Teacher Retirement System's boards of trustees set the annual base salary for the executive officer positions at those agencies.

Table 1 on page 4 lists the 100 highest management annual base salaries among state agencies as of June 30, 2014. Of those 100 top salaries, 27 were executive officer positions. The remaining 73 positions were:

- Fifty-one classified positions that are within the State's Position Classification Plan in salary groups B31 through B35. The titles for those 51 positions are chief investment officer, deputy director, director, district engineer, general counsel, deputy comptroller, and deputy executive commissioner. Unless otherwise noted in the General Appropriations Act, the 51 positions will be eligible to receive a 2.0 percent salary increase effective September 1, 2014, as authorized by the 83rd Legislature.⁷ (See Table 11 on page 32 for the salary ranges for selected salary groups in Salary Schedule B of the State's Position Classification Plan.)
- Sixteen positions that are exempt from the State's Position Classification Plan. (See Table 10 on page 31 for the salary ranges for salary groups within the Schedule of Exempt Positions, which includes executive officer positions that are exempt from the State's Position Classification Plan.)
- Six positions that are unclassified and not assigned to a salary group. Three of those positions are at the Treasury Safekeeping Trust Company, two are at the Higher Education Coordinating Board, and one is at the Employees Retirement System.

The annual base salaries for the executive officers at some of the agencies with some of the largest budgets and/or authorized FTE employees were lower than the annual base salaries of some other management positions. For example, as of June 30, 2014:

- The Health and Human Services Commission's executive commissioner—who is responsible for an agency that administers programs such as Medicaid, the Children's Health Insurance Program, the Supplemental Nutrition Assistance Program, and disaster assistance—earned an annual

⁷ The 83rd Legislature authorized an annual salary increase of 2.0 percent (with a minimum of \$50 per month) in fiscal year 2015 for employees paid in Salary Schedules A and B, with the exception of employees who were eligible to receive a targeted increase.

base salary that was lower than the annual base salaries for 14 other management positions at state agencies. The Health and Human Services Commission has a budget for fiscal year 2014 of approximately \$24.0 billion and 12,720.7 authorized FTE employees, and it is responsible for the oversight of the other four large agencies that comprise Texas's health and human services system: the Department of Aging and Disability Services, the Department of State Health Services, the Department of Family and Protective Services, and the Department of Assistive and Rehabilitative Services. Combined, those five agencies have a budget for fiscal year 2014 of approximately \$36.0 billion and 57,866.5 authorized FTE employees.

- The Department of Criminal Justice's executive director, who is responsible for the management of state prisons and state jails and for the oversight of private correctional facilities, earned an annual base salary that was lower than the annual base salaries for 14 other management positions at state agencies.⁸ The Department of Criminal Justice has the highest number of authorized FTE employees at 40,295.4 and a budget for fiscal year 2014 of approximately \$3.2 billion.
- The Texas Education Agency's commissioner, who administers an agency responsible for providing guidance and resources to help Texas public schools meet the educational needs of all students, earned an annual base salary that was lower than the annual base salaries of 29 other management positions at state agencies.⁹ The Texas Education Agency has 795.0 authorized FTE employees and a budget for fiscal year 2014 of approximately \$25.8 billion.
- The Department of Public Safety's director, who provides services for public safety and has a budget for fiscal year 2014 of approximately \$1.4 billion and 9,165.3 authorized FTE employees, earned an annual base salary that was lower than 65 other management positions at state agencies.

Of the 27 executive officers listed among the top 100 annual base salaries at state agencies, only 2 executive officers received additional compensation through the state payroll system between September 1, 2013, and June 30, 2014. Those two executive officers were at the Employees Retirement System and the Treasury Safekeeping Trust Company. See Table 1 on the next page.

Table 1 on the next page lists the 100 highest management annual base salaries among state agencies as of June 30, 2014.

⁸ The Health and Human Services Commission's executive commissioner and the Department of Criminal Justice's executive director earned the same annual base salary as of June 30, 2014.

⁹ The Texas Education Agency's commissioner and a deputy director III at the Employees Retirement System earned the same annual base salary as of June 30, 2014.

Table 1

100 Highest Management Annual Base Salaries at State Agencies ^a As of June 30, 2014								
Rank	Agency	Job Title	Annual Base Salary ^b	Additional Pay as of June 30, 2014 ^c	Total Compensation	Employee Type ^d	Salary Group	Executive Officer of Agency?
1	Cancer Prevention and Research Institute of Texas ^e	Chief Scientific Officer	\$540,000	\$0	\$540,000	Exempt	No Salary Group	No
2	Teacher Retirement System	Chief Investment Officer	\$480,000	\$373,997	\$853,997	Exempt	No Salary Group	No
3	Employees Retirement System	Director of Investments	\$375,272	\$126,840	\$502,112	Unclassified	No Salary Group	No
4	Teacher Retirement System	Investment Fund Director	\$339,900	\$239,098	\$578,998	Exempt	No Salary Group	No
5	Employees Retirement System	Executive Director	\$335,011	\$67,031	\$402,043 ^f	Exempt	No Salary Group	Yes
6	Teacher Retirement System	Deputy Chief Investment Officer	\$302,820	\$229,073	\$531,893	Exempt	No Salary Group	No
7	Teacher Retirement System	Executive Director	\$297,000	\$0	\$297,000	Exempt	No Salary Group	Yes
8	Treasury Safekeeping Trust Company	Chief Executive Officer	\$294,920	\$124,556	\$419,476	Unclassified	No Salary Group	Yes
9	Department of Transportation	Executive Director	\$273,000	\$0	\$273,000	Exempt	8	Yes
10 (tie)	Department of Transportation	Innovative Finance/Debt Management Officer	\$272,000	\$0	\$272,000	Exempt	8	No
10 (tie)	Department of Transportation	Deputy Executive Director/Chief Engineer	\$272,000	\$0	\$272,000	Exempt	8	No
10 (tie)	Department of Transportation	Chief Financial Officer	\$272,000	\$0	\$272,000	Exempt	8	No
10 (tie)	Department of Transportation	Chief Planning/Project Officer	\$272,000	\$0	\$272,000	Exempt	8	No
14	Office of the Governor	Deputy Director III	\$264,769	\$0	\$264,769	Classified	B35	No
15 (tie)	Department of Criminal Justice	Executive Director	\$260,000	\$0	\$260,000	Exempt	8	Yes
15 (tie)	Health And Human Services Commission	Executive Commissioner	\$260,000	\$0	\$260,000	Exempt	8	Yes
17	Cancer Prevention and Research Institute of Texas ^g	Executive Director	\$250,000	\$0	\$250,000	Exempt	7	Yes
18	Teacher Retirement System	Deputy Administrative Officer	\$242,840	\$0	\$242,840	Exempt	No Salary Group	No
19	Office of the Governor	Deputy Director II	\$240,700	\$0	\$240,700	Classified	B34	No
20	Teacher Retirement System	Investment Fund Director	\$240,003	\$169,880	\$409,883	Exempt	No Salary Group	No
21	Department of Banking ^h	Commissioner	\$237,000	\$0	\$237,000	Exempt	No Salary Group	Yes

100 Highest Management Annual Base Salaries at State Agencies^a
As of June 30, 2014

Rank	Agency	Job Title	Annual Base Salary ^b	Additional Pay as of June 30, 2014 ^c	Total Compensation	Employee Type ^d	Salary Group	Executive Officer of Agency?
22 (tie)	Department of Transportation ⁱ	Deputy Director III	\$235,000	\$5,000	\$240,000	Classified	B35	No
22 (tie)	Health and Human Services Commission	Deputy Executive Commissioner	\$235,000	\$0	\$235,000	Classified	B35	No
24	Teacher Retirement System	Deputy Director II	\$224,220	\$6,000	\$230,220	Classified	B34	No
25	Treasury Safekeeping Trust Company	Chief Investment Officer	\$219,170	\$89,390	\$308,560	Unclassified	No Salary Group	No
26	General Land Office ⁱ	Deputy Director I	\$218,818	\$20,000	\$238,818	Classified	B33	No
27	General Land Office ⁱ	Deputy Director I	\$218,610	\$20,000	\$238,610	Classified	B33	No
28	Office of the Comptroller of Public Accounts	Deputy Comptroller	\$218,160	\$0	\$218,160	Classified	B33	No
29	Office of the Comptroller of Public Accounts	Deputy Director I	\$215,736	\$0	\$215,736	Classified	B33	No
30 (tie)	Employees Retirement System	Deputy Director III	\$215,000	\$0	\$215,000	Classified	B35	No
30 (tie)	Texas Education Agency	Commissioner	\$215,000	\$0	\$215,000	Exempt	8	Yes
32	Treasury Safekeeping Trust Company	Deputy Director	\$214,120	\$106,252	\$320,372	Unclassified	No Salary Group	No
33 (tie)	Department of Family and Protective Services	Commissioner	\$210,000	\$0	\$210,000	Exempt	7	Yes
33 (tie)	Department of State Health Services	Commissioner	\$210,000	\$0	\$210,000	Exempt	7	Yes
35 (tie)	Treasury Safekeeping Trust Company	Chief Financial Officer II	\$208,060	\$94,052	\$302,112	Unclassified	No Salary Group	No
35 (tie)	Employees Retirement System	Deputy Director I	\$208,060	\$69,784	\$277,844	Classified	B33	No
37	Department of Transportation	Deputy Director I	\$202,000	\$12,120	\$214,120	Classified	B33	No
38	General Land Office ⁱ	Deputy Director I	\$201,997	\$20,000	\$221,997	Classified	B33	No
39 (tie)	Department of Transportation	Deputy Director I	\$200,000	\$3,838	\$203,838	Classified	B33	No
39 (tie)	Employees Retirement System	Deputy Director I	\$200,000	\$0	\$200,000	Classified	B33	No
39 (tie)	Department of Aging and Disability Services	Commissioner	\$200,000	\$0	\$200,000	Exempt	7	Yes
39 (tie)	Texas Lottery Commission	Executive Director	\$200,000	\$0	\$200,000	Exempt	6	Yes
43	Texas Education Agency	Chief Investment Officer	\$199,653	\$0	\$199,653	Classified	B33	No

100 Highest Management Annual Base Salaries at State Agencies ^a
As of June 30, 2014

Rank	Agency	Job Title	Annual Base Salary ^b	Additional Pay as of June 30, 2014 ^c	Total Compensation	Employee Type ^d	Salary Group	Executive Officer of Agency?
44	State Auditor's Office	State Auditor	\$198,000	\$0	\$198,000	Unclassified	No Salary Group	Yes
45	Health And Human Services Commission	Deputy Director I	\$197,500	\$0	\$197,500	Classified	B33	No
46 (tie)	Department of Transportation	Deputy Director I	\$196,950	\$23,634	\$220,584	Classified	B33	No
46 (tie)	Department of Transportation	Deputy Director II	\$196,950	\$10,200	\$207,150	Classified	B34	No
46 (tie)	Department of Transportation	Deputy Director II	\$196,950	\$9,600	\$206,550	Classified	B34	No
49 (tie)	Department of Transportation	District Engineer	\$195,000	\$11,700	\$206,700	Classified	B33	No
49 (tie)	Department of Transportation	District Engineer	\$195,000	\$0	\$195,000	Classified	B33	No
51	Department of Savings and Mortgage Lending	Deputy Director III	\$191,250	\$0	\$191,250	Classified	B35	No
52 (tie)	Health and Human Services Commission	Director VI	\$190,000	\$0	\$190,000	Classified	B32	No
52 (tie)	General Land Office	Deputy Director I	\$190,000	\$5,000	\$195,000	Classified	B33	No
52 (tie)	Department of Savings and Mortgage Lending	Commissioner	\$190,000	\$0	\$190,000	Exempt	No Salary Group	Yes
52 (tie)	Office of Consumer Credit Commission	Commissioner	\$190,000	\$0	\$190,000	Exempt	No Salary Group	Yes
56	Higher Education Coordinating Board ^j	Commissioner	\$188,163	\$0	\$188,163	Exempt	8	Yes
57	Cancer Prevention and Research Institute of Texas	Director VI	\$186,870	\$0	\$186,870	Classified	B32	No
58	Texas Education Agency	Deputy Executive Commissioner	\$186,850	\$0	\$186,850	Classified	B35	No
59	Cancer Prevention and Research Institute of Texas	General Counsel VI	\$186,549	\$0	\$186,549	Classified	B32	No
60	Teacher Retirement System	Director VI	\$185,588	\$0	\$185,588	Classified	B32	No
61	Health and Human Services Commission	Deputy Director I	\$185,587	\$0	\$185,587	Classified	B33	No
62	Department of Agriculture	Director VI	\$185,066	\$0	\$185,066	Classified	B32	No
63 (tie)	Department of Transportation	District Engineer	\$185,000	\$11,100	\$196,100	Classified	B33	No
63 (tie)	Department of Transportation	District Engineer	\$185,000	\$3,700	\$188,700	Classified	B33	No
63 (tie)	Department of Transportation	Deputy Director I	\$185,000	\$0	\$185,000	Classified	B33	No
66	Department of Public Safety	Director	\$183,498	\$0	\$183,498	Exempt	6	Yes

100 Highest Management Annual Base Salaries at State Agencies^a
As of June 30, 2014

Rank	Agency	Job Title	Annual Base Salary ^b	Additional Pay as of June 30, 2014 ^c	Total Compensation	Employee Type ^d	Salary Group	Executive Officer of Agency?
67	Department of Transportation	Deputy Director II	\$181,500	\$18,180	\$199,680	Classified	B34	No
68	Teacher Retirement System	Director VI	\$181,108	\$0	\$181,108	Classified	B32	No
69	Texas Education Agency	Director V	\$180,842	\$0	\$180,842	Classified	B31	No
70	Department of Agriculture	Director VI	\$180,130	\$0	\$180,130	Classified	B32	No
71 (tie)	Commission on Environmental Quality	Commissioner	\$180,000	\$0	\$180,000	Exempt	6	No
71 (tie)	Commission on Environmental Quality	Commissioner	\$180,000	\$0	\$180,000	Exempt	6	No
71 (tie)	Commission on Environmental Quality	Chairman	\$180,000	\$0	\$180,000	Exempt	6	No
71 (tie)	Parks and Wildlife Department	Executive Director	\$180,000	\$0	\$180,000	Exempt	5	Yes
71 (tie)	Public Utility Commission of Texas	Commissioner	\$180,000	\$0	\$180,000	Exempt	6	No
71 (tie)	Public Utility Commission of Texas	Commissioner	\$180,000	\$0	\$180,000	Exempt	6	No
71 (tie)	Public Utility Commission of Texas	Commissioner Chairman	\$180,000	\$0	\$180,000	Exempt	6	No
78 (tie)	Texas Lottery Commission	Director V	\$179,826	\$0	\$179,826	Classified	B31	No
78 (tie)	Texas Lottery Commission	Director V	\$179,826	\$0	\$179,826	Classified	B31	No
80	Department of Banking	Deputy Director II	\$178,330	\$5,531	\$183,861	Classified	B34	No
81	Office of the Governor	Deputy Director I	\$178,225	\$5,500	\$183,725	Classified	B33	No
82	Department of Assistive and Rehabilitative Services	Commissioner	\$178,046	\$0	\$178,046	Exempt	6	Yes
83 (tie)	Department of Transportation	Deputy Director I	\$176,750	\$10,605	\$187,355	Classified	B33	No
83 (tie)	Office of the Comptroller of Public Accounts	Director V	\$176,750	\$0	\$176,750	Classified	B31	No
83 (tie)	Office of the Comptroller of Public Accounts	Director V	\$176,750	\$0	\$176,750	Classified	B31	No
83 (tie)	Department of Transportation	Deputy Director I	\$176,750	\$3,535	\$180,285	Classified	B33	No
83 (tie)	Department Of Motor Vehicles	Executive Director	\$176,750	\$0	\$176,750	Exempt	5	Yes
88	Teacher Retirement System	Director VI	\$176,654	\$6,000	\$182,654	Classified	B32	No
89	State Preservation Board	Executive Director	\$176,000	\$0	\$176,000	Exempt	5	Yes
90	Higher Education Coordinating Board	Deputy Commissioner, Finance and Administration	\$175,995	\$0	\$175,995	Unclassified	No Salary Group	No

100 Highest Management Annual Base Salaries at State Agencies^a
As of June 30, 2014

Rank	Agency	Job Title	Annual Base Salary ^b	Additional Pay as of June 30, 2014 ^c	Total Compensation	Employee Type ^d	Salary Group	Executive Officer of Agency?
91	Commission on Environmental Quality	Executive Director	\$175,944	\$0	\$175,944	Exempt	7	Yes
92 (tie)	Department of Transportation	District Engineer	\$175,000	\$3,500	\$178,500	Classified	B33	No
92 (tie)	Department of Transportation	District Engineer	\$175,000	\$3,500	\$178,500	Classified	B33	No
92 (tie)	Department of Insurance	Commissioner of Insurance	\$175,000	\$0	\$175,000	Exempt	6	Yes
92 (tie)	Department of Information Resources	Executive Director	\$175,000	\$0	\$175,000	Exempt	6	Yes
92 (tie)	Department of Licensing and Regulation	Executive Director	\$175,000	\$0	\$175,000	Exempt	5	Yes
92 (tie)	Department of Transportation	District Engineer	\$175,000	\$0	\$175,000	Classified	B33	No
92 (tie)	Department of Insurance	Commissioner of Workers' Compensation	\$175,000	\$0	\$175,000	Exempt	5	Yes
99	Higher Education Coordinating Board	Deputy Commissioner for Academic Planning and Policy/Chief Academic Officer	\$174,995	\$0	\$174,995	Unclassified	No Salary Group	No
100	Department Of Banking	Deputy Director II	\$174,768	\$5,837	\$180,605	Classified	B34	No

^a This analysis is based on the annual base salary for the listed job titles and excluded higher education institutions, legislative agencies (except for the State Auditor), temporary positions, and medical and investment positions that were not identified as management positions by their title. See Tables 7 and 8 in Chapter 2-C for the highest salaried medical and investment positions at state agencies.

^b This is based on the annualized monthly base salary as of June 30, 2014.

^c Includes one-time merit awards and bonuses.

^d A classified position is included in the State's Position Classification Plan in Article IX of the General Appropriations Act (83rd Legislature). An exempt position is either listed in the General Appropriations Act under a state agency's schedule of exempt positions or exempt by the Governor from the State's Position Classification Plan. An unclassified position is neither classified nor exempt.

^e According to the General Appropriations Act (83d Legislature), as of September 1, 2013, the chief scientific officer of the Cancer Prevention and Research Institute of Texas may not receive a total combined salary that exceeds \$540,000 in state and foundation funds in any year of the biennium.

^f Total compensation does not sum exactly due to rounding.

^g According to the General Appropriations Act (83d Legislature), as of September 1, 2013, the executive director of the Cancer Prevention and Research Institute of Texas may not receive a total combined salary that exceeds \$250,000 in state and foundation funds in any year of the biennium.

^h The Department of Banking commissioner's salary includes a \$1,000 per month stipend for serving as the executive director of the Finance Commission of Texas effective May 1, 2014.

ⁱ The additional pay was awarded as of June 30, 2014, but it was effectively received in July 2014.

^j According to the agency, the Higher Education Coordinating Board's commissioner is eligible to receive additional compensation from the College for All Texans Foundation. The annual stipend for fiscal year 2014 is \$55,000 and is contingent on the commissioner raising a set level of funding for the foundation. That arrangement is not additional compensation paid through the agency's payroll system.

Executive Officer Recommended Salary Ranges and Salary Groups

The State Auditor's Office conducted a market comparison using public and private sector data appropriate to the nature and complexity of 74 executive officer positions that were exempt from the State's Position Classification Plan during the 2014-2015 biennium and 1 director-level position at the Bullock Texas State History Museum¹⁰ (see Appendix 3 on page 33 for more information on the market analysis).

To determine the recommended salary ranges for incumbent executive officers and salary groups for each position listed in Tables 2, 3, and 4 on the following pages, the State Auditor's Office analyzed:

- The executive officer annual base salaries and the midpoints of the assigned salary ranges.
- The size of the agency's annual appropriations.
- The number of authorized FTE employees of the agency, including the number of federally funded FTE employees, FTE employees paid from non-appropriated funds, and contractors.
- Market average compensation for similar executive positions.
- The agency's mission.
- Salaries of classified employees.
- Specialized experience, education, or skills required for the position.

New Legislation on Executive Salary Reporting

The 83rd Legislature enacted legislation requiring state agencies to make available to the public, by posting on their Web sites, certain information regarding the compensation of their executive staff, including:

- The agency's methodology for determining the compensation of executive staff.
- Whether executive staff is eligible for a salary supplement, and the percentage increase in the executive officer's compensation over a five-year period.

Source: Texas Government Code, Section 659.026 (b).

Based on this analysis, some executive officer positions may have a recommended salary group that is higher than their currently assigned salary group.

This report does not recommend specific salaries for individuals. The Legislature sets salaries during the budget process or an agency's governing board sets salaries as authorized by statute or the General Appropriations Act (see text box for new disclosure requirements related to executive compensation). When setting salaries, the Legislature and each agency's governing board should consider an individual executive officer's past and current performance, experience, education, licenses, and certifications, as well as the agency's ability to pay. For example, not all executive officers should be paid at the market average, which is usually an amount that is at or near the midpoint of an assigned salary range. It may be

¹⁰ The market comparison study did not include higher education institutions, elected officials, the Secretary of State, or the courts.

appropriate for employees with limited experience or who are not meeting performance targets to be paid closer to the minimum of the salary range. Similarly, it may be appropriate for an employee to be paid a salary at the midpoint or higher in the salary range if the employee (1) has qualifications that bring strong experience to the job, (2) exceeds the qualifications required for the job, (3) exceeds performance targets, and/or (4) is an outstanding performer. Other factors that should be considered when placing an employee within a salary range include the difference between the pay of an executive officer and the pay of other staff and budgetary factors.

In addition to compensation analysis information for state agency executive officers, this report also provides information about market comparisons for executive officers at self-directed, semi-independent agencies. See Appendix 4 on page 37 for more information on market comparisons for executive officer positions at self-directed, semi-independent agencies.

Judicial Compensation Commission

The 80th Legislature created the Judicial Compensation Commission (Commission) effective September 1, 2007, to recommend the proper salaries to be paid to all justices and judges of the Supreme Court of Texas, the Court of Criminal Appeals, the courts of appeals, and the district courts. The Commission is responsible for making a report on judicial compensation to the Legislature no later than December 1 of each even-numbered year.

For this analysis, the State Auditor's Office placed agencies in one of three executive officer compensation tiers, which are groups of agencies, according to recommended salary groups. The tiers excluded higher education institutions; legislative agencies; elected officials; the Secretary of State; the courts; self-directed, semi-independent agencies; and unclassified positions (for example, the Treasury Safekeeping Trust Company's executive director position).

(See text box for information about the Judicial Compensation Commission.)

Tier I Positions

Tier I includes 19 executive officer positions at state agencies, most of which have the largest number of authorized FTE employees and/or budget amounts within Texas government, including:

- **Health and Human Services Agencies** – Those agencies include the Health and Human Services Commission, the Department of State Health Services, the Department of Family and Protective Services, the Department of Aging and Disability Services, and the Department of Assistive and Rehabilitative Services. Those agencies are responsible for services such as protecting the health of citizens; protecting and assisting children, the elderly, and the disabled; and administering Supplemental Nutrition Assistance Program and Medicaid benefits.
- **Education Agencies** – Those agencies include the Higher Education Coordinating Board and the Texas Education Agency. Those agencies are responsible for helping to ensure that Texas meets the educational needs of students.

- **Public Safety and Criminal Justice Agencies** – Those agencies include the Department of Criminal Justice, the Texas Juvenile Justice Department, and the Department of Public Safety. Those agencies are responsible for ensuring public safety and homeland security.

Table 2 lists the recommended salary ranges and salary groups for Tier I positions. Except for the executive officer positions at the Employees Retirement System and the Teacher Retirement System, the executive officer positions for Tier I agencies have a recommended exempt salary group of 7 (\$162,000 to \$254,700) or 8 (\$186,300 to \$292,500). It should be noted that the salary ranges listed in Table 2 do not always match the full ranges of the recommended salary groups. The recommended salary range minimum was based on the incumbent’s monthly salary (annualized) as of June 30, 2014, or the minimum of the recommended salary group, whichever was higher (see Appendix 2 on page 31 for the full range of each salary group).

Table 2

Tier I Executive Officer Compensation			
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
Employees Retirement System ^{a b}	\$335,011	Not Applicable	Not Applicable
Teacher Retirement System ^a	\$297,000	Not Applicable	Not Applicable
Department of Transportation	\$273,000	\$273,000 to \$292,500	8
Health and Human Services Commission	\$260,000	\$260,000 to \$292,500	8
Department of Criminal Justice	\$260,000	\$260,000 to \$292,500	8
Cancer Prevention and Research Institute of Texas ^c	\$250,000	\$250,000 to \$254,700	7
Texas Education Agency	\$215,000	\$215,000 to \$292,500	8
Department of State Health Services	\$210,000	\$210,000 to \$292,500	8
Department of Family and Protective Services	\$210,000	\$210,000 to \$292,500	8
Texas Lottery Commission	\$200,000	\$200,000 to \$254,700	7
Department of Aging and Disability Services	\$200,000	\$200,000 to \$292,500	8
Higher Education Coordinating Board ^d	\$188,163	\$188,163 to \$292,500	8
Department of Public Safety	\$183,498	\$186,300 to \$292,500	8
Parks and Wildlife Department	\$180,000	\$180,000 to \$254,700	7
Department of Assistive and Rehabilitative Services	\$178,046	\$178,046 to \$254,700	7
Commission on Environmental Quality	\$175,944	\$175,944 to \$254,700	7
Department of Insurance	\$175,000	\$175,000 to \$254,700	7
Texas Juvenile Justice Department ^e	\$172,000	\$172,000 to \$254,700	7
Texas Workforce Commission	\$157,410	\$162,000 to \$254,700	7

^a The Employees Retirement System and the Teacher Retirement System boards of trustees set the salaries for the executive officer positions at those agencies.

Tier I Executive Officer Compensation			
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
<p>^b In addition to the annual base salary amount, the executive officer of the Employees Retirement System is eligible to receive additional compensation. From September 1, 2013, through June 30, 2014, the Employees Retirement System's executive officer had received a total of \$67,031 in additional compensation.</p> <p>^c According to the General Appropriations Act (83d Legislature), as of September 1, 2013, the executive director of the Cancer Prevention and Research Institute of Texas may not receive a total combined salary that exceeds \$250,000 in state and foundation funds in any year of the biennium.</p> <p>^d According to the agency, the Higher Education Coordinating Board's commissioner is eligible to receive additional compensation from the College for All Texans Foundation. The annual stipend for fiscal year 2014 is \$55,000 and is contingent on the commissioner raising a set level of funding for the foundation. That arrangement is not additional compensation paid through the agency's payroll system.</p> <p>^e Senate Bill 653 (82nd Legislature, Regular Session) created the Texas Juvenile Justice Department, effective December 1, 2011, which replaced the Texas Youth Commission and the Texas Juvenile Probation Commission. The salary listed is for the previous executive director. As of June 2014, according to the agency, the interim director serves as the chief probation officer for the Bexar County Juvenile Probation Department and is on loan to the Texas Juvenile Justice Department until the agency hires a permanent director.</p>			

Tier II Positions

Tier II includes 35 executive officer positions primarily at state agencies that are mid-sized with between 100 and 800 authorized FTE employees. All of the executive officer positions in Tier II have a recommended exempt salary group of 4 (\$106,500 to \$167,500), 5 (\$122,500 to \$192,600), or 6 (\$140,900 to \$221,500).

Table 3 on the next page lists the recommended salary ranges and salary groups for Tier II positions. It should be noted that the salary ranges listed in Table 3 do not always match the full ranges of the recommended salary groups. The recommended salary range minimum is based on the incumbent's salary (annualized) as of June 30, 2014, or the minimum of the recommended salary group, whichever was higher.

Table 3

Tier II Executive Officer Compensation			
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
Department of Motor Vehicles	\$176,750	\$176,750 to \$221,500	6
State Preservation Board	\$176,000	\$176,000 to \$221,500	6
Department of Information Resources	\$175,000	\$175,000 to \$221,500	6
Department of Insurance, Workers' Compensation	\$175,000	\$175,000 to \$192,600	5
Department of Licensing and Regulation	\$175,000	\$175,000 to \$192,600	5
Office of Court Administration, Texas Judicial Council	\$157,920	\$157,920 to \$192,600	5
Facilities Commission	\$142,569	\$142,569 to \$221,500	6
Department of Housing and Community Affairs	\$142,431	\$142,431 to \$221,500	6
Water Development Board	\$141,847	\$141,847 to \$221,500	6
Texas Military Department	\$140,531	\$140,900 to \$221,500	6
Office of the State Prosecuting Attorney ^a	\$140,000	\$140,000 to \$167,500	4
Library and Archives Commission	\$140,000	\$140,000 to \$167,500	4
State Office of Administrative Hearings	\$135,554	\$135,554 to \$192,600	5
Alcoholic Beverage Commission	\$135,000	\$135,000 to \$192,600	5
Preservation Board, Bullock Texas State History Museum ^b	\$133,220	\$133,220 to \$192,600	5
Office of Capital Writs	\$131,300	\$131,300 to \$167,500	4
Securities Board	\$130,000	\$130,000 to \$192,600	5
School for the Deaf	\$128,404	\$128,404 to \$167,500	4
Texas Ethics Commission	\$126,500	\$126,500 to \$167,500	4
Historical Commission	\$126,250	\$126,250 to \$167,500	4
Public Utility Commission of Texas	\$126,250	\$126,250 to \$192,600	5
Bond Review Board	\$125,000	\$125,000 to \$167,500	4
School for the Blind and Visually Impaired	\$124,850	\$124,850 to \$167,500	4
Texas Medical Board ^c	\$122,210	\$122,210 to \$167,500	4
Animal Health Commission	\$121,200	\$121,200 to \$167,500	4
Office of Injured Employee Counsel	\$120,000	\$120,000 to \$167,500	4
Texas Board of Nursing	\$120,000	\$120,000 to \$167,500	4
Veterans Commission	\$116,150	\$116,150 to \$167,500	4
Office of Public Utility Counsel	\$116,150	\$116,150 to \$167,500	4
Office of Public Insurance Counsel	\$115,353	\$115,353 to \$167,500	4
State Commission on Judicial Conduct	\$111,100	\$111,100 to \$167,500	4
Soil and Water Conservation Board	\$108,444	\$108,444 to \$167,500	4
Board of Pharmacy	\$107,565	\$107,565 to \$167,500	4
Public Finance Authority	\$107,000	\$107,000 to \$167,500	4
State Office of Risk Management	\$105,545	\$106,500 to \$167,500	4

Tier II Executive Officer Compensation			
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
<p>^a The salary for the State Prosecuting Attorney position is set in Texas Government Code, Section 46.003. The state prosecuting attorney and each state prosecutor is entitled to receive state compensation equal to the compensation that is provided for a district judge position in the General Appropriations Act.</p> <p>^b The executive officer position at the Bullock Texas State History Museum is currently classified as a Director IV in the State's Position Classification Plan.</p> <p>^c The Texas Medical Board may authorize an additional salary supplement not to exceed \$12,000 annually if the executive officer is a medical doctor and an attorney, as authorized by Rider 3, page VIII-36, the General Appropriations Act (83rd Legislature).</p>			

Tier III Positions

Tier III includes 21 executive officer positions primarily at small agencies that have fewer than 100 authorized FTE employees. All of the executive officer positions in Tier III have a recommended exempt salary group of 1 (\$70,000 to \$110,000), 2 (\$80,500 to \$126,600), or 3 (\$92,600 to \$145,600).

Table 4 lists the recommended salary ranges and salary groups for Tier III positions. It should be noted that the salary ranges listed in Table 4 do not always match the full ranges of the recommended salary groups. The recommended salary range minimum is based on the incumbent's salary (annualized) as of June 30, 2014, or the minimum of the recommended salary group, whichever was higher.

Table 4

Tier III Executive Officer Compensation			
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
Trusteed Programs within the Office of the Governor, Office of State-Federal Relations ^a	\$131,325	\$131,325 to \$145,600	3
Pension Review Board	\$110,000	\$110,000 to \$145,600	3
Commission on State Emergency Communications	\$93,473	\$93,473 to \$145,600	3
Texas Commission on Law Enforcement	\$93,443	\$93,443 to \$145,600	3
Commission on Fire Protection	\$92,600	\$92,600 to \$145,600	3
Texas Emergency Services Retirement System	\$90,000	\$90,000 to \$126,600	2
Racing Commission	\$88,000	\$92,600 to \$145,600	3
State Law Library	\$87,091	\$87,091 to \$126,600	2
Commission on the Arts	\$86,103	\$92,600 to \$145,600	3
State Board of Dental Examiners	\$85,161	\$92,600 to \$145,600	3
Commission on Jail Standards	\$84,125	\$84,125 to \$126,600	2
Board of Veterinary Medical Examiners	\$81,305	\$81,305 to \$126,600	2
Board of Plumbing Examiners	\$80,080	\$80,500 to \$126,600	2

Tier III Executive Officer Compensation

Agency	Executive Officer Annual Base Salary as of June 30, 2014	Recommended Salary Range	Recommended Salary Group
Board of Examiners of Psychologists	\$76,788	\$76,788 to \$110,000	1
Board of Professional Geoscientists	\$76,109	\$76,109 to \$110,000	1
Funeral Service Commission	\$76,050	\$76,050 to \$110,000	1
Optometry Board	\$71,906	\$71,906 to \$110,000	1
Board of Podiatric Medical Examiners	\$70,700	\$70,700 to \$110,000	1
Board of Chiropractic Examiners	\$70,000	\$70,000 to \$110,000	1
Executive Council of Physical Therapy and Occupational Therapy Examiners	\$70,000	\$70,000 to \$110,000	1
Board of Professional Land Surveying	\$70,000	\$70,000 to \$110,000	1

^a A cost of living salary supplement not to exceed \$1,200 per month is authorized for Office of State and Federal Relations employees whose duty station is Washington, D.C., as authorized by Rider 13, page I-61, the General Appropriations Act (83rd Legislature)

Pay Compression and Executive Officer Salaries

Pay compression occurs when the pay of a subordinate employee comes close to, matches, or exceeds the pay of a direct supervisor, including an agency's executive officer. When that occurs, the difference in pay may be disproportionate to the difference in the responsibilities, which could create internal inequity.

Although there may be circumstances in which an employee could justifiably be paid more than his or her direct supervisor, standard compensation practices recommend an average difference of at least 15 percent between an executive officer's salary and the salaries of the staff the executive officer oversees. That differential can help to maintain internal equity by recognizing executives for their skills, experience, and scope of responsibilities for managing an agency. However, as discussed below, pay compression exists among executive officers and their staffs at several state agencies. Pay compression was also identified as a concern by several executive officers and human resources directors that the State Auditor's Office surveyed for this report.

Chapter 2-A

Pay Compression Exists Among Some Executive Officers and Their Staff

The State Auditor's Office reviewed the annual base salaries as of June 30, 2014, of executive officers and full-time classified, unclassified, and other exempt employees at state agencies (excluding higher education institutions; legislative agencies; elected officials; the Secretary of State; the courts; and self-directed, semi-independent agencies) and determined that:

- A total of 116 employees at 12 state agencies had annual base salaries that exceeded the annual base salary of their executive officer (see Table 5 on the next page). Those employees' salaries exceeded their executive officer salaries by \$468 (or 0.4 percent) to \$290,000 (or 116.0 percent) annually.
- A total of 116 employees at 35 state agencies had annual base salaries that were the same as or within 10.0 percent less than their executive officer's annual base salary (see Table 6 on page 18). Specifically:
 - ♦ Forty-six employees at 15 agencies had salaries that were the same or within 5.0 percent less than their executive officer's salary. Of those 46 employees, 15 (32.6 percent) were in director positions and 23 (50.0 percent) were in medical positions.¹¹

¹¹ The job titles for the medical positions include dentist, physician, and psychiatrist.

- ♦ Seventy employees at 26 agencies had salaries that were 5.1 percent to 10.0 percent less than their executive officer's salary. Of those 70 employees, 22 (31.4 percent) were in director positions and 36 (51.4 percent) were in medical positions.¹²

Unless otherwise noted in the General Appropriations Act, the classified positions in Tables 5 and 6 will be eligible to receive a 2.0 percent salary increase effective September 1, 2014, as authorized by the 83rd Legislature.¹³ Table 5 shows the total number of employees who had a higher annual base salary than the executive officer at each agency as of June 30, 2014.

Table 5

Total Number of Employees with a Higher Salary than the Executive Officer at Each Agency As of June 30, 2014							
Agency	Types of Positions						
	Accountant/ Actuary	Chief Scientific Officer	Investigator	Director	General Counsel	Investment ^a	Medical ^b
Board of Examiners of Psychologists	1						
Cancer Prevention and Research Institute of Texas		1					
Department of Aging and Disability Services							27
Department of State Health Services							76
Employees Retirement System						1	
Executive Council of Physical Therapy and Occupational Therapy Examiners			1				
State Board of Dental Examiners							1
State Office of Risk Management					1		
State Securities Board				2			
Teacher Retirement System						3	
Texas Board of Nursing				1			
Texas Education Agency						1	
Totals	1	1	1	3	1	5	104
^a Job titles for investment positions include director of investments, deputy chief investment officer, portfolio manager, investment fund director, and chief investment officer. ^b Job titles for medical positions include dentist, physician, and psychiatrist.							

¹² The job titles for the medical positions include physician, psychiatrist, and veterinarian.

¹³ The 83rd Legislature authorized an annual salary increase of 2.0 percent (with a minimum of \$50 per month) in fiscal year 2015 for employees paid in Salary Schedules A and B, with the exception of employees who were eligible to receive a targeted increase.

Table 6 shows the number of employees whose annual base salary was within 10.0 percent less than the executive officer's annual base salary at each agency as of June 30, 2014.

Table 6

Total Number of Employees with a Salary Within 10 Percent Less Than the Executive Officer's Salary As of June 30, 2014		
Agency	Number of Employees with a Salary That Was the Same or Within 5.0 Percent Less Than the Executive Officer's Salary	Number of Employees with a Salary That Was 5.1 Percent to 10.0 Percent Less Than the Executive Officer's Salary
Alcoholic Beverage Commission	2	1
Animal Health Commission	1	0
Board of Chiropractic Examiners	0	1
Board of Pharmacy	0	4
Board of Veterinary Medical Examiners	0	1
Commission on the Arts	0	1
Commission on Environmental Quality	1	0
Commission on State Emergency Communications	3	0
Department of Aging And Disability Services	14	8
Department of Housing and Community Affairs	0	1
Department of Information Resources	0	1
Department of Insurance	0	2
Department of Public Safety	0	3
Department of Transportation	4	0
Department of State Health Services	8	24
Executive Council of Physical Therapy and Occupational Therapy Examiners	1	1
Health and Human Services Commission	0	1
Higher Education Coordinating Board	0	2
Historical Commission	0	1
Office of Injured Employee Counsel	1	0
Public Utility Commission	0	1
Racing Commission	3	3
State Board of Dental Examiners	1	1
State Office of Risk Management	3	0
State Pension Review Board	0	1
State Securities Board	1	0
Texas Board of Nursing	0	1
Texas Commission on Law Enforcement ^a	1	0
Texas Education Agency	0	3

Total Number of Employees with a Salary Within 10 Percent Less Than the Executive Officer's Salary As of June 30, 2014		
Agency	Number of Employees with a Salary That Was the Same or Within 5.0 Percent Less Than the Executive Officer's Salary	Number of Employees with a Salary That Was 5.1 Percent to 10.0 Percent Less Than the Executive Officer's Salary
Facilities Commission	0	2
Texas Medical Board	2	0
Texas Military Department ^b	0	2
Texas Public Finance Authority	0	1
Veterans Commission	0	2
Water Development Board	0	1
Totals	46	70

^a The 83rd Legislature enacted legislation (Senate Bill 686, Regular Session) that changed the name of the Commission on Law Enforcement Officer Standards and Education to the Texas Commission on Law Enforcement, effective January 2014.

^b The 83rd Legislature enacted legislation (Senate Bill 1536, Regular Session) that abolished the Adjutant General's Department and created the Texas Military Department, effective September 1, 2013.

Possible Causes of Pay Compression

Pay compression can occur at state agencies for a variety of reasons. Possible causes include:

- Salaries for some executive officers may be set too low. Most executive officers have annual base salaries that are authorized in the General Appropriations Act. These are often referred to as “not-to-exceed” rates (see text box for more information). If the not-to-exceed rates are set too low, they can set an unintentional salary cap for the entire agency if the agency’s executive officer or the agency’s governing board chooses to not pay employees in professional-level positions at or more than the executive officer’s annual base salary. For example, many agencies have a need for specialized employees in legal, finance, medical, and other professional career fields. If the executive officer’s salary is too low, agencies may struggle to recruit and retain staff for professional positions because of market competition unless the agencies are willing to set the salaries for employees in those positions close to or higher than the executive officer’s salary.

Not-to-exceed Rates

The General Appropriations Act authorizes the salaries of most agency executive officers. These are “not-to-exceed” rates. In the General Appropriations Act (83rd Legislature), 71 executive officer positions that had an assigned salary group in the Schedule of Exempt Positions also had not-to-exceed rates.

- Executive officers classified as “exempt” are not eligible for the same types of salary increases as the employees they manage. Employees classified within the State’s Position Classification Plan are eligible for increases, such as

merit increases, that do not exist for most exempt employees, such as executive officers.

Chapter 2-B

Executive Officers and Human Resources Directors Expressed Concerns About Executive Officer Pay at Some State Agencies

In a survey that the State Auditor's Office conducted, some agency executive officers and human resources directors expressed concerns about the executive officer's annual base salary at their agencies. Of the 70 executive officers that completed the survey, 20 (28.6 percent) reported being dissatisfied or very dissatisfied with their salary, while 19 (27.1 percent) reported being mostly satisfied with their salary. Other reported concerns included:

- The not-to-exceed rates and the inability for executive officers to receive increases for performance, such as merit increases, have contributed to pay compression at the agency.
- The agency may have difficulty obtaining qualified applicants when the executive officer position becomes vacant because the agency cannot offer a market-competitive salary.
- Inequities exist in pay among executive officer employees at state agencies.
- Funds are not being appropriated for approved salary increases for executive officer positions.
- The pay for the executive officer position is not commensurate with the level of job responsibilities.

Chapter 2-C

Medical and Investment Positions Are Among the Highest Paid in State Government

As shown in Table 5 in Chapter 2-A, more employees in medical and investment positions have annual base salaries that exceed their executive officers' annual base salaries than employees in other types of positions.

Table 7 on the next page lists the job titles and salaries of the 45 highest paid medical positions. All positions listed in Table 7 work for the Department of State Health Services. They all earn more than the Department of State Health Services' commissioner, who is a medical doctor responsible for the overall management of the agency and earns an annual base salary of \$210,000.

Table 7

Forty-five Highest Salaried Medical Positions at State Agencies ^a					
As of June 30, 2014					
Rank ^b	Agency	Job Title	Annual Salary	Employee Type	Salary Group
1	Department of State Health Services	Psychiatrist III	\$240,700	Classified	B34
2	Department of State Health Services	Psychiatrist III	\$238,900	Classified	B34
2	Department of State Health Services	Psychiatrist III	\$238,900	Classified	B34
4	Department of State Health Services	Psychiatrist III	\$238,300	Classified	B34
5	Department of State Health Services	Psychiatrist III	\$236,450	Classified	B34
6	Department of State Health Services	Psychiatrist III	\$231,500	Classified	B34
7	Department of State Health Services	Psychiatrist III	\$230,600	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
8	Department of State Health Services	Psychiatrist III	\$228,800	Classified	B34
21	Department of State Health Services	Physician III	\$225,750	Classified	B34
21	Department of State Health Services	Psychiatrist III	\$225,750	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34

Forty-five Highest Salaried Medical Positions at State Agencies ^a
As of June 30, 2014

Rank ^b	Agency	Job Title	Annual Salary	Employee Type	Salary Group
23	Department of State Health Services	Physician III	\$221,300	Classified	B34
23	Department of State Health Services	Physician III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34
23	Department of State Health Services	Psychiatrist III	\$221,300	Classified	B34

^a This table excludes higher education institutions.

^b Several positions are tied at the same annual base salary amount.

Sources: Uniform Statewide Payroll/Personnel System, Human Resource Information System, and Standardized Payroll/Personnel Reporting System.

Table 8 on the next page shows the 30 highest paid investment positions. The majority of those positions are at the Teacher Retirement System and the Employees Retirement System. The executive director at the Employees Retirement System earns an annual base salary of \$335,011 and is eligible for additional pay. The executive director of the Teacher Retirement System earns an annual base salary of \$297,000.

Unless otherwise noted in the General Appropriations Act, the positions in Table 7 and the classified positions in Table 8 will be eligible to receive a 2.0 percent salary increase effective September 1, 2014, as authorized by the 83rd Legislature.¹⁴

¹⁴ The 83rd Legislature authorized an annual salary increase of 2.0 percent (with a minimum of \$50 per month) in fiscal year 2015 for employees paid in Salary Schedules A and B, with the exception of employees who were eligible to receive a targeted increase.

Table 8

Thirty Highest Salaried Investment Positions at State Agencies ^a							
As of June 30, 2014							
Rank	Agency	Job Title	Annual Base Salary	Additional Compensation	Total Compensation	Employee Type	Salary Group
1	Teacher Retirement System	Chief Investment Officer	\$480,000	\$373,997	\$853,997	Exempt	Not Applicable
2	Employees Retirement System	Director of Investments	\$375,272	\$126,840	\$502,112	Unclassified	Not Applicable
3	Teacher Retirement System	Investment Fund Director	\$339,900	\$239,098	\$578,998	Exempt	Not Applicable
4	Teacher Retirement System	Deputy Chief Investment Officer	\$302,820	\$229,073	\$531,893	Exempt	Not Applicable
5	General Land Office	Portfolio Manager V	\$264,769	\$100,093	\$364,862	Classified	B35
6	Employees Retirement System	Portfolio Manager V	\$243,412	\$90,938	\$334,350	Classified	B35
7	Teacher Retirement System	Investment Fund Director	\$240,003	\$169,880	\$409,883	Exempt	Not Applicable
8	Teacher Retirement System	Portfolio Manager V	\$224,533	\$172,188	\$396,721	Classified	B35
9	Teacher Retirement System	Portfolio Manager V	\$223,071	\$168,306	\$391,377	Classified	B35
10	Treasury Safekeeping Trust Company ^b	Chief Investment Officer	\$219,170	\$89,390	\$308,560	Unclassified	Not Applicable
11	Texas Education Agency	Portfolio Manager IV	\$218,819	\$0	\$218,819	Classified	B33
12	Cancer Prevention and Research Institute of Texas	Portfolio Manager V	\$215,000	\$0	\$215,000	Classified	B35
13	Teacher Retirement System	Portfolio Manager V	\$213,272	\$174,043	\$387,315	Classified	B35
14 (tie)	Teacher Retirement System	Portfolio Manager V	\$213,270	\$137,374	\$350,644	Classified	B35
14 (tie)	Teacher Retirement System	Portfolio Manager V	\$213,270	\$0	\$213,270	Classified	B35
16	Teacher Retirement System	Portfolio Manager V	\$208,868	\$160,175	\$369,043	Classified	B35
17	Employees Retirement System	Portfolio Manager IV	\$205,954	\$86,415	\$292,369	Classified	B33
18	Texas Education Agency	Chief Investment Officer	\$199,653	\$0	\$199,653	Classified	B33
19	Teacher Retirement System	Portfolio Manager IV	\$198,697	\$136,254	\$334,951	Classified	B33
20	Teacher Retirement System	Portfolio Manager IV	\$198,639	\$135,664	\$334,303	Classified	B33
21	Employees Retirement System	Portfolio Manager IV	\$198,321	\$61,791	\$260,112	Classified	B33
22	Texas Education Agency	Portfolio Manager IV	\$196,820	\$0	\$196,820	Classified	B33
23	Texas Education Agency	Portfolio Manager IV	\$195,676	\$0	\$195,676	Classified	B33
24	Employees Retirement System	Portfolio Manager IV	\$188,048	\$54,903	\$242,951	Classified	B33
25	Employees Retirement System	Portfolio Manager IV	\$187,430	\$88,107	\$275,537	Classified	B33
26	Teacher Retirement System	Portfolio Manager IV	\$186,648	\$25,478	\$212,126	Classified	B33

Thirty Highest Salaried Investment Positions at State Agencies ^a

As of June 30, 2014

Rank	Agency	Job Title	Annual Base Salary	Additional Compensation	Total Compensation	Employee Type	Salary Group
27	Teacher Retirement System	Portfolio Manager IV	\$185,436	\$94,238	\$279,674	Classified	B33
28	Teacher Retirement System	Portfolio Manager IV	\$182,644	\$121,010	\$303,654	Classified	B33
29	Employees Retirement System	Portfolio Manager IV	\$181,800	\$65,027	\$246,827	Classified	B33
30	Teacher Retirement System	Portfolio Manager V	\$180,000	\$117,145	\$297,145	Classified	B35

^a This table excludes higher education institutions. In addition, most positions are eligible for additional compensation. See *An Audit Report on Incentive Compensation at the Teacher Retirement System, the Permanent School Fund, the General Land Office, and the Employees Retirement System* (State Auditor's Office Report No. 14-033, May 2014) for additional information.

^b The State Auditor's Office relied on job titles to identify investment positions. Some agencies, such as the Treasury Safekeeping Trust Company, may have additional high-paying positions for employees whose primary function is investments but whose job titles do not reflect that.

Sources: Uniform Statewide Payroll/Personnel System, Human Resource Information System, and Standardized Payroll/Personnel Reporting System.

Chapter 2-D

Changes in Salaries for the Highest Paid Executive Officer Positions at State Agencies

Table 9 on the next page shows the difference in salary over a 5-year period for the top 30 highest paid executive officer positions. Salary adjustments for executive officer positions have varied among state agencies, with percent changes ranging from 0.0 percent to 90.0 percent over a 5-year period.

Article IX, Section 3.04, the General Appropriations Act (83rd Legislature) provides mechanisms for increasing an executive officer's pay above the assigned not-to-exceed rates; however, these mechanisms are available only to select agencies. Those two mechanisms are:

- The Governor can set the rate of pay within the range for the respective exempt salary groups in which the positions are assigned.
- The agency's governing board, if applicable, can submit a request to the Governor, the Legislative Budget Board, and the Comptroller of Public Accounts to increase an executive officer's pay within the position's assigned salary group.

Table 9

Five-year Percent Change in Base Pay for the 30 Highest Paid Executive Officer Positions ^a						
As of June 30, 2014						
Rank	Agency	Job Title	5-year Comparison (Change from Fiscal Year 2009 to Fiscal Year 2014)			Eligible to Receive Additional Compensation?
			2014 Base Salary as of June 30, 2014	2009 Base Salary as of June 30, 2009	Percent Change from June 30, 2009, to June 30, 2014	
1	Employees Retirement System of Texas ^b	Executive Director	\$335,011	\$275,000	21.8%	Yes
2	Teacher Retirement System	Executive Director	\$297,000	\$290,000	2.4%	No
3	Department of Transportation	Executive Director	\$273,000	\$192,500	41.8%	No
4 (tie)	Health and Human Services Commission	Executive Commissioner	\$260,000	\$210,000	23.8%	No
4 (tie)	Department of Criminal Justice	Executive Director	\$260,000	\$181,500	43.3%	No
6	Cancer Prevention and Research Institute of Texas	Executive Director	\$250,000	\$214,000	16.8%	No
7	Department of Banking ^c	Commissioner	\$237,000	\$136,191	74.0%	No
8	Texas Education Agency	Commissioner	\$215,000	\$180,000	19.4%	No
9 (tie)	Department of Family and Protective Services	Commissioner	\$210,000	\$168,000	25.0%	No
9 (tie)	Department of State Health Services	Commissioner	\$210,000	\$183,750	14.3%	No
11 (tie)	Lottery Commission	Executive Director	\$200,000	\$185,319	7.9%	No
11 (tie)	Department of Aging and Disability Services	Commissioner	\$200,000	\$163,200	22.5%	No
13	State Auditor's Office	State Auditor	\$198,000	\$198,000	0.0%	No
14 (tie)	Department of Savings and Mortgage Lending ^c	Commissioner	\$190,000	\$100,000	90.0%	No
14 (tie)	Office of Consumer Credit Commissioner ^c	Commissioner	\$190,000	\$100,000	90.0%	No
16	Higher Education Coordinating Board ^d	Commissioner	\$188,163	\$180,000	4.5%	Yes
17	Department of Public Safety	Director	\$183,498	\$157,500	16.5%	No
18	Parks and Wildlife Department	Executive Director	\$180,000	\$130,000	38.5%	No
19	Department of Assistive and Rehabilitative Services	Commissioner	\$178,046	\$132,600	34.3%	No
20	Department of Motor Vehicles ^e	Executive Director	\$176,750	Not Applicable	Not Applicable	No

Five-year Percent Change in Base Pay for the 30 Highest Paid Executive Officer Positions ^a
As of June 30, 2014

Rank	Agency	Job Title	5-year Comparison (Change from Fiscal Year 2009 to Fiscal Year 2014)			Eligible to Receive Additional Compensation?
			2014 Base Salary as of June 30, 2014	2009 Base Salary as of June 30, 2009	Percent Change from June 30, 2009, to June 30, 2014	
21	State Preservation Board	Executive Director	\$176,000	\$115,000	53.0%	No
22	Commission on Environmental Quality	Executive Director	\$175,944	\$140,004	25.7%	No
23 (tie)	Department of Information Resources	Executive Director	\$175,000	\$175,000	0.0%	No
23 (tie)	Department of Licensing and Regulation ^f	Executive Director	\$175,000	\$123,750	41.4%	No
23 (tie)	Department of Insurance	Commissioner of Insurance	\$175,000	\$163,800	6.8%	No
23 (tie)	Department of Insurance	Commissioner of Workers Compensation	\$175,000	\$140,000	25.0%	No
27	Texas Juvenile Justice Department ^g	Executive Director	\$172,000	Not Applicable	Not Applicable	No
28	Credit Union Department ^c	Commissioner Credit Union Department	\$165,000	\$115,000	43.5%	No
29	Office of Court Administration	Administrative Director	\$157,920	\$110,770	42.6%	No
30	Texas Workforce Commission	Executive Director	\$157,410	\$140,000	12.4%	No

^a This analysis excluded higher education institutions, legislative agencies, (except for the State Auditor), elected officials, the Secretary of State, the Treasury Safekeeping Trust Company, and the courts.

^b In addition to the annual base salary amount, the executive officer of the Employees Retirement System is eligible to receive additional compensation. From September 1, 2013, through June 30, 2014, the executive officer had received \$67,031 in additional compensation

^c This is a self-directed, semi-independent agency; the agency's board of trustees or commission sets the executive officer's salary.

^d According to the Higher Education Coordinating Board, the Commissioner is eligible to receive additional compensation from the College for All Texans Foundation. The annual stipend for fiscal year 2014 is \$55,000 and is contingent on the Commissioner raising a set level of funding for the foundation. That arrangement is not additional compensation paid through the agency's payroll system.

^e House Bill 3097 (81st Legislature, Regular Session) created the Department of Motor Vehicles. As a result, the following divisions of the Department of Transportation were transferred to the Department of Motor Vehicles: Motor Vehicle Division, Vehicle Titles and Registration Division, Automobile Burglary and Theft Prevention Authority, and the portion of the Motor Carrier Division responsible for motor carrier registration and enforcement.

^f Multiple state agencies have merged into the Department of Licensing and Regulation including the Board of Tax Professional Examiners, Polygraph Examiners Board, the State Board of Barber Examiners, and Cosmetology Commission.

^g Senate Bill 653 (82nd Legislature, Regular Session) created the Texas Juvenile Justice Department, effective December 1, 2011, which replaced the Texas Youth Commission and the Texas Juvenile Probation Commission. The salary listed is for the previous executive director. As of June 2014, according to the agency, the interim director serves as the chief probation officer for the Bexar County Juvenile Probation Department and is on loan to the Texas Juvenile Justice Department until the agency hires a permanent director.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this report was to conduct a study reviewing exempt position compensation to:

- Compare exempt positions to market average compensation for similar executive positions.
- Compare exempt positions' salaries to classified positions' salaries.
- Prepare an analysis of exempt position compensation that considers agency size, agency appropriations, authorized full-time equivalent employee levels, and classified positions within the agency.

Scope

The scope of this study included 74 executive officer positions that were exempt from the State's Position Classification Plan (Plan) during the 2014-2015 biennium and 1 director-level position at the Bullock Texas State History Museum. This report also provides salary comparisons and market analysis for executive officers for self-directed, semi-independent agencies.

The State Auditor's Office analyzed state agency executive officer pay at state agencies and other public and private sector entities, taking into account factors such as:

- The size of the agency's annual appropriations.
- The agency's number of authorized full-time equivalent (FTE) employees using data as of February 28, 2014, including the Governor's and the Legislative Budget Board's approved changes.
- The market average compensation for similar executive positions.
- The executive officer position's annual base salary compared to the annual base salaries of classified positions within the agency.
- Specialized education required for each position.

This study excluded positions at higher education institutions and legislative agencies, except for the State Auditor, which was included for purposes of comparison.

Other executive officer positions not included in this study include elected officials, the Secretary of State, and the courts. Salaries for elected officials are a public policy decision that is not tied directly to the market average for similar professional positions.

A family member of the State Auditor is the executive director of a state agency included in the scope of this report. This condition could be seen as potentially affecting our independence in making recommendations related to the agency. We proceeded with this report as required by the Annual State Audit Plan and statute. The State Auditor recused himself from the sections of this report affecting the Facilities Commission, and those sections have been supervised, reviewed, and approved by Chief of Staff Anita D'Souza. This condition did not affect our conclusions.¹⁵

Methodology

For this study, the State Auditor's Office considered the average market compensation for similar executive and professional positions; compensation for classified employees; the size and complexity of agencies; and specialized experience, education, or skills required for each position. The State Auditor's Office also compared executive officer positions from different agencies and took into account the size of an agency's annual appropriations and the number of an agency's authorized FTE employees.¹⁶

To determine the 100 highest management annual base salaries, the State Auditor's Office annualized the monthly base pay for each management position as of June 30, 2014. The annual base salaries do not include additional compensation, which consist of bonuses and one-time merits given to the employees from September 1, 2013, through June 30, 2014

In developing recommendations, the State Auditor's Office also reviewed compensation rates for similar work performed in the public and private sectors and compared those rates to the midpoint of existing salary ranges to determine the market competitiveness of the salary range for the positions reviewed. Market salary data for each survey was aged to January 1, 2015.

In addition to reviewing compensation data compiled by external parties, the State Auditor's Office conducted surveys of state agency executive officers and human resource directors and selected public sector entities in March 2014.

In developing the recommended salary groups and ranges, the State Auditor's Office reviewed:

¹⁵ Terry Keel is the executive director of the Facilities Commission, a state agency.

¹⁶ This analysis also included non-appropriated, federally funded, and contractor FTE totals that the agencies self-reported.

- *Book of the States Survey*, the Council of State Governments, January 2013.
- *Compensation Data 2013-Not-for-Profit South Central*, CompData Surveys, Dolan Technologies Corporation, January 2013.
- Health Care Clinical and Professional Compensation Survey, Towers Watson Data Services, February 2013.
- Superintendent Salary Reports, Texas Education Agency, October 2013.
- *WorldatWork 40th Annual Salary Budget Survey*, 2013-2014.
- *2014 Nonprofit Organizations Salary and Benefits Report*, the NonProfit Times, Bluewater Nonprofit Solutions, April 2013.
- 2013 Top Management Compensation Calculator- United States, Towers Watson Data Services, March 2013.
- 2013 Texas Society for Healthcare Human Resources Administration and Education Wage and Benefit Survey, Werling Associates, Inc., February 2013.
- *2013 Pay Structure and Practices Survey*, National Compensation Association of State Governments, July 2013.
- Additional salary information provided by agencies.

Salaries for full-time classified state employees and exempt executive officers as of June 30, 2009, and June 30, 2014, were gathered from:

- The Uniform Statewide Payroll/Personnel System.
- The Human Resource Information System.
- The Standardized Payroll/Personnel Reporting System.

Project Information

Fieldwork was conducted from March 2014 through August 2014. This study was conducted in accordance with General Appropriations Act (83rd Legislature), Article IX, Section 3.08. This project was an analysis; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit. However, the information in this report was subject to certain quality control procedures to ensure accuracy.

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

- Judy Millar, CCP (Project Manager)
- Sharon Schneider, CCP, PHR (Assistant Project Manager)
- Ileana Barboza, CGAP, CICA
- Shelby Rounsaville
- Juan R. Sanchez, MPA, CIA, CGAP
- Lara Tai, PHR
- Dana Musgrave, MBA (Quality Control Reviewer)
- John Young, MPAFF (Audit Manager)

Salary Ranges for the Schedule of Exempt Positions and an Excerpt from Classified Salary Schedule B for the 2014-2015 Biennium

Tables 10 and 11 list the annual salary ranges for most executive officer and for classified professional and managerial positions at state agencies. The salary ranges presented are effective from September 1, 2013, through August 31, 2015.

Table 10 lists the salary ranges for salary groups within the Schedule of Exempt Positions, which includes executive officer positions that are exempt from the State Position Classification Plan.

Table 10

Schedule of Exempt Positions' Salary Ranges for the 2014-2015 Biennium		
Salary Group	Minimum Salary	Maximum Salary
1	\$70,000	\$110,000
2	\$80,500	\$126,600
3	\$92,600	\$145,600
4	\$106,500	\$167,500
5	\$122,500	\$192,600
6	\$140,900	\$221,500
7	\$162,000	\$254,700
8	\$186,300	\$292,500

Source: General Appropriations Act (83rd Legislature, Regular Session), Article IX, Section 3.04.

Table 11 on the next page lists the salary ranges for selected salary groups in the State Position Classification Plan's Salary Schedule B, which begins with salary group B10 and ends with salary group B35. Table 11 lists the salary groups B26 through B35, which are salary ranges for classified professional and managerial positions that overlap with the exempt salary ranges. This table reflects a salary increase¹⁷ for classified employees of 1.0 percent for fiscal year 2014 and 2.0 percent for fiscal year 2015 as authorized by the General Appropriations Act (83rd Legislature), Article IX, Section 17.06.

¹⁷ The salary schedule increases are 1.0 percent or \$600 per fiscal year, whichever is higher, for fiscal year 2014 and 2.0 percent or \$600 per fiscal year, whichever is higher, for fiscal year 2015.

Table 11

Selected Classified Salary Schedule B Annual Salary Ranges for the 2014-2015 Biennium				
Salary Group ^a	Fiscal Year 2014		Fiscal Year 2015	
	Minimum Salary	Maximum Salary	Minimum Salary	Maximum Salary
B26	\$68,054	\$112,288	\$69,415	\$114,534
B27	\$74,859	\$123,517	\$76,356	\$125,987
B28	\$82,344	\$135,869	\$83,991	\$138,587
B29	\$90,579	\$149,456	\$92,390	\$152,445
B30	\$99,638	\$164,401	\$101,630	\$167,689
B31	\$109,601	\$180,842	\$111,793	\$184,458
B32	\$120,561	\$198,926	\$122,972	\$202,904
B33	\$132,617	\$218,819	\$135,269	\$223,195
B34	\$145,878	\$240,700	\$148,796	\$245,514
B35	\$160,467	\$264,769	\$163,676	\$270,065

^a Salary Schedule B begins with salary group B10 and ends with salary group B35.

Source: General Appropriations Act (83rd Legislature), Article IX, Section 2.01.

Market Analysis

To determine the market average for executive officer positions at Texas state agencies, the State Auditor's Office blended market data from public, nonprofit, and private sector salary survey sources. To supplement that data, the State Auditor's Office sent surveys to agencies in the 10 most populous states outside Texas, quasi-governmental agencies, and major Texas cities and counties.

This analysis considered the nature and complexity of each agency, such as the number of authorized full-time equivalent employees, budget size, and scope of responsibilities. The analysis also considered job requirements of the executive officer positions, such as a requirement for a specialized or advanced degree. The analysis did not consider the job performance or the experience level of the individuals currently performing the jobs.

Table 12 lists, by General Appropriations Act article, the market average, current salary group, and recommended salary group for each agency reviewed. Table 12 excludes higher education institutions, legislative agencies; agencies with elected officials; the Secretary of State; the courts; self-directed, semi-independent agencies; and unclassified positions (for example, the Treasury Safekeeping Trust Company's executive director position). See Appendix 4 on page 37 for more information on market comparisons for executive officer positions at self-directed, semi-independent agencies.

Table 12

State Auditor's Office's Market Analysis and Salary Groups for Executive Officer Positions				
Agency Name	Executive Officer Title	Market Average	Current Salary Group	Recommended Salary Group
Article I				
Bond Review Board	Executive Director	\$137,180	3	4
Cancer Prevention and Research Institute of Texas	Executive Director	\$230,924	7	7
Commission on State Emergency Communications	Executive Director	\$127,777	2	3
Commission on the Arts	Executive Director	\$119,989	2	3
Department of Information Resources	Executive Director	\$194,704	6	6
Employees Retirement System	Executive Director	\$291,457	None	None
Facilities Commission	Executive Director	\$185,175	5	6
Historical Commission	Executive Director	\$158,215	4	4
Library and Archives Commission	Director-Librarian	\$140,336	3	4
Pension Review Board	Executive Director	\$117,538	2	3
Preservation Board	Executive Director	\$181,692	5	6

State Auditor's Office's Market Analysis and Salary Groups for Executive Officer Positions

Agency Name	Executive Officer Title	Market Average	Current Salary Group	Recommended Salary Group
Preservation Board, The Bullock Texas State History Museum	Director IV	\$153,491	B29 ^a	5
Public Finance Authority	Executive Director	\$141,020	4	4
State Office of Risk Management	Executive Director	\$149,704	3	4
Texas Emergency Services Retirement System	Executive Director	\$109,535	2	2
Texas Ethics Commission	Executive Director	\$144,675	4	4
Trusteed Programs Within the Office of the Governor, Office of State-Federal Relations	Executive Director (OSFR)	\$121,472	3	3
Veterans Commission	Executive Director	\$141,832	4	4
Article II				
Department of Aging and Disability Services	Commissioner	\$261,542	7	8
Department of Assistive and Rehabilitative Services	Commissioner	\$229,436	6	7
Department of Family and Protective Services	Commissioner	\$256,137	7	8
Department of State Health Services	Commissioner	\$269,281	7	8
Health and Human Services Commission	Executive Commissioner	\$276,183	8	8
Article III				
Higher Education Coordinating Board	Commissioner of Higher Education	\$227,956	8	8
School for the Blind and Visually Impaired	Superintendent	\$150,331	4	4
School for the Deaf	Superintendent	\$157,784	4	4
Teacher Retirement System	Executive Director	\$290,870	None	None
Texas Education Agency	Commissioner of Education	\$248,483	8	8
Article IV				
Office of Capital Writs	Executive Director	\$141,853	3	4
Office of Court Administration, Texas Judicial Council	Administrative Director	\$168,864	4	5
Office of the State Prosecuting Attorney	State Prosecuting Attorney	\$148,192	None	4
State Commission on Judicial Conduct	Executive Director	\$134,797	3	4
State Law Library	Director	\$115,686	1	2
Article V				
Alcoholic Beverage Commission	Administrator	\$166,399	5	5
Commission on Fire Protection	Executive Director	\$124,850	3	3
Commission on Jail Standards	Executive Director	\$110,331	1	2
Department of Criminal Justice	Executive Director	\$260,617	8	8
Department of Public Safety	Director	\$238,524	6	8
Texas Commission on Law Enforcement	Executive Director	\$127,149	2	3
Texas Juvenile Justice Department	Executive Director	\$213,951	6	7
Texas Military Department	Adjutant General	\$186,582	5	6

State Auditor's Office's Market Analysis and Salary Groups for Executive Officer Positions

Agency Name	Executive Officer Title	Market Average	Current Salary Group	Recommended Salary Group
Article VI				
Animal Health Commission	Executive Director	\$152,116	4	4
Commission on Environmental Quality	Executive Director	\$228,396	7	7
Parks and Wildlife Department	Executive Director	\$217,499	5	7
Soil and Water Conservation Board	Executive Director	\$148,131	3	4
Water Development Board	Executive Administrator	\$192,490	5	6
Article VII				
Department of Housing and Community Affairs	Executive Director	\$187,531	5	6
Department of Motor Vehicles	Executive Director	\$208,269	5	6
Department of Transportation	Executive Director	\$255,628	8	8
Texas Lottery Commission	Executive Director	\$214,390	6	7
Texas Workforce Commission	Executive Director	\$208,887	5	7
Article VIII				
Board of Chiropractic Examiners	Executive Director	\$98,299	1	1
Board of Examiners of Psychologists	Executive Director	\$102,074	1	1
Board of Nursing	Executive Director	\$152,583	3	4
Board of Pharmacy	Executive Director	\$141,422	4	4
Board of Plumbing Examiners	Executive Director	\$118,066	1	2
Board of Podiatric Medical Examiners	Executive Director	\$99,792	1	1
Board of Professional Geoscientists	Executive Director	\$98,479	1	1
Board of Professional Land Surveying	Executive Director	\$94,796	1	1
Board of Veterinary Medical Examiners	Executive Director	\$103,323	2	2
Department of Insurance	Commissioner of Insurance	\$224,870	6	7
Department of Insurance, Workers' Compensation	Commissioner of Workers' Compensation	\$173,585	5	5
Department of Licensing and Regulation	Executive Director	\$164,602	5	5
Executive Council of Physical and Occupational Therapy Examiners	Executive Director	\$103,915	1	1
Funeral Service Commission	Executive Director	\$99,829	1	1
Office of Injured Employee Counsel	Public Counsel	\$148,377	3	4
Office of Public Insurance Counsel	Public Counsel	\$149,305	4	4
Office of Public Utility Counsel	Public Counsel	\$142,169	4	4
Optometry Board	Executive Director	\$96,726	1	1
Public Utility Commission of Texas	Executive Director	\$171,355	4	5
Racing Commission	Executive Director	\$134,569	2	3
Securities Board	Securities Commissioner	\$154,937	5	5
State Office of Administrative Hearings	Chief Administrative Law Judge	\$171,883	5	5

State Auditor's Office's Market Analysis and Salary Groups for Executive Officer Positions

Agency Name	Executive Officer Title	Market Average	Current Salary Group	Recommended Salary Group
Texas Medical Board	Executive Director	\$158,190	4	4
Texas State Board of Dental Examiners	Executive Director	\$121,066	2	3

^a The executive officer position at the Bullock Texas State History Museum is a director-level position, which is currently classified as a Director IV in the State's Position Classification Plan.

Salary Comparisons for Executive Officers at Self-directed, Semi-independent Agencies

Table 13 lists the annual base salaries and market comparisons for executive officer positions at the eight self-directed, semi-independent agencies. Each agency's board of trustees or commission sets the executive officer's salary for its agency.

Table 13

Salaries and Market Comparison for Executive Officers at Self-Directed, Semi-Independent Agencies		
Agency	Executive Officer Annual Base Salary as of June 30, 2014	Market Average
Board of Architectural Examiners	\$125,340	\$140,107
Board of Professional Engineers	\$117,527	\$145,306
Credit Union Department	\$165,000	\$174,280
Department of Banking ^a	\$237,000	\$201,321
Department of Savings and Mortgage Lending ^a	\$190,000	\$180,740
Office of the Consumer Credit Commissioner ^a	\$190,000	\$183,146
Real Estate Commission	\$141,000	\$166,058
State Board of Public Accountancy	\$138,223	\$139,412

^a In addition to the annual base salary amount, an executive officer at an agency under the Finance Commission of Texas's oversight may receive a monthly stipend if that person is also performing the duties of the executive officer of the Finance Commission of Texas. The Department of Banking commissioner was appointed the executive director of the Finance Commission of Texas effective May 1, 2014, with additional compensation of \$1,000 per month added to that individual's base pay of \$18,750 a month.

Related State Auditor's Office Work

Related State Auditor's Office Work		
Number	Product Name	Release Date
14-033	An Audit Report on Incentive Compensation at the Teacher Retirement System, the Permanent School Fund, the General Land Office, and the Employees Retirement System	May 2014
14-703	A Report on Salary Supplements at State Agencies and Public Higher Education Institutions	February 2014

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