



A Report on

Salary Supplements at Public Higher Education Institutions and State Agencies

- The State Auditor's Office surveyed public higher education institutions and state agencies regarding support received for the purpose of providing salary supplements.
- Four public higher education institutions reported receiving support for salary supplements for fiscal years 2020, 2021, and 2022.

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Texas Government Code, Section 659.0201, requires public higher education institutions (including community colleges) and state agencies to collect and report to the State Auditor's Office information regarding gifts, grants, donations, or other considerations that they receive for the purpose of providing salary supplements. To address this requirement, the State Auditor's Office surveyed 211 applicable state entities: 131 public higher education institutions and 80 state agencies in the executive branch of state government. Of the 211 entities surveyed, 209 responded.

- *Project Objective* | p. 7

This project was conducted in accordance with Texas Government Code, Section 659.0201.

NOT RATED

SALARY SUPPLEMENTS REPORTED

Four public higher education institutions reported receiving gifts, grants, donations, or other considerations from a person that the person designated to be used as a salary supplement for a named person, position, or endowment during fiscal years 2020, 2021, and 2022.

[Chapter 1 | p. 2](#)



NOT RATED

Chapter 1 Salary Supplements Reported

Of the 209 public higher education institutions (including community colleges) and state agencies that reported on their salary supplements, 4 public higher education institutions reported receiving gifts, grants, donations, or other considerations from a person that the person designated to be used as a salary supplement for a named person, position, or endowment during fiscal years 2020, 2021, and 2022.

Summary of Reported Supplements

Figure 1 presents a summary of the salary supplement information reported by the four public higher education institutions.

Figure 1

Summary of Salary Supplements Reported ^a

Entity	Fiscal Year	Donor (Individual or Entity)	Type of Donor Entity	Is This a Supporting Organization? ^a	Type of Supporting Organization ^b	Name of Supporting Organization ^b
North Central Texas College	2020 (1)	Entity	Non-Profit	Yes	501(c)(3)	Dixon Water Foundation
	2021 (1)	Entity	Non-Profit	Yes	501(c)(3)	Dixon Water Foundation
	2022 (1)	Entity	Non-Profit	Yes	501(c)(3)	Dixon Water Foundation

Entity	Fiscal Year	Donor (Individual or Entity)	Type of Donor Entity	Is This a Supporting Organization? ^a	Type of Supporting Organization ^b	Name of Supporting Organization ^b
The University of Texas at Arlington	2020 (10)	Individual	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	2021 (3)	Individual	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	2022 (2)	Individual	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Victoria College	2020 (2)	Entity	Non-Profit	Yes	501(c)(3)	Victoria College Foundation ^c
	2021 (2)	Entity	Non-Profit	Yes	501(c)(3)	Victoria College Foundation
	2022 (3)	Entity	Non-Profit	Yes	501(c)(3)	Victoria College Foundation
Weatherford College	2020 (5)	Entity	Other ^d (4) State Entity (1)	Not Applicable	Not Applicable	Not Applicable
	2021 (5)	Entity	Other (4) State Entity (1)	Not Applicable	Not Applicable	Not Applicable
	2022 (5)	Entity	Other (4) State Entity (1)	Not Applicable	Not Applicable	Not Applicable

^a As defined by the U.S. Internal Revenue Service.

^b If classified as a Supporting Organization by the U.S. Internal Revenue Service.

^c Victoria College reported that the Victoria College Foundation was founded in 1978 for the purpose of supporting Victoria College.

^d Weatherford College reported that these four entities were booster clubs that supported basketball, baseball, softball, and rodeo.

No state agencies reported receiving gifts, grants, donations, or other considerations from a person that the person designated to be used as a salary supplement for a named person, position, or endowment during fiscal years 2020, 2021, and 2022.

Oversight and Use of Gifts, Grants, Donations, and Other Considerations.

Figure 2 shows the procedures used to monitor the use of gifts, grants, donations, or other considerations, as reported by the four institutions. The institutions also reported how they used gifts, grants, donations, or other considerations, as shown in Figure 3 on the next page.

Figure 2

Oversight Procedures Reported by the Higher Education Institutions

Entity	Public Higher Education Institution Oversight Procedures to Monitor the Use of Gifts, Grants, Donations, or Other Considerations
North Central Texas College	NCTC has a policy regarding the acceptance of gifts from private sources. The college has stopped the lone instance of a salary supplements it had in the past and does not plan to get involved in any future arrangements of this type.
The University of Texas at Arlington	<p>All grants, contracts and other forms of sponsored projects have numerous oversight policies or related procedures for compensation of individuals, the allowability of costs, and the proper use of funds in accordance with various sponsor, state, or federal (CFR 200) requirements. Faculty supplements are not only monitored but severely limited on any sponsored project subject to CFR 200.</p> <p>Among endowments, salary support and salary supplementation are restricted to endowed academic positions (chairs, professorships, and faculty fellowships) which are usually funded by donor gifts and sometimes by institutional funds. In line with the UT System endowment compliance policy, these expenditures are reviewed for appropriateness on a rotating basis once every three years.</p> <p>Occasionally, non-endowed gifts are restricted to allow for salary support and salary supplementation. The benefitting unit, the Provost Office, and the Budget Office all review/approve before these funds can be used for salary support or salary supplementation.</p>
Victoria College	The College and the VC Foundation, Inc. share an accounting system and regularly balance and pay resulting the interfund receivable/payable accounts. Both entities have are audited annually and the Foundation's financial statements are presented as a discrete component unit of the Victoria College Annual Financial Statements.
Weatherford College	Internally, Weatherford College Business Office personnel monitors grant expenditures based on grant contracts and awards.

Figure 3

***Use of Gifts, Grants, Donations, and Other Considerations
Reported by the Higher Education Institutions***

Entity	Use of Gifts, Grants, Donations, and Other Considerations
North Central Texas College	This institution has had one supplement in effect for many years, but has been discontinued following the retirement of the lone recipient.
The University of Texas at Arlington	<p>The ability to provide salary supplements on any gift, contract or other form of sponsored project is limited. All sponsored funding must be used in accordance with university HR policy, sponsor requirements as well as federal and state regulations. Sponsored projects subject to CFR 200 have any supplements limited to and restricted by 200.430 (rare and unusual circumstance).</p> <p>All endowed academic positions are governed by UT System Board of Regents Rule 60202 which allows a UT institution to use distributions from these endowments for a reasonable amount of salary support as determined by institutional policy and salary supplementation. Specific dollar amounts are determined by the Provost and dean of the college which is the beneficiary of the position.</p> <p>As with endowed academic positions, review and approval by the Provost and appropriate dean are required prior to implementing salary support or supplementation which may be allowed by a non-endowed gift.</p>
Victoria College	The gifts were used as salary supplements.
Weatherford College	<p>Weatherford College uses the gifts, grants, donations and other considerations that it receives in accordance with the terms and conditions of those considerations. Depending on the gift, grant, donation or other consideration, the uses include student scholarships, construction of facilities, funding of salaries and benefits, and purchase of equipment and supplies.</p> <p>Weatherford College receives many federal and state grants that pays the full salary of various grant employees but no salary supplements. In only one case does Weatherford College provide salary supplements. The College receives grant funding from the State of Texas Nursing Shortage Reduction Program to supplement the salaries of nursing faculty members in order to be able to attract qualified instructors in competition with other employers.</p>

Reporting the Gifts, Grants, Donations, or Other Considerations.

Of the four public higher education institutions that reported receiving gifts, grants, donations, or other considerations from a person who designated that support to be used as a salary supplement, North Central Texas College and The University of Texas at Arlington reported that they did not:

- Post the amount of each gift, grant, donation, or other consideration designated to be used as a salary supplement, as required by Texas Government Code, Section 659.0201(b).
- Post conflict of interest provisions on their websites, as required by Texas Government Code, Section 659.0201(c).

Victoria College and Weatherford College reported that they complied with these posting requirements.



Appendix 1

Objective, Scope, and Methodology

Objective and Scope

The objective for this report was to collect data from each public higher education institution or state agency receiving a gift, grant, donation, or other consideration from a person that the person designates to be used as a salary supplement for a named person, position, or endowment.

The scope for this report was fiscal years 2020, 2021, and 2022.

Methodology

The State Auditor's Office developed survey questions designed to collect information required by Texas Government Code, Section 659.0201. Surveys were distributed via email to 211 applicable public higher education institutions or state agencies. The survey was open from January 23, 2023, through February 15, 2023. When necessary, the State Auditor's Office followed up for clarification on the public higher education institutions' responses.

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



- Thomas Andrew Mahoney, CFE, CGAP (Project Manager)
- Sarah Puerto, CIA, CFE (Quality Control Reviewer)
- Michael Simon, CGAP (Audit Manager)

This Report

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 public higher education institutions and state agencies completed the State Auditor's Office questionnaire based on their own interpretations of the statutory reporting requirements. The entities self-reported the data presented in this report, and the State Auditor's Office did not independently verify the data reported.

The State Auditor's Office reviewed the completed surveys and summarized responses from public higher education institutions that reported salary supplements.

Appendix 2

Texas Government Code, Section 659.0201

Sec. 659.0201. GIFTS, GRANTS, AND DONATIONS FOR SALARY SUPPLEMENT; REPORTING. (a) In this section, "state agency" means a board, commission, department, institute, office, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code.

(b) A state agency that accepts a gift, grant, donation, or other consideration from a person that the person designates to be used as a salary supplement for an employee of the agency shall post on the agency's Internet website the amount of each gift, grant, donation, or other consideration provided by the person that is designated to be used as a salary supplement for an employee of the agency. The agency may not post the name of the person.

(c) A state agency described by Subsection (b) by rule shall adopt conflict of interest provisions regarding the acceptance by the agency of a gift, grant, donation, or other consideration to be used as a salary supplement for an employee of the agency. The governing board of an institution of higher education shall adopt the conflict of interest provisions required by this subsection in the same manner as the board adopts other policies applicable to the institution. The agency shall post the conflict of interest provisions on the agency's Internet website.

(d) If the person making a gift, grant, or donation or providing other consideration to the state agency for the purpose of a salary supplement is an entity created solely to provide support for the state agency, the entity shall report to the agency:

(1) the name of each person who makes gifts, grants, or donations, or provides other consideration to the entity, in an amount or having a value that exceeds \$10,000, unless the person has made a request to the entity to remain anonymous; and

(2) the amount or value of each specific gift, grant, donation, or other consideration.

(e) A state agency that receives a gift, grant, donation, or other consideration described by Subsection (d) shall compile the information the agency receives under Subsection (d) into a report and submit the report to the state auditor and the legislature.

(f) Information provided to an institution of higher education under Subsection (d) is confidential and is not subject to disclosure under Chapter 552.

(g) The state auditor may review the report submitted under Subsection (e) to identify any conflicts of interest or any other areas of risk. The state auditor shall report the results of an audit performed under this section to the legislature.

(h) The state auditor shall adopt a schedule and format for reporting information required by this section that does not require the release of information that identifies an anonymous donor.

(i) Each state agency receiving a gift, grant, donation, or other consideration from a person that is designated to be used as a salary supplement for a named person, position, or endowment shall report the following information to the state auditor in the form determined by the state auditor:

(1) whether the person making the gift, grant, or donation or providing other consideration to the state agency is an individual or an entity;

(2) if the person is an entity, the type of entity;

(3) if the entity is a nonprofit entity or organization, whether the entity is classified as a supporting organization by the Internal Revenue Service;

(4) if the entity is classified as a supporting organization by the Internal Revenue Service, the type of supporting organization, the name of the supported organization, and any other information relating to that classification;

(5) any internal or external oversight procedures the state agency has established to monitor the use of any gift, grant, donation, or other consideration the agency receives; and

(6) how the state agency uses gifts, grants, donations, and other consideration the agency receives, including whether they are used to provide salary supplements for agency employees.

(j) The state auditor shall compile the information received under Subsection (i) into a report and submit the report to the legislature.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1128 (H.B. 12), Sec. 1, eff. June 14, 2013.

Amended by Acts 2021, 87th Leg., R.S., Ch. 407 (S.B. 1677), Sec. 3, eff. September 1, 2021.



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The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Presidents of the Following Public Higher Education Institutions That Reported They Received Gifts, Grants, Donations, or Other Considerations Designated to Be Used as a Salary Supplement

North Central Texas College

The University of Texas at Arlington

Victoria College

Weatherford College



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