

**A Quarterly Report of Full-Time Equivalent
State Employees for the Quarter Ending
February 28, 1999**

May 24, 1999

Members of the Legislative Audit Committee:

There were 270,079 full-time equivalent (FTE) state employees for the quarter ending February 28, 1999, based on reports submitted by 212 agencies and institutions of higher education. There were 246,877 full-time state employees and 69,763 part-time state employees. Agencies and institutions of higher education reported using 27,567 contractors and consultants as of the last working day of the quarter. The overall statewide management-to-staff ratio was 1 manager to 14.53 staff members.

Changes in State Employment

Compared to the previous quarter, overall FTEs decreased by .21 percent. In comparison to the second quarter of 1998, state employment has slightly increased by .37 percent. Total statewide employment has increased approximately 8 percent over the past five years. Since 1994, the number of FTEs working in public safety and criminal justice agencies has increased significantly (16,000 FTEs). Institutions of higher education have also seen significant growth in the last five years: they have increased by over 12,500 FTEs.

Since 1989, total statewide FTEs have increased by 28 percent (59,631 FTEs). Nearly all of this growth in the last 10 years has been at public safety and criminal justice agencies (28,225 FTEs) and higher education institutions (25,846 FTEs).

Distribution of State Employees

Fifty-six percent of the State's employees work in state agencies:

- Almost three-quarters work for health and human services or public safety and criminal justice agencies.
- Ninety percent work for the 15 largest agencies, which make up 10 percent of total agencies.

- Forty-four percent of the State's employees work at institutions of higher education:
- One-third are paid with funds that are not appropriated by the State.
- Over 30 percent work in health-related institutions.
- Almost three-quarters work for The University of Texas System, the Texas A&M University System, or one of their components.

FTE Caps

The Department of Criminal Justice, the Youth Commission, the Health and Human Services Commission, and the Juvenile Probation Commission exceeded their FTE caps without approval from the Legislative Budget Board and the Office of the Governor. Explanations from these agencies are included on page 10 of the attachment.

The attachment contains additional information about the State's FTEs. However, it does not contain the Quarterly Summary tables that our bound FTE quarterly reports have contained in the past. The Quarterly Summary tables contain detailed FTE, trend analysis, contractor, and management-to-staff data for each agency and university. If you would like the Quarterly Summary tables, you may download them from our web site at www.sao.state.tx.us/ReportsMn/reports/99-706.pdf. Or, you may request a hard copy from Production Services by calling 479-4740 and asking for SAO No. 99-706 (tables only).

If you have any questions, please contact Mike Mericle, Assistant State Classification Officer, at 479-4700.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

mjw/khm

Attachment

Summary of Objective, Scope and Methodology

This report provides the Legislature and the public with information on the number of state employees and the number of consultants and contract individuals who perform services for state government. The report was prepared in accordance with Government Code, Chapter 2052, Subchapter B.

This report was prepared from information submitted to the State Auditor's Office by 212 agencies and institutions.

Please see the attachment for the full text of the objective, scope, and methodology.

Overview

There were 270,079 full-time equivalent (FTE) state employees for the quarter ending February 28, 1999, based on reports submitted by 212 agencies and institutions of higher education. There were 246,877 full-time state employees and 69,763 part-time state employees. Agencies and institutions of higher education reported using 27,567 contractors and consultants as of the last working day of the quarter.

The tables and graphics are based on self-reported data from the agencies and institutions of higher education. The State Auditor's Office has not independently verified the data.

Changes in State Employment Over Time

Compared to the First Quarter of Fiscal Year 1999, the Number of FTEs has Remained Relatively Constant

Table 1

Change in Number of FTEs From the First Quarter of Fiscal Year 1999 to the Second Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	272.38	0.18%
Higher Education Institutions	(828.04)	(0.69%)
Statewide	(555.66)	(0.21%)

- The largest increases were at the Department of Criminal Justice (288 FTEs), the Department of Human Services (282 FTEs), and Texas Tech University (244 FTEs). Four other agencies and universities increased by more than 100 FTEs.
- Eleven agencies and universities decreased their FTE count by over 100. The largest decreases were at Texas A&M University (541 FTEs), The University of Texas at Austin (371 FTEs), and the Texas Workforce Commission (370 FTEs).

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Compared to the Second Quarter of Fiscal Year 1998, the Number of FTEs has Remained Relatively Constant

Table 2

Change in Number of FTEs From the Second Quarter of Fiscal Year 1998 to the Second Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	(1,334.13)	(0.88%)
Higher Education Institutions	2,328.73	2.00%
Statewide	994.63	0.37%

- The increase of 994.63 FTEs (0.37 percent) from the second quarter of 1998 to the second quarter of 1999 reflects that the State's employment has remained relatively constant.
- There has been a 2.00 percent increase in FTEs at institutions of higher education and a .88 percent decrease in FTEs at state agencies.

Over the Past Five Years, Total Statewide Employment has Increased by 7.79 Percent

Table 3

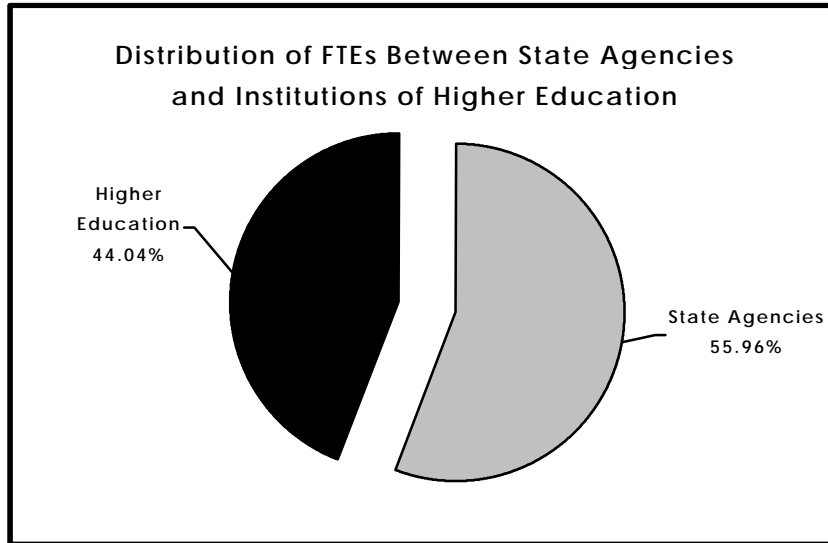
Change in Number of FTEs From the Second Quarter of Fiscal Year 1994 to the Second Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	7,144.26	4.96%
Higher Education Institutions	12,375.38	11.61%
Statewide	19,519.64	7.79%

- Public safety and criminal justice agencies increased by 42 percent:
 - Department of Criminal Justice: 12,707 FTEs
 - Youth Commission: 2,381 FTEs
 - Department of Public Safety: 1,090 FTEs
- Higher education institutions increased by 12 percent:
 - The University of Texas Medical Branch at Galveston: 3,863 FTEs
 - Texas Tech University Health Sciences Center: 1,385 FTEs
- Health and human services agencies decreased by 13 percent:
 - Department of Mental Health and Mental Retardation: (5,991) FTEs
 - Department of Human Services: (2,256) FTEs

Distribution of State Employees

Nearly Half of the State's FTEs Work for Institutions of Higher Education

Figure 1



As Figure 1 shows, 56 percent of state employees are employed by state agencies, and 44 percent are employed by institutions of higher education.

Almost Three of Every Four State Agency Employees Work in Public Safety and Criminal Justice or Health and Human Services

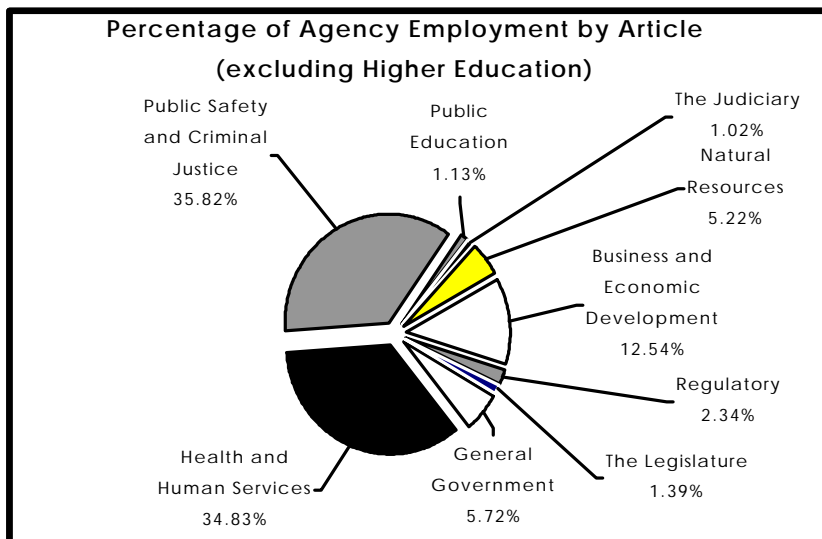
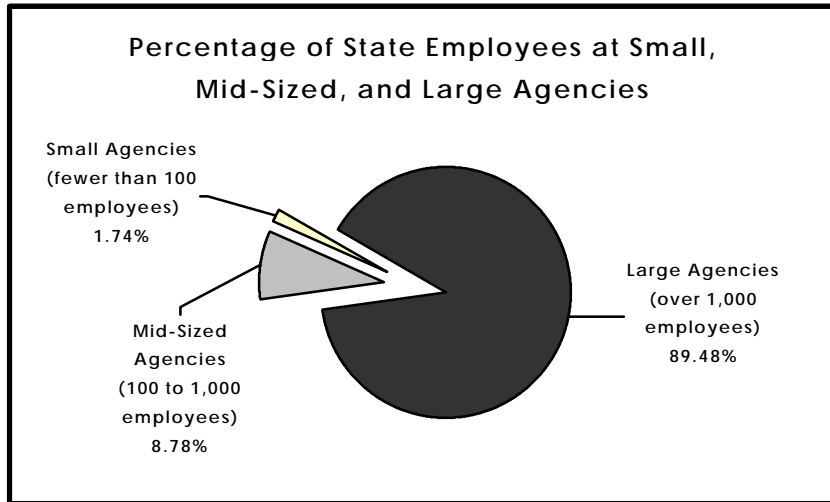


Figure 2 shows, over 70 percent of employees at state agencies are employed at public safety and criminal justice or health and human services agencies.

Ten Percent of State Agencies Employ 90 Percent of State Agency FTEs

Figure 3



As Figure 3 shows, nearly 90 percent of employees at state agencies are employed at large agencies, although large agencies make up 10 percent of total agencies.

Figure 4

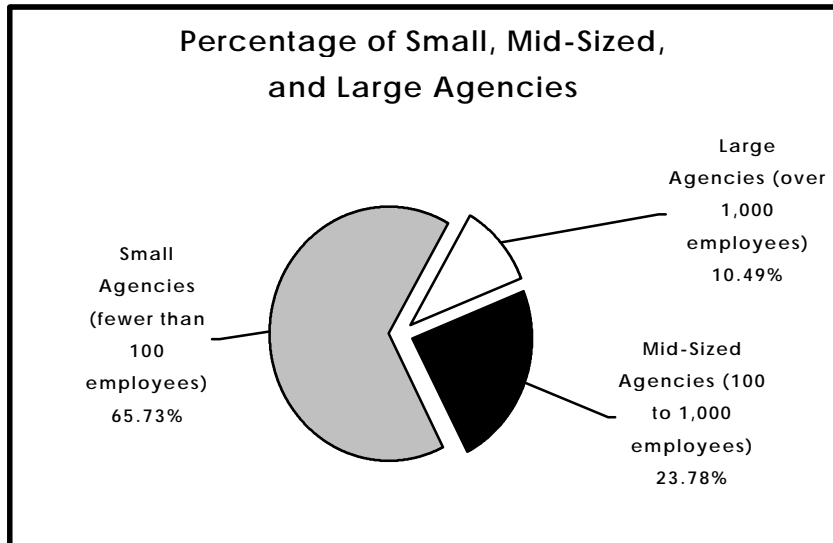
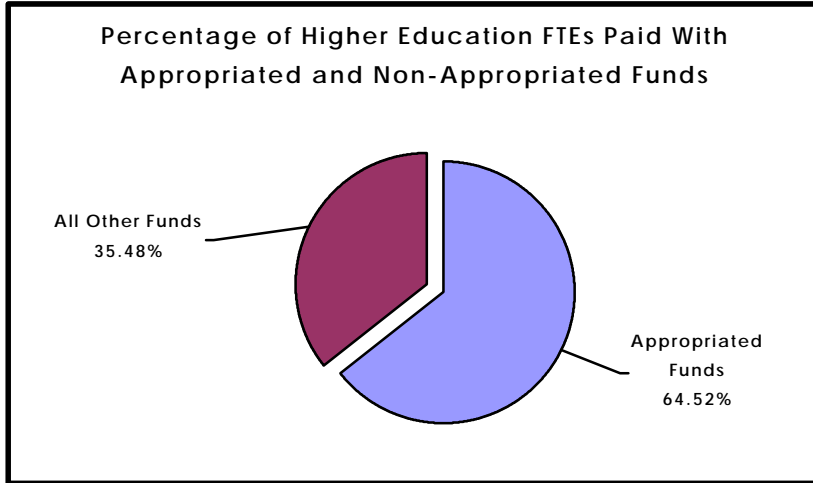


Figure 4 shows that although less than 2 percent of state employees work for small agencies, nearly two-thirds of all agencies are small agencies.

Over 30 Percent of Higher Education Employees Are Paid With Funds That Are Not Appropriated by the State

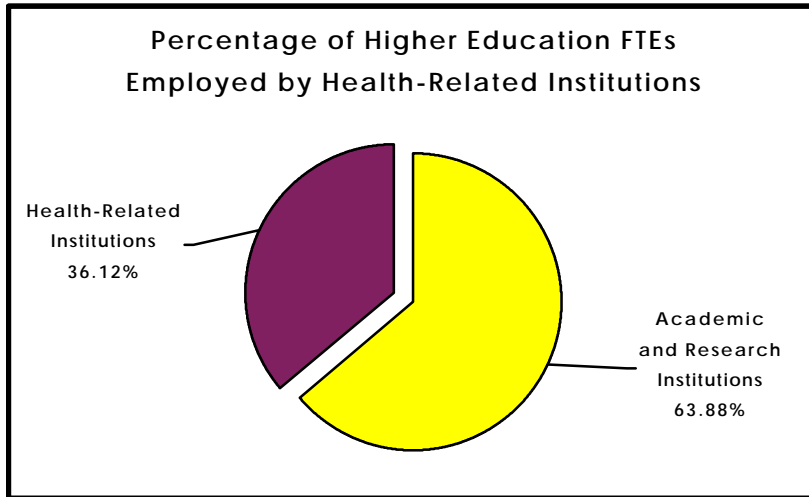
Figure 5



As Figure 5 shows, over one-third of employees at higher education institutions are paid from funds other than those appropriated by the Texas Legislature.

Over 30 Percent of Higher Education Employees Work in Health-Related Institutions

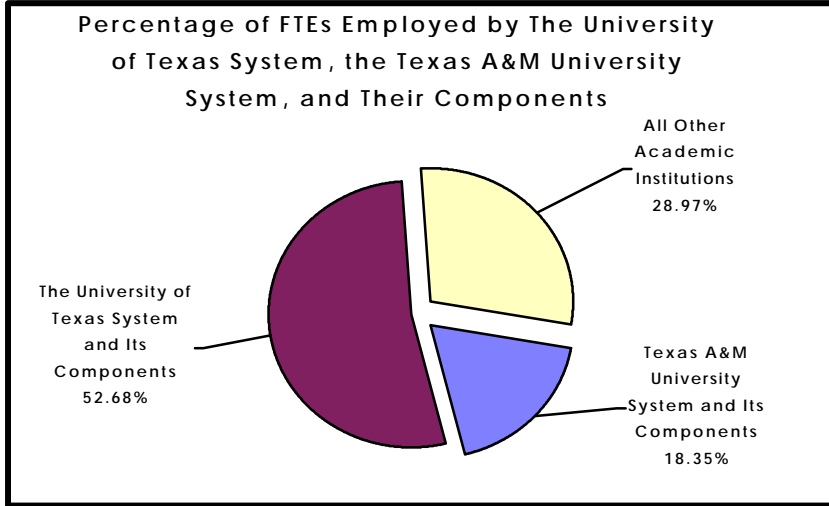
Figure 6



As Figure 6 shows, over one-third of higher education FTEs are employed at health-related institutions.

Two University Systems Employ Almost Three-Fourths of Texas' Higher Education Employees

Figure 7



As Figure 7 shows, over half of higher education FTEs are employed at branches of The University of Texas System. The Texas A&M University System components employ the next highest number of FTEs, with over one-sixth of higher education FTEs.

Changes in State Employment by General Appropriations Act Article

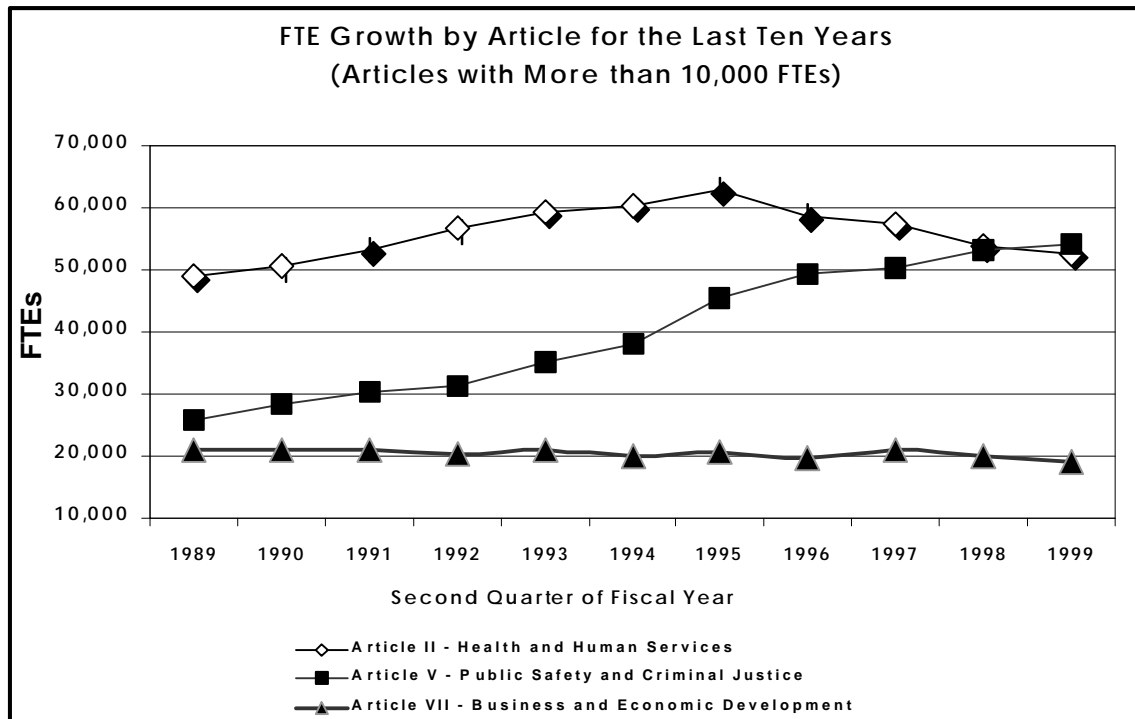
Since 1989, Public Safety and Criminal Justice Agencies Have Added the Most FTEs

Figure 8 shows that public safety and criminal justice agencies have significantly increased in the last 10 years (over 16,000 FTEs).

The number of FTEs at health and human services increased until 1995 and has since decreased by over 10,000 FTEs.

Business and economic development agencies decreased by over 1,000 FTEs in the last 10 years mainly due to decreases at the Texas Workforce Commission.

Figure 8



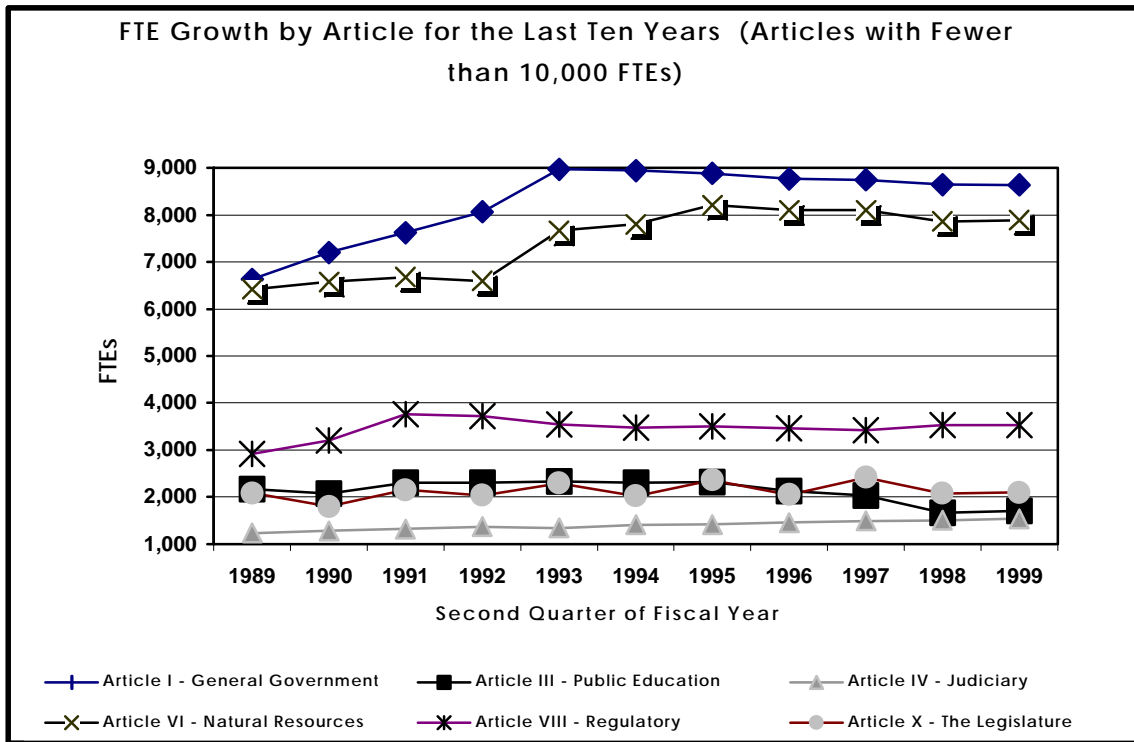
The Number of FTEs in Articles With Fewer Than 10,000 FTEs Has Grown in the Last 10 Years, But Has Not Changed Significantly Over the Last 5 Years

As Figure 9 shows, general government and natural resources agencies have experienced significant growth since 1989. General government agencies added 2,008 FTEs, and natural resources agencies added 1,470. Nearly all of this increase took place prior to 1994. Judiciary and regulatory agencies also increased in the last 10 years: judiciary by 303 FTEs and regulatory by 612.

Legislative agencies remained nearly constant in the last 10 years with an increase of 13 FTEs.

Public education agencies decreased total FTEs by 460 in the last 10 years.

Figure 9

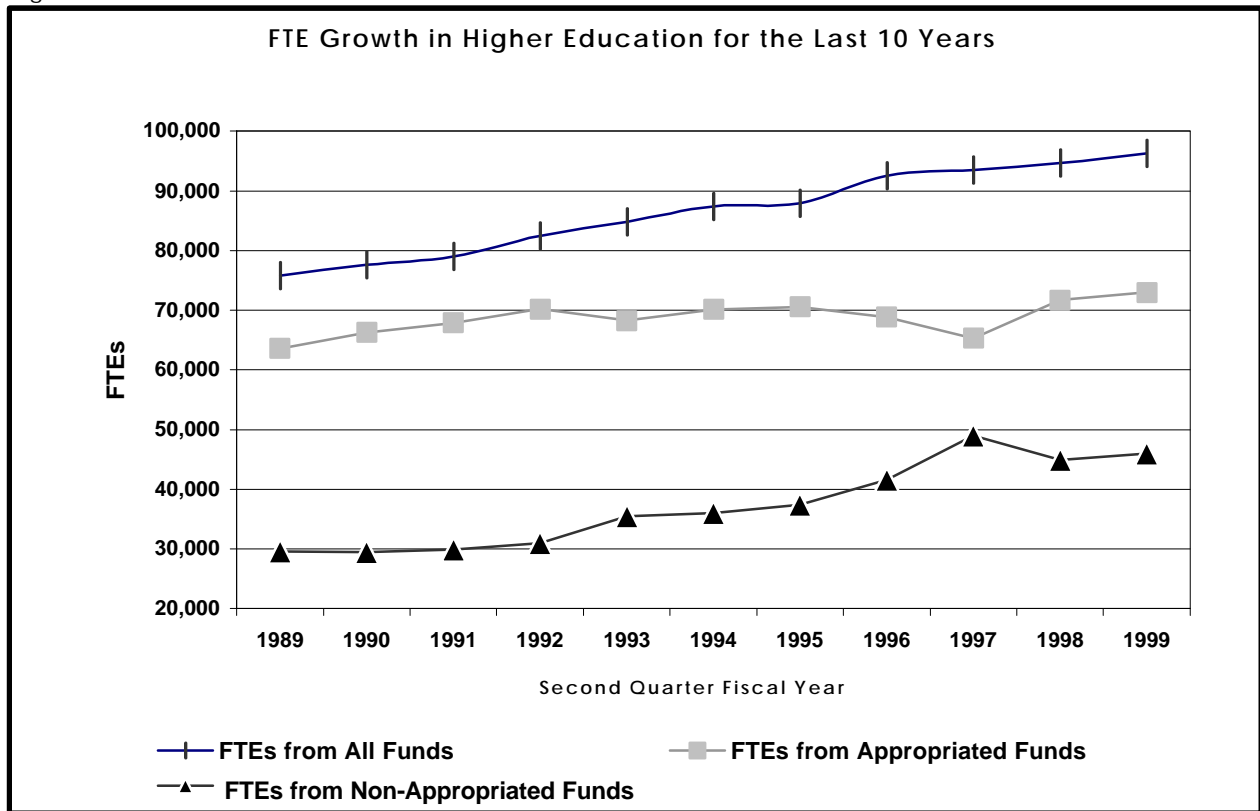


The Number of FTEs in Institutions of Higher Education Has Increased Significantly Over the Past 10 Years

Figure 10 shows that FTEs in higher education institutions have increased by over 23,000 since 1989.

The majority of this increase (over 16,000 FTEs) has been in positions paid from funds other than those appropriated by the Texas Legislature (prior to 1998, this number represents the number of FTEs paid from funds outside of the State Treasury).

Figure 10



Consultants and Contractors

During the Second Quarter of Fiscal Year 1999, Almost Half of the State's Contractors and Consultants Worked for the Department of Transportation

Agencies and institutions of higher education reported using 27,567 contractors and consultants as of the last working day of the quarter. Four agencies and six higher education institutions employed over 500 contractors or consultants during the quarter.

Table 4

Agencies and Institutions of Higher Education With More Than 500 Contractors and Consultants			
Agencies	Contractors/ Consultants	Institutions of Higher Education	Contractors/ Consultants
Department of Transportation	13,097	The University of Texas at Austin	1,970
Department of Mental Health and Mental Retardation	892	Texas A&M University System	1,584
Department of Health	538	The University of Texas, M.D. Anderson Cancer Center	912
General Services Commission	519	The University of Texas Medical Branch at Galveston	635
		Sam Houston State University	527
		Southwest Texas State University	508

FTE Caps

Four entities exceeded their quarterly FTE caps, which the Legislature sets, without approval from the Legislature Budget Board and the Office of the Governor. (See Table 5 for their explanations.) Institutions of higher education are subject to annual caps; information on their compliance will be reported at the end of the fiscal year.

Table 5

Agencies Exceeding Legislative FTE Cap			
Agency	FTEs Over Cap	Percentage Over Cap	Explanation (Per agency and Legislative Budget Board)
Department of Criminal Justice	114.78	.29	The agency increase in FTEs was due to the required staffing of twenty newly constructed trusty camps.
Youth Commission	24.88	.57	FTE increase is due to phase-in of new beds to accommodate increased commitments and increased population in response to performance expectations in the General Appropriations Act.
Health and Human Services Commission	4.85	3.10	Fiscal year 1998 requests to exceed the FTE limitation were approved by legislative oversight on July 29, 1998. These adjustments increased the fiscal year 1998 cap from 79.5 FTEs to 184.1 FTEs. In the interest of maintaining the revised staffing level of 184.1 FTEs for fiscal year 1999, the Commission duplicated the fiscal year 1998 request for additional FTEs in memos to the Legislative Budget Board and the Governor's Office date October 7, 1998. These requests remain pending.
Juvenile Probation Commission	.5	1.04	Two part-time employees were needed to work more than half time on a temporary basis. The agency should fall back to 48 FTEs or lower third quarter.

Management-to-Staff Ratios

Table 6

Category	Management-to-Staff Ratio
Agencies/Institutions With Fewer than 100 Employees	1 Manager/Supervisor to 5.50 Staff Members
All Other Agencies	1 Manager/Supervisor to 11.33 Staff Members
All Other Higher Education Institutions	1 Manager/Supervisor to 20.39 Staff Members
Statewide Average	1 Manager/Supervisor to 14.53 Staff Members

The overall statewide management-to-staff ratio was 1 manager/supervisor to 14.53 staff members. (See Table 6.) At this time, there is no legislative mandate to achieve a specific management-to-staff ratio. However, each agency is required to develop procedures for achieving a management-to-staff ratio of 1 manager for 11 staff members.

Approximately one-third of agencies and higher education institutions (32.5 percent) achieved the desired ratio of 1 manager/supervisor for every 11 non-supervisory staff

members. Twenty-two agencies and seven institutions of higher education reported a 1:11 ratio or higher.

Very small agencies will have a difficult time achieving a 1:11 ratio; therefore, we have reported these agencies separately. Ten of the 101 agencies and institutions (10 percent) with fewer than 100 employees met the goal of a 1:11 ratio. It should be noted that although the average management-to-staff ratio for agencies and institutions with more than 100 employees was approximately 1:14.5, the Department of Criminal Justice, with over 40,000 FTEs, reported a ratio of 1:81.5 which affects the statewide average significantly.

One explanation of why only one-third of agencies and institutions met the 1:11 goal may be that there are too many layers of management at these entities. This report highlights those agencies that may have a higher number of supervisors and managers. It is difficult, however, to say that entities should all have the same management-to-staff ratio, especially as organizations become less hierarchical. As organizations increasingly plan their work around project teams, which form to accomplish the mission then disband, the concept of supervisors and middle management changes. Additionally, organization size, organization function/mission, and managerial strategy may also affect management's span of control. As the Legislature continues to study the data, these types of changes in organizational structure and management systems will be an integral piece of information.

Objective, Scope, and Methodology

Objective

This report provides the Legislature and the public with information on the number of state employees and the number of consultants and contract individuals who perform services for state government. The report was prepared in accordance with Government Code, Chapter 2052, Subchapter B.

Scope

This report was prepared from information submitted to the State Auditor's Office by 212 agencies and institutions.

Methodology

FTE Caps

- Based on consultation with Legislative Budget Board staff regarding legislative intent, several agencies' and higher education institutions' FTE caps were adjusted to reflect rider and/or statutory language that specifically authorized changes to FTE caps.
- The FTE caps for agencies are based only on FTEs paid from funds inside the State Treasury.
- The Panhandle Plains Historical Museum (Agency No. 039) does not have an FTE cap listed in the General Appropriations Act. However, the FTE cap of 765.5 for West Texas A&M University (Agency No. 757) provides an overall FTE cap for both institutions.
- The following agencies were not assigned FTE caps by the Legislature: the Health Professions Council, the Southwest Collegiate Institute for the Deaf, the State Bar of Texas, the Board of Law Examiners, and all Article X agencies.
- Although the Governor's Office and Governor's Office - Trusteed Programs are assigned separate FTE caps, the report combines their total FTEs and FTE caps since they are allowed to transfer appropriations and FTEs between these two programs.
- The State Auditor's Office and the Legislative Budget Board agree that the Teacher Retirement System should report its FTEs as "Appropriated" and "All Other Funds" as allowed for higher education institutions.

FTE Data

Agencies with a significant percentage of employees who work a non-standard workweek were granted the opportunity to choose from three methods of calculating FTEs. Each agency was required to continue its method for the entire fiscal year. The options are explained in Table 7.

Table 7

Option	Agencies
Count the actual number of hours in the quarter based on the number of Mondays through Fridays.	Youth Commission Department of Mental Health and Mental Retardation Department of Public Safety Parks and Wildlife Department School for the Blind School for the Deaf
Use 520 hours as the standard number of hours in every quarter regardless of the actual number of work hours.	Alcoholic Beverage Commission
Allocate both methods of calculation so that the hours in a quarter will be the average total number during the quarter that one full-time employee would be paid.	Department of Criminal Justice

Variances

Employees of the Health Professions Council, the Southwest Collegiate Institute for the Deaf, the State Bar of Texas, the Board of Law Examiners, and all Article X agencies are reported in the FTE employee totals. These agencies, however, were not assigned FTE caps in the General Appropriations Act. Therefore, an overall statewide variance figure was not computed.

Management-to-Staff Ratio

The following formula is used to calculate the management-to-staff ratio:

$\text{Management-to-staff ratio} = [N+(S-1)]/S$ <p>N = Number of non-supervisory employees S = Combined number of supervisors and managers</p>

The following employees of the State Auditor's Office developed this report:

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- Mary Avila
- Rachel Cohen, CPA (Quality Control Reviewer)
- Mike Mericle (Assistant State Classification Officer)
- Kelli Dan, CCP, PHR (Audit Manager)
- Deborah L. Kerr, Ph.D. (Director)

Late Data Submissions

The following agencies and institutions of higher education were at least one week late (including weekends and holidays) in submitting their FTE data.

Table 8

Agency	Days Late
Incentive and Productivity Commission	19
Texas Southern University	11
Polygraph Examiners Board	10