

State Auditor's Office Full-time Equivalent (FTE) Employee Reporting Instructions and Information

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Overview

In accordance with Texas Government Code, Section 2052.103, all state agencies and higher education institutions are required to submit to the State Auditor's Office quarterly reports of full-time equivalent (FTE) positions and provide information on their management-to-staff ratios. Each agency and higher education institution has a designated FTE coordinator responsible for submitting that information.

An FTE is a ratio that represents the number of hours that an employee works compared to 40 hours a week. Full-time employment is generally considered 40 hours a week. An FTE is any combination of workers that together work 40 hours per week and does not necessarily equate to headcount. For example, 2 half-time (20 hours per week) workers together equal 1 FTE.

During each legislative session, each state agency and higher education institution receives a legislatively mandated limitation on state employment levels (FTE limitation) for each fiscal year within the biennium. The FTE limitation specifies the total number of FTEs available to the agency or higher education institution. The Legislative Budget Board maintains each agency's or higher education institution's FTE limitation. Temporary and contract employees who worked more than half of the workdays in the previous 12 months count toward an entity's FTE limitation. Only FTEs paid from appropriated funds count toward an entity's FTE limitation.

In accordance with Texas Government Code, Section 2052.104, the State Auditor's Office annually reports agencies' and higher education institutions' FTE data to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts. The data reported is unaudited and self-reported by agencies and higher education institutions, and it is collected through the State Auditor's Office's FTE System.

Management-to-staff ratios are specified in Texas Government Code, Section 651.004. The statute requires that state agencies in the executive branch of government and higher education institutions with more than 100 FTEs must comply with a 1:11 management-to-staff ratio. This means that they may not employ more than 1 FTE in a management position for every 11 FTEs they employ in non-managerial staff positions.

Contact Information

FTE System Passwords and Agency or Higher Education Institution FTE

Contact Updates: Contact Theresa Ambrose at the State Auditor's Office at (512) 936-9500 or ftecoordinator@sao.state.tx.us.

FTE Reporting Questions: Contact the State Auditor's Office's State Classification Team at (512) 936-9500 or ftecoordinator@sao.state.tx.us.

FTE Reporting Changes: Complete the FTE change worksheet located on the [FTE Change Worksheet](#) page. Submit the FTE change worksheet to FTEChanges@sao.state.tx.us (see Question #5 of the Frequently Asked Questions on pages 10 and 11 for additional details). For questions contact the FTE System Coordinator, Kendra Campbell, with the State Auditor's Office's State Classification Team at (512) 936-9500 or ftecoordinator@sao.state.tx.us.

FTE Limitations: Contact the Legislative Budget Board analysts at (512) 463-1200.

FTE Coordinators Are Responsible for Reporting Accurate FTE Data

FTE coordinators at agencies and higher education institutions are responsible for accurately reporting FTE data through the FTE System. The State Auditor's Office publishes an annual FTE report for the Legislature; therefore, FTE coordinators may want to perform a quality control check of their data prior to submitting it to the FTE System.

FTE Reporting Requirements

At the end of each fiscal quarter, state agencies and higher education institutions must report to the State Auditor's Office the following information in the manner prescribed by the State Auditor:

- The total number of FTEs paid from appropriated funds.
- The total number of FTEs paid from non-appropriated funds.
- The total number of contract worker FTEs paid from appropriated funds.
- The total number of 100 percent federally funded FTEs.
- The total number of full-time and part-time employees (headcount) paid from appropriated funds and non-appropriated funds.
- The total number of contract workers (headcount) paid from appropriated funds and non-appropriated funds.
- The total number of employees (headcount) and FTEs paid for the following categories of workers (for determining management-to-staff ratios):
 - Executive directors or agency head(s).
 - Managers.
 - Supervisors.
 - Non-supervisory staff.
- For certain agencies, the total number of FTEs paid but exempted from those agencies' FTE limitations through agency-specific riders in the General Appropriations Act. Those FTEs may include FTEs associated with specific strategies, initiatives, or programs, such as certain contractors, interns, trooper trainees, or game warden academy cadets. Those agencies also should report the related total number of employees (headcount) paid.
- For higher education institutions only, the total number of employees (headcount) and FTEs paid for the following categories of employee:
 - Administrators.
 - Faculty.
 - Other staff.

See Appendix 2 on page 21 for a flowchart with additional information on reporting dates.

FTE System Data Entry Instructions

Below are the instructions for entering data into the State Auditor's Office's online FTE System.

FTE Log-in Entry Screen

Point your Web browser to <http://www.sao.state.tx.us/apps/ftewebentry/> to open the FTE System's entry page. Please note that the log-in entry page works only during the months when the FTE System is available for reporting. Reporting occurs in September, December, March, and June.

Enter your agency's or higher education institution's number and password provided by the State Auditor's Office. Designated FTE coordinators receive this password via e-mail when the FTE System is available for reporting.

Section I: Additional Federally Funded FTEs

In the "Additional Federally Funded FTEs" section, you must answer questions about your agency's or higher education institution's federally funded FTEs.

Question 1 asks whether your agency or higher education institution had any FTEs that were 100 percent federally funded and paid from appropriated funds. If you answer "no" to question 1, you can skip to Section II of the FTE System. If you answer "yes" to question 1, you must answer questions 2, 3, and 4.

If you have federally funded FTEs associated with existing projects and included in your agency's or higher education institution's current bill pattern within the General Appropriations Act, you should answer "yes" to question 2. Those FTEs count toward your agency's or higher education institution's FTE limitation.

Answering "yes" to questions 3 or 4 will require that you provide a brief description of the project(s) that used federally funded FTEs. In addition, you must report the number of federally funded FTEs in question 5 under Section II.

FTEs that were not included in your agency's or higher education institution's current bill pattern within the General Appropriations Act and that are associated with a new or unanticipated project that is 100 percent federally funded or is an expansion of an existing project that is 100 percent federally funded should be included in Section II under both columns "FTEs Paid from Appropriated Funds" and "100% Federally Funded FTEs." Those FTEs will not count toward your agency's or higher education institution's FTE limitation and, for the State Auditor's Office's annual FTE report, those FTEs will be backed out under 5A when calculating the number of FTEs that count against the FTE limitation.

Section II: FTE and Headcount Information

In the “FTE and Headcount Information” section, you must report the following:

1. The total number of FTEs paid in the quarter, by funding source, in columns 5A, 5B, 5C, and 5D.
2. The total number of full-time and part-time employees (headcount) paid from appropriated funds and non-appropriated funds and who were employed on the last working day of the quarter in columns 6A and 6B and 7A and 7B, respectively.
3. The total number of contract workers (headcount) paid from appropriated funds and non-appropriated funds and who were providing services on the last working day of the quarter in columns 8A and 8B.

For 5A, report only FTEs paid from appropriated funds. Included under 5A are FTEs paid from federal funds that are included in the agency’s or higher education institution’s bill pattern, FTEs paid from federal funds that are not included in the agency’s or higher education institution’s bill pattern, and FTEs exempted from the agency’s FTE limitation through agency-specific riders in the General Appropriations Act. Exclude contract workers that are listed in 5C to prevent double counting. FTEs listed in 5A and 5C (excluding those reported in 5D and those reported in Section V: Additional FTE Information) are subject to the FTE limitation specified in the agency’s or higher education institution’s bill pattern. Agencies with FTEs exempted from those agencies’ FTE limitations through agency-specific riders in the General Appropriations Act should also report those FTEs in Section V: Additional FTE Information as noted below.

For 5B, report FTEs paid from non-appropriated funds. FTEs listed in that column do not count toward the FTE limitation specified in the agency’s or higher education institution’s bill pattern.

For 5C, report only FTEs paid with appropriated funds for contract workers who worked more than half of the work days during the 12 preceding months. The 12-month period includes the quarter for which you are reporting and the three previous quarters. For additional information on reporting contract workers see pages 12-16.

For 5D, report 100 percent federally funded positions that are not included in the agency’s or higher education institution’s bill pattern. See the General Appropriations Act (83rd Legislature), Article IX, Section 6.10 (h), for additional details. Those FTEs also should be included in column 5A but will be backed out when calculating the number of FTEs that are subject to the FTE limitation for the FTE reports the State Auditor’s Office publishes. Please note that it is possible for an agency or higher education institution to have 100 percent federally funded FTEs that are associated with existing projects and included in its bill pattern (subject to the limitations on state employment levels), as well as 100 percent federally funded FTEs associated with new and

Reporting Assistance

Uniform Statewide Payroll/Personnel System (USPS) Reports 761 and 762 – Reports

available through the Office of the Comptroller Public Accounts can assist with FTE reporting. For additional details see

https://fmx.cpa.state.tx.us/fmx/pubs/usps/reports/761_762.php

USPS Report 509 – A report available through the Office of the Comptroller of Public Accounts can assist agencies with management-to-staff ratio reporting. For additional details see

<https://fmx.cpa.state.tx.us/fmx/pubs/usps/reports/509.php>

unanticipated projects or an expansion of an existing project (which are not subject to the limitations on state employment levels).

Notes on reporting FTEs and headcounts:

1. FTE worksheets are available via the “Web Entry” and “Data Entry” pages to assist agencies and higher education institutions in converting hours paid into FTEs for FTE reporting purposes. Instructions for completing the FTE worksheets can be found within those worksheets. The FTE worksheets are not required to be submitted with your FTE data report.
2. FTE and headcount totals will not necessarily agree in most cases. This is because FTEs are based partially on the total hours worked/paid in the quarter, while headcounts are based on information “as of the last working day of the quarter.” In addition, an FTE is any combination of employees whose hours total 40 hours per week. Therefore, 2 employees (headcount) who each work 20 hours a week together equal 1 FTE.
3. It is possible to report contract worker FTEs without reporting contract worker headcounts. That is because FTEs reported cover the full three months of each reporting cycle and headcounts are reported as of the last working day of the quarter. Therefore, it is possible that contracts may be terminated prior to the last working day. In addition, because contract worker FTEs are reported only after a six-month period, it is possible to report contract worker headcounts but no contract worker FTEs.
4. If your agency or higher education institution has exceeded its FTE limitation, you must provide an explanation. Please be concise and carefully review your explanation to ensure accuracy in both the content and spelling. This information may be included “as is” in the State Auditor’s Office’s published annual FTE report to the Legislature.

FTE Worksheets

The State Auditor’s Office updates the FTE worksheets each reporting quarter to ensure that the work hours in the quarter and formulas for converting hours paid into FTEs are correct. Therefore, it is important that agencies and higher education institutions download and use the FTE worksheet for the current reporting quarter to ensure accurate FTE reporting.

FTE Limitations

Without the written approval from the Office of the Governor and the Legislative Budget Board, state agencies and institutions of higher education may not use funds appropriated by the General Appropriations Act (GAA) to pay all or part of the salaries or benefits of the number of employees that would cause the number of FTEs paid from appropriated funds for a fiscal quarter to exceed the lesser of 110 percent of the authorized FTEs funded by the GAA or 100 percent of the authorized FTEs plus 50.

Agencies and higher education institutions should refer to the GAA (83rd Legislature), Article IX, Section 6.10, for additional FTE reporting requirements on exceeding the limitations established by the Legislature.

Source: General Appropriations Act (83rd Legislature), Article IX, Section 6.10.

Section III: Comments

There are two comment boxes in this section.

In the comment box noted as question 9, you must provide an explanation regarding significant changes to your agency’s or higher education institution’s total number of

FTEs reported in Section II, question 5 (5A + 5B + 5C) from the previous year's corresponding quarter. Explanations are required if you are reporting fewer than 1,000 FTEs and the difference is more than 5 percent, or if you are reporting more than 1,000 FTEs and the difference is more than 50 FTEs.

In the comment box noted as question 10, you must provide an explanation if your agency or higher education institution exceeded its FTE limitation. FTE limitations on state employment levels for most higher education institutions are specified on an annual basis, while FTE limitations for most agencies are specified on a quarterly basis.

Note: Please be concise and carefully review the explanation you provide for question 10 to ensure accuracy in both content and spelling. The explanation may be included "as is" in the State Auditor's Office's published annual FTE report to the Legislature.

Section IV: Management-to-staff Ratio

In the "Management-to-staff Ratio" section, report the entity wide headcount (as of the last working day of the quarter) and the total number of FTEs paid by category of employee (executive director or agency head(s), managers, supervisors, and non-supervisory staff).

In this section:

- The executive director is included in two places: in the executive director category and in the manager category. That individual manages employees within the entity. When calculating the ratio for the State Auditor's Office's annual FTE report, the number of FTEs listed under the executive director category (12a) is backed out so that they are not counted twice.
- Agencies and higher education institutions have the flexibility to categorize positions in a way that best reflects their structure and mission. However, some job classifications should supervise other employees and, therefore, should be counted as a supervisor or manager. Those include employees classified within the State's Position Classification Plan as managers, directors, or program supervisors.
- The total headcount reported here should approximate the total headcount reported in questions 6 and 7 (6A + 6B + 7A + 7B).
- The total number of FTEs reported here should approximate the total number of FTEs reported in question 5 (5A + 5B).

Exclude the following from the management-to-staff ratio section:

- Contract workers.
- Positions that are currently vacant (applies to the headcount number only). However, this does not apply to the executive director category because, even during periods when the executive director position is vacant, someone within the agency or higher education institution is typically designated to handle the duties of that position.

Section V: Detailed Higher Education Institution's FTE and Headcount Information

In the "Detailed Higher Education Institution's FTE and Headcount Information" section, report your higher education institution's headcount (as of the last working day of the quarter) and the total number of FTEs paid by the following categories of employee: administrators, faculty, and other staff.

The following definitions apply to these categories:

1. Administrators include positions defined as "high-ranking administrative positions" within Article III, Special Provisions Relating to State Agencies of Higher Education, Section 5 (7)(b), General Appropriations Act (83rd Legislature). In addition, if an administrator has faculty duties, that individual should be counted as an administrator when determining headcount.
2. Faculty includes positions with the purpose of conducting instruction, research, or public service as a principal activity. Individuals appointed to those positions may hold academic rank titles of professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any of those academic ranks. Adjunct faculty also are included in this category. This category does NOT include graduate, instruction, or research assistants.
3. Other staff should include all other positions not reported as administrators or faculty, including graduate and student assistants.

In addition, there are two comment boxes in this section:

- In the comment box noted as question 15, you must provide an explanation regarding significant changes to the number of FTEs reported in question 14 (14A + 14B + 14C) from the previous year's corresponding quarter. Explanations are required if you are reporting fewer than 1,000 FTEs and the difference is more than 5 percent, or if you are reporting more than 1,000 FTEs and the difference is more than 50 FTEs. Previous data for corresponding quarters is automatically populated in the FTE System.
- In the comment box noted as question 16, you must provide an explanation regarding a variance of 1 or more in FTEs between question 5 (5A + 5B + 5C) and question 14 (14A + 14B + 14C).

Section V: Additional FTE Information (applicable only to certain agencies with FTEs exempted from FTE limitations through agency-specific riders in the General Appropriations Act)

Certain agencies—such as the Office of the Attorney General, the Teacher Retirement System, the School for the Blind and Visually Impaired, the School for the Deaf, the Department of Public Safety, the Commission on Environmental Quality, the Parks and Wildlife Department, the Department of Transportation, and the Department of Insurance—are required to provide information on FTEs that are exempted from those agencies' FTE limitations through agency-specific riders in the General Appropriations Act. Those FTEs may include FTEs associated with

specific strategies, initiatives, or programs, such as certain contractors, interns, trooper trainees, or game warden academy cadets.

In the “Additional FTE Information” section, indicate the types of positions that are exempted from the FTE limitation and provide a reference for the exemption. Report the total number of FTEs paid but exempted from the FTE limitation. Those FTEs also should be included in column 5A but will be backed out when calculating the number of FTEs that are subject to the FTE limitation for the FTE reports that the State Auditor’s Office publishes. Also report the related total number of employees (headcount) not subject to the FTE limitation as of the last working day of the quarter.

Agencies with questions about reporting FTEs exempt from FTE limitations through agency-specific riders in the General Appropriations Act should contact the State Auditor’s Office’s State Classification Team for additional information.

Final Submission Process

Prior to submitting your FTE data, you can use the “Validate My Entries” button to test the data you have entered against the FTE System’s predefined edits. Any errors will be noted, allowing you to make the necessary corrections. Note: Data provided also will be validated against the FTE System’s predefined edits when you attempt to submit your data. Therefore, it is helpful to “validate” your data prior to attempting to submit your data.

If you wish to obtain and print a formatted, hard-copy report of your FTE data prior to submitting it, click on the “Click here to have a copy of the saved report sent to you as an e-mail attachment” link.

After all data has been entered, select the “Submit Final Data” button to complete the final step in the FTE reporting process. To transmit your data to the State Auditor’s Office, you **MUST** click the “Submit Final Data” button. This will save your data to the online entry files. The FTE System will send an email confirming your entries to the FTE coordinator for your agency or higher education institution. That confirmation e-mail will summarize the information you have entered. You do not need to submit hard copies to the State Auditor’s Office.

Note: Acrobat Reader must be installed on your computer before you can view and print the report described above. Some browser settings may need to be adjusted to allow the report to display in your browser window.

Tips for preparing the FTE quarterly report:

- Prepare your data before accessing the FTE System.
- Download and install the Adobe Acrobat Reader prior to entering the FTE System.
- If your agency or higher education institution anticipates exceeding its FTE limitation, it should prepare its explanation **PRIOR** to accessing the FTE System. You will be required to provide an explanation if your agency or higher education institution exceeds its FTE limitation.

- Corrections can be made online through the FTE System. This must be done before the data submission due date and can be done only for the current reporting quarter. Data can be entered and edited as many times as is desired during the current reporting period. If your agency or higher education institution needs to correct data after the FTE System has been closed or for previous quarters, please contact the FTE System Coordinator, Kendra Campbell, with the State Auditor's Office's State Classification Team at (512) 936-9500 or ftecoordinator@sao.state.tx.us.

See Question #5 of the Frequently Asked Questions on pages 10 and 11 for information regarding submitting changes if the system has already closed or if changes need to be made for previous quarters.

Frequently Asked Questions

The following is a list of frequently asked questions (FAQs) regarding FTEs and the reporting process.

General Questions

1. The FTE System asks for total number of FTEs paid in a quarter. If we just have hours paid, how can I convert those to FTEs?

The State Auditor's Office provides worksheets to assist agencies and higher education institutions to convert their total hours paid in a quarter into FTEs. The worksheets are located on the [FTE Worksheets](#) page. The State Auditor's Office updates the FTE worksheets each reporting quarter to ensure that the work hours in the quarter and formulas for converting hours paid into FTEs are correct. Therefore, please ensure that you download and use the FTE worksheet for the current reporting quarter to ensure accurate FTE reporting.

2. I forgot my password. How do I get another one?

New passwords are generated each quarter and sent via e-mail to the FTE coordinator for each entity. That e-mail is sent the first day of the FTE reporting period. If you did not receive that e-mail or if you need the e-mail resent, please contact Theresa Ambrose at the State Auditor's Office at (512) 936-9500 or ftecoordinator@sao.state.tx.us.

3. Who enters the data into the FTE System?

Each entity is responsible for appointing an FTE coordinator who is responsible for entering data into the FTE System. FTE coordinators at agencies and higher education institutions are responsible for accurately reporting FTE data into the FTE System. The State Auditor's Office publishes an annual FTE report for the Legislature; therefore, FTE coordinators may want to perform a quality control check prior to submitting their data.

4. How do you get on the list to become an FTE coordinator?

Provide the following information to Theresa Ambrose at (512) 936-9500 or ftecoordinator@sao.state.tx.us: coordinator's name, title, phone number, fax number, e-mail address, and your agency's or higher education institution's number.

5. I just realized that we submitted the wrong FTE numbers. How do we correct them?

Corrections can be made online through the FTE System during the quarterly reporting period. This must be done before the data submission due date and can be done only for the current quarter. If changes to that quarter need to be made after the data submission due date, or if you need to correct information from a previous quarter, you must use the State Auditor's Office's change worksheet to request those changes. The change worksheet is located on the [FTE Change Worksheet](#) page. After that change worksheet is completed, it must be submitted as an attachment to the following e-mail address: FTEchanges@sao.state.tx.us. Upon receipt

of that worksheet, a Classification Analyst at the State Auditor's Office will contact you with any questions. After the Classification Analyst has made the changes in the FTE System, a copy of those changes will be sent to you. At the time you receive a copy of the changes, it is your responsibility to verify that all changes have been made correctly. After you have verified the changes, you will need to reply back to the e-mail and confirm that the information is as you requested. If you do not receive a copy of the changes within 7 working days, please contact the FTE System Coordinator, Kendra Campbell, with the State Auditor's Office's State Classification Team at (512) 936-9500 or ftecoordinator@sao.state.tx.us; otherwise, your changes may not be made in the FTE System. Corrections to previous quarters are allowed only for the current and previous fiscal year.

6. How do I know whether my data submission for the current reporting period was successful?

After you have submitted FTE data, the FTE coordinator at your entity will receive a confirmation e-mail. If that e-mail is received, there is no need to send additional information or hard copies to the State Auditor's Office.

7. Is it appropriate for an employee to be counted as two FTEs because the employee is considered as a full-time FTE in two different divisions?

One employee cannot be considered two FTEs unless that employee works 80 hours in every single week (40 hours in each division per week).

8. How is the total number of FTEs subject to the limitation on state employment levels (FTE limitation) determined?

The State Auditor's Office determines the total number of FTEs subject to the FTE limitation according to the following formula:

(Total FTEs paid from appropriated funds + Total contract worker FTEs paid from appropriated funds) – (100% federally funded FTEs not included in the entity's bill pattern + FTEs exempted from the entity's FTE limitation through entity-specific riders in the General Appropriations Act)

9. How is the total number of FTEs determined?

The State Auditor's Office determines the total number of FTEs according to the following formula:

Total FTEs paid from appropriated funds + Total FTEs paid from non-appropriated funds + Total contract worker FTEs paid from appropriated funds.

Management-to-staff Ratio

1. What if my agency has a concern about the management-to-staff ratio?

A state agency that believes that the statutory management-to-staff ratio is inappropriate may appeal to the Legislative Budget Board (LBB). The LBB has analysts assigned to each state agency who are available for questions.

2. How many employees must a manager supervise to be counted as a "manager" within the FTE System?

In general, a supervisor or a manager is any employee with at least one direct report.

3. Should vacant positions be counted when calculating the management-to-staff ratio based on either FTEs or headcount?

No. Vacant positions should not be counted.

4. Are any state job classifications automatically counted as supervisory or manager positions?

Some job classifications should supervise other employees and, therefore, should be counted as a supervisor or manager. Those include employees classified within the State's Position Classification Plan as managers, directors, or program supervisors.

5. The FTE System requires that I enter a value in the executive head text box. What if the agency executive position is vacant?

Even during periods when the agency executive head position is vacant, someone within the agency is typically designated to handle the duties of that position. Because the executive head also should be included in the counts for supervisor or manager, this position(s) would be backed out when computing the management-to-staff ratio and should not result in a significant variance from the calculation that would be made if all positions were filled.

6. Why is the executive director position included in two places?

For management-to-staff ratios, data for an executive director is included in two places. First, it is included in the executive director category (this lets the FTE System know whether more than one individual is considered the head of an entity). Second, data for an executive director is included under the manager category because that individual manages employees within the entity. To calculate an entity's management-to-staff ratio, the FTE and headcount for executive directors should be backed out so they will not be counted twice. The following formula is used to calculate the management-to-staff ratio using FTEs:

$\text{Management-to-staff Ratio} = [N+(S-1)]/S$
N=number of non-supervisory FTEs
S=combined supervisor and manager FTEs
NOTE: "S minus 1" excludes the top executive from being considered as a supervised employee. For entities that are directed by more than one top executive, "S minus 1" will be replaced with "S minus the number of top executives."

Contract Workers

1. Does outsourcing count as part of the FTE calculation?

Outsourcing is the strategic use of outside resources, rather than state employees, to perform the services of an entire facility, department, or ongoing function. Outsourcing of entire functions does not count as part of the FTE calculation. Transitional outsourcing, however, would count as part of the FTE calculation for positions that have been filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the quarter.

2. Will functions that are outsourced by legislative mandate count as part of an entity's FTEs?

If the Legislature has explicitly mandated that a function be outsourced, then any position within the function will not be included as part of the FTE calculation.

3. What happens when a temporary or contract worker moves to another position within the same agency or higher education institution?

The worker's hours in the new position would count toward the FTE limitation only if the new position had been filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the quarter.

4. What is meant by "for more than half the workdays of the year"?

The "trigger" for beginning to count toward the FTE limitation is based on days worked, rather than hours worked. Because there are 261 workdays in a year, any position that is filled by a temporary or contract worker for more than 130 days (261/2) will count toward the FTE limitation.

beginning with any hours worked on day 131. A temporary or contract worker who fills a part-time position for more than half the workdays of the year is included in the FTE calculation.

5. How are hours worked by staff under "interagency contracts" and "memoranda of understanding" used in calculating FTEs?

Employees of entities under interagency contracts or memoranda of understanding count as part of the FTE count at the performing agency (the agency at which they were originally employed) rather than at the receiving agency.

6. Because this creates a one-year "look back," and because FTE reporting is done every 90 days, should a contract worker's hours be added to the FTE total from previous quarters after that individual has been employed for more than half the workdays?

No, an agency is given a six-month grace period before the hours for that position count toward the FTE limitation.

7. Does it matter whether a contract is "deliverables-based" as opposed to "time-and-materials-based"?

No. The manner in which a contract is structured is not relevant to inclusion in the FTE calculation. If a position has been filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the quarter and the position is not part of an outsourced contract, the hours worked should be included as part of the FTE count.

8. What is meant by "positions customarily filled by state employees"?

"Positions customarily filled by state employees" is entity- and situation-specific. For example, an entity that does not employ state employees for janitorial services would not include janitorial contractors in its FTE calculation. However, an entity that regularly employs state employees as janitorial staff would include janitorial contractors in its FTE calculation.

9. Can I report contractor FTEs but not report contractor headcounts?

Yes, you can enter contractor FTEs without entering contractor headcounts; however, the FTE System will prompt you to ensure that this is correct. Because FTEs reported cover the full three months of each reporting cycle and contractor headcounts are reported as of the last working day of the quarter, it is possible that contracts may be terminated prior to the last working day. In addition, because contract FTEs are reported only after a six-month period, an entity could report contractor headcounts but not contractor FTEs. In the FTE System, a warning message asks the entity to confirm that those conditions exist.

10. What is the difference between a "contractor" and "consultant"?

Contract workers are defined as independent contractors, temporary workers supplied by staffing companies, contract company workers, and consultants. According to Texas Government Code, Section 2254.021(1), "Consulting service means the service of studying or advising a state agency under a contract that does not involve the traditional relationship of employer and employee."

11. Should the reported headcount and FTEs for contract workers include only contractors who work on the premises?

No, whether the contractor works on or off of the premises does not matter when you are determining which positions should be reported.

Additional Contract Worker Information

Who Gets Counted as a Contract Worker?

To be counted toward an entity's FTE limitation, a consultant, temporary worker, or contract worker must be one of the following:

- **Temporary Workers** - Individuals who are employed by a private temporary services company and usually are assigned for a specified period of time.
- **Independent Contractors** - Individuals who have a contract directly with a state agency or higher education institution.
- **Contract Company Workers** - Individuals who work for a contract company.
- **Consultants** - Individuals who provide or propose to provide a consulting service. The term includes a political subdivision but does not include the federal government, a state agency, or a state governmental entity.

Note: Not all consultants are contract workers. Individuals who provide consulting services as defined by Texas Government Code, Section 2254.021, are specifically excluded from FTE calculations.

To be counted in Section II (c) of the FTE Reporting System and toward an entity's FTE limitation, a contract worker must meet the following four criteria:

- Must support or supplement an entity's existing workforce (that is, cover employee absences, temporary shortages, periods of peak workload, and special assignments).
- Must perform duties customarily accomplished by entity staff.
- Must work for more than half the workdays of the 12-month period preceding the final day of the reporting quarter.
- Must be paid with appropriated funds.

Situations in Which Positions Would Not Count Toward the FTE Limitation

- A university hires an architectural firm to design one or more buildings. Because these are not positions customarily filled by university employees, they would not be counted toward the FTE limitation.
- An agency contracts with private consultants to identify potential sites for radioactive waste disposal. Because the consultants are studying possible options and advising the agency on the most feasible options, they would not be counted toward the FTE limitation.
- An agency contracts out the management and operation of entire prisons or jail facilities. Because the operation of the entire facility is outsourced, this would not count toward the FTE limitation. Another example would be a university that contracts with an outside firm to run its bookstore. Because the contracted firm is paid from funds other than appropriated funds, those positions would not count toward the FTE limitation.

- A university has a contract with a fast food company that it pays with non-appropriated funds to provide food in the student union. The university also employs food service employees who work in the student union. Because the contracted food service employees are paid from non-appropriated funds, those positions do not count toward the FTE limitation.
- An agency contracts for special education hearing officers to carry out hearings between the parents of special education children and the school districts. Federal law requires hearing officers (lawyers) for those hearings, and federal funds pay for this contracted service. Most hearing officers will work more than six months a year. Because those positions are not customarily filled by an agency employee (law stipulates hearings officers must be non-agency contractors and they are paid with federal funds), hearings officers are not counted toward the FTE limitation, even if they work more than six months a year.
- An agency contracts for prison inmate medical services with other Texas state agencies or state higher education institutions. Because the entire inmate medical services function is being outsourced, and because this work has not been customarily performed by agency employees, this would not count toward the FTE limitation. However, because this is an interagency contract, the FTEs would count toward the FTE limitations at the performing agencies or higher education institutions, rather than the FTE limitation at the receiving agency.
- When entire functions are outsourced, they are not counted toward the FTE limitation. Whether contractors work at the entity's facilities or the contract company's facility is not relevant. Some examples are listed below.
 - An agency is building new prisons and contracts out the construction.
 - A university outsources its entire student loan function.
 - An agency awards a six-year, outsourced services contract for help desk support, network management and operations, hardware maintenance, software maintenance, computer operations, and disaster recovery planning. Although the majority of the outsourced services staff is stationed in the outsourced services firm's own premises, some individuals are stationed in the agency's premises to enhance communication and increase the quality of services.
- An agency has a 20-year history of hiring temporary data entry clerks to enter public information reports (PIR). The workload is seasonal. During the regular workweek, there are office space restrictions, a limited number of available computer terminals or workstations, and limited supervisory staff. Consequently, the agency has hired temporary PIR data entry clerks on Saturdays and Sundays when regular full-time employees were not working and office space and computer resources were not being used. Because the positions are seasonal and temporary, they will not count toward the FTE limitation, because the temporary data entry clerks will not have filled a position "for more than half of the workdays of the year preceding the final day of the reporting period." The fact that there are office space restrictions and the contractors are working on weekends is irrelevant in determining whether the positions count toward the FTE limitation.
- An agency hires a secretary through a temporary agency to fill in for two months while a secretary is on maternity leave. This would not count toward the FTE limitation because the temporary worker fills the position for only two months. A position must be filled for more than half of the workdays of the year preceding the final day of the reporting period to count toward the FTE limitation.

Appendix 1 - FTE System Definitions

Administrators. Article III, Special Provisions Relating to State Agencies of Higher Education, Section 5 (7)(b), General Appropriations Act (83rd Legislature) specifies that “a high-ranking administrative position” includes the following positions:

- (1) Chancellor.
- (2) Vice chancellor.
- (3) Associate chancellor.
- (4) Assistant chancellor.
- (5) President.
- (6) Vice president.
- (7) Associate vice president.
- (8) Assistant vice president.
- (9) Dean.
- (10) Associate dean.
- (11) Assistant dean.
- (12) Any other administrative position having similar responsibilities to the other positions listed in this subsection.

For example, if an administrator has faculty duties, the individual should be counted as an administrator when determining headcount.

Appropriated Funds: Money appropriated by the General Appropriations Act or another act of the Texas Legislature that creates an appropriation (as opposed to outside funding sources).

Contract Workers: Contract workers are individuals who filled a position for more than half of the workdays of the year preceding the final day of the reporting period. Only contract workers who worked after the half-year limitation are included in the FTE calculation. Contract workers are defined as:

- **Temporary Workers:** Individuals who are employed by a private temporary services company and are usually assigned for a specified period of time.
- **Independent Contractors:** Individuals who have a contract directly with a state agency or higher education institution.
- **Contract Company Workers:** Individuals who work for a contract company.
- **Consultants:** Individuals who provide a consulting service. The term includes a political subdivision but does not include the federal government, a state agency, or a state governmental entity.

NOTE: Not all consultants are contract workers. Individuals who provide consulting services as defined by Texas Government Code, Section 2254.021, are specifically excluded from FTE calculations.

To be counted in Section II (c) of the FTE Reporting System, a contract worker must meet the following four criteria:

- Must support or supplement an entity's existing workforce (that is, cover employee absences, temporary shortages, periods of peak workload, and special assignments).

- Must perform duties customarily accomplished by entity staff.
- Must work for more than half of the workdays of the 12-month period preceding the final day of the reporting quarter.
- Must be paid with appropriated funds.

If those criteria are met, then contract workers will count toward an entity's FTE limitation.

Faculty: Positions with the purpose of conducting instruction, research, or public service as a principal activity. Individuals appointed to those positions may hold academic rank titles of professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any of those academic ranks. Adjunct faculty are included in this category. This does NOT include graduate, instruction, or research assistants.

Full-time Equivalent (FTE) Employee: A ratio that represents the number of hours that an employee works compared to 40 hours a week. Full-time employment is generally considered to be 40 hours a week. An FTE is any combination of workers that combines to 40 hours per week and does not necessarily equate to headcount. For example, two half-time (20 hours per week) workers together equal one FTE. FTEs are calculated by dividing the total number of paid hours in a quarter by the number of hours in the quarter. (Texas Government Code, Section 2052.102).

Full-time Equivalent (FTE) Limitation: A number of FTEs provided for a state agency or higher education institution in the agency's or institution's bill pattern. Sometimes referred to as an "FTE Cap." This is a limit that the Texas Legislature establishes for state employment levels. Legislative agencies, courts, and several state agencies are not subject to FTE limitations, but they are still required to report their FTE numbers. For agencies with designated FTE limitations on state employment levels, only FTEs paid from appropriated funds and certain contract FTEs count toward the limitation.

FTE Coordinator: The designated representative from each entity who is responsible for submitting FTE data through the FTE System on a quarterly basis. FTE coordinator changes can be made by contacting the State Auditor's Office.

Non-appropriated Funds: Any monies that are at the disposal of the agency or higher education institution, including institutional funds or grant monies, that are not appropriated.

Management-to-staff Ratio: A ratio used to determine the management span of control within an entity. Span of control refers to the number of employees who report directly to a single manager or supervisor. This ratio considers the number of managers and supervisors compared with the number of staff. The statutory target ratio is 1:11 (Texas Government Code, Section 651.004).

Other Staff: For a higher education institution, this includes all positions not reported as administrators or faculty (other staff also includes graduate and student assistants).

Total number of Full-time Employees (Headcount) as of the Last Working Day of Quarter: Employees scheduled to work the number of hours that represents regular full-time employment (usually 40 hours per week) in accordance with Texas Government Code, Chapter 658, on the last working day of the quarter. Includes full-time employees in a paid leave, holiday, or compensatory time taken status; students; and temporary or seasonal employees (on the

State's payroll) who are employed to work the number of hours that represents full-time employment. Include those employees in the FTE calculation only if they are employed on the last working day of the quarter.

Total number of Part-time Employees (Headcount) as of the Last Working Day of Quarter:

Employees scheduled to work fewer than the number of hours that represents regular full-time employment (usually 40 hours per week) in accordance with Texas Government Code, Chapter 658, on the last working day of the quarter. Includes part-time employees in a paid leave, holiday, or compensatory time taken status; students; and temporary or seasonal employees (on the State's payroll) who are employed to work the number of hours that represents part-time employment. Include those employees only if they are employed on the last working day of the quarter.

Appendix 2 - FTE Quarterly Reporting Process Flowchart

