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A Quarterly Report of Full-Time Equivalent State Employees for the Quarter Ending May 31, 1999

December 15, 1999

Members of the Legislative Audit Committee:

There were 272,818 full-time equivalent (FTE) state employees for the quarter ending May 31, 1999, based on reports submitted by 212 agencies and institutions of higher education. There were 249,943 full-time state employees and 61,556 part-time state employees. Agencies and institutions of higher education reported using 27,158 contractors and consultants as of the last working day of the quarter. The overall statewide management-to-staff ratio was 1 manager to 13.81 staff members.

Changes in State Employment

Compared to the previous quarter, overall FTEs increased by 1.01 percent. In comparison to the third quarter of 1998, state employment has increased slightly by .11 percent. Total statewide employment has increased by almost 7 percent over the past five years. Since 1994, the number of FTEs working in public safety and criminal justice agencies has increased significantly (over 14,000 FTEs). Institutions of higher education have also seen significant growth in the past five years. They have increased by nearly 12,000 FTEs.

Since 1989 total statewide FTEs have increased by over 28 percent (60,431 FTEs). Nearly all of this growth in the past 10 years has been at public safety and criminal justice agencies (27,960 FTEs) and higher education institutions (26,575 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 16 largest agencies, which make up 11 percent of total agencies.

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Forty-four percent of the State's employees work at institutions of higher education:

- Over one-third of higher education employees are paid with funds that are not appropriated by the State.
- Over one-third of higher education employees work in health-related institutions.
- Almost three-quarters of higher education employees 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 Texas Engineering Experiment Station, the Health and Human Services Commission, the Agricultural Extension Service, the Commission for the Blind, the Juvenile Probation Commission, and the State Law Library 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 11 of the attachment.

The attachment contains additional information about the State's FTEs. However, it does not contain the Quarterly Summary tables that the State Auditor's Office 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 website at [www.sao.state.tx.us/ ReportsMn/reports/00-702.pdf](http://www.sao.state.tx.us/ReportsMn/reports/00-702.pdf). You may also request a hard copy from Production Services by calling 479-4740 and asking for SAO Report No. 00-702 (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

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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 272,818 full-time equivalent (FTE) state employees for the quarter ending May 31, 1999, based on reports submitted by 212 agencies and institutions of higher education. There were 249,672 full-time state employees and 61,556 part-time state employees. Agencies and institutions of higher education reported using 27,158 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 Second Quarter of Fiscal Year 1999, the Number of FTEs Has Increased Slightly

Table 1

Change in Number of FTEs From the Second Quarter of Fiscal Year 1999 to the Third Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	1,265.06	.84%
Higher Education Institutions	1,241.32	1.04%
Statewide	2,506.38	1.01%

- Among the largest increases in FTEs were Workforce Commission (324.31 FTEs), Sam Houston State University (255.66 FTEs), Department of Human Services (254.20 FTEs), The University of Texas at Austin (243.59 FTEs), and Prairie View A&M University (234.78 FTEs). Four other agencies and universities increased by more than 100 FTEs.
- The largest decreases of FTEs were at The University of Texas Medical Branch at Galveston (725.41 FTEs), and the Department of Mental Health and Mental Retardation (126.73 FTEs). No other agency decreased by 100 or more FTEs since last quarter.

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Compared to the Third Quarter of Fiscal Year 1998, the Number of FTEs Has Remained Nearly Constant

Table 2

Change in Number of FTEs From the Third Quarter of Fiscal Year 1998 to the Third Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	(544.59)	(.36)%
Higher Education Institutions	1,069.37	.90%
Statewide	524.78	.19%

- The increase of 524.78 FTEs (0.19 percent) from the third quarter of 1998 to the third quarter of 1999 reflects that the State's employment has remained nearly constant.
- Between the third quarter of 1998 and the third quarter of 1999, there was a .70 percent increase in FTEs at institutions of higher education and a .36 percent decrease in FTEs at state agencies.

Over the Past Five Years, Total Statewide Employment Has Increased by 6.85 Percent

Table 3

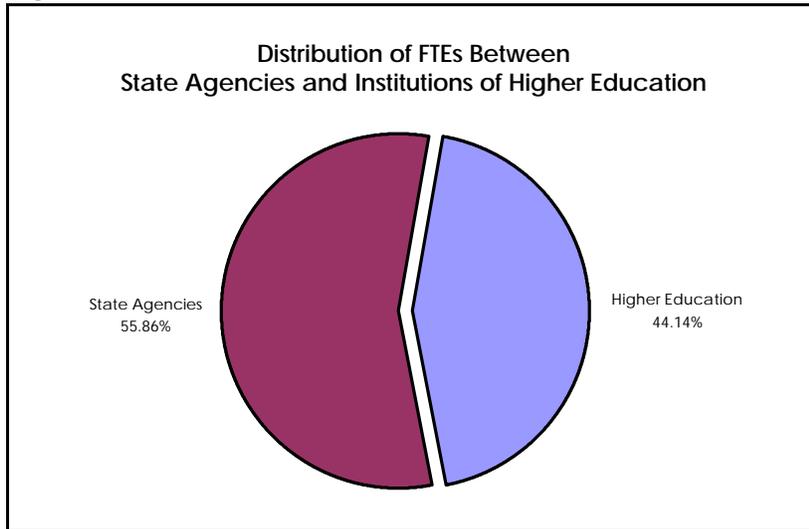
Change in Number of FTEs From the Third Quarter of Fiscal Year 1994 to the Third Quarter of Fiscal Year 1999		
Area	Increase/(Decrease) in FTEs	
State Agencies	5,378.70	3.66%
Higher Education Institutions	12,122.75	11.19%
Statewide	17,501.45	6.85%

- Public safety and criminal justice agencies increased by 36 percent:
 - Department of Criminal Justice: 11,122 FTEs
 - Youth Commission: 2,317 FTEs
 - Department of Public Safety: 939 FTEs
- Higher education institutions increased by 11 percent:
 - The University of Texas Medical Branch at Galveston: 3,132 FTEs
 - Texas Tech University Health Sciences Center: 1,428 FTEs
- Health and human services agencies decreased by 14 percent:
 - Department of Mental Health and Mental Retardation: (5,942) FTEs
 - Department of Human Services: (2,462) FTEs

Distribution of State Employees

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

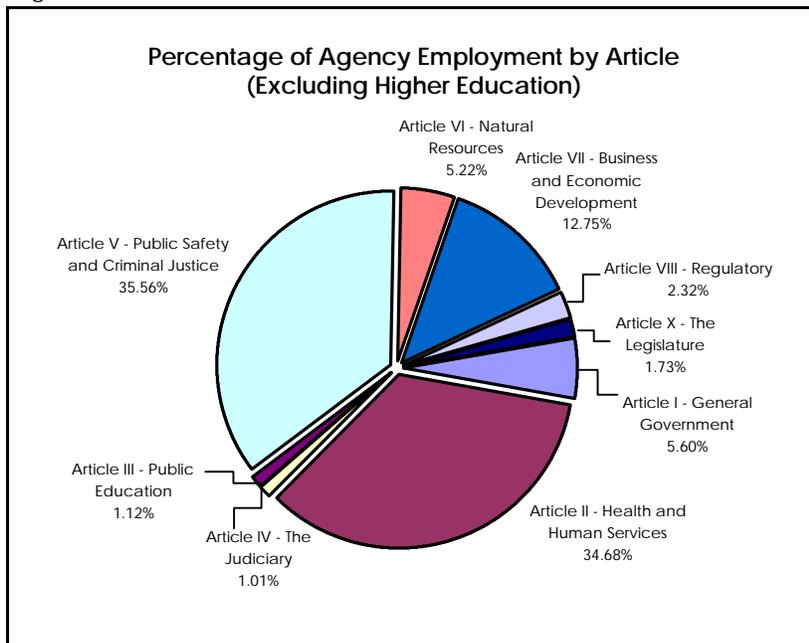
Figure 1



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

Nearly Three-Fourths of State Agency Employees Work in Public Safety and Criminal Justice or Health and Human Services

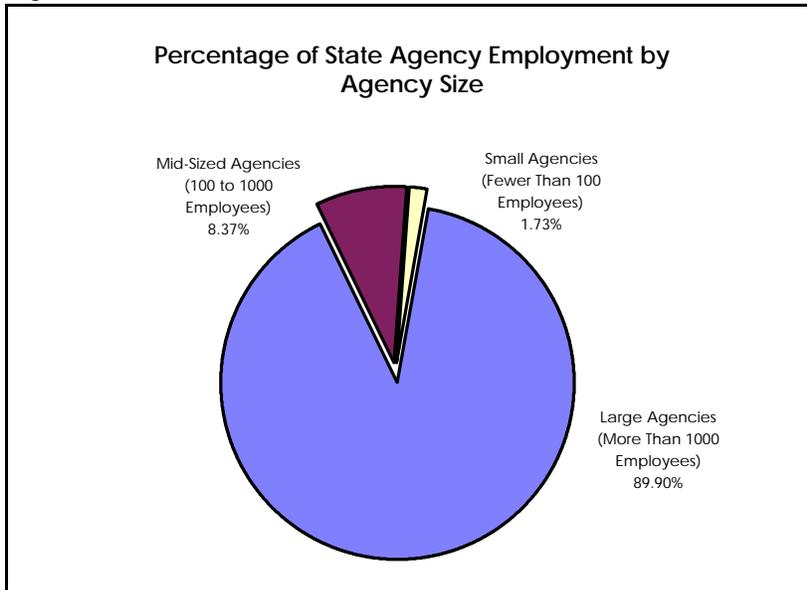
Figure 2



As 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 11 percent of total agencies.

Figure 4

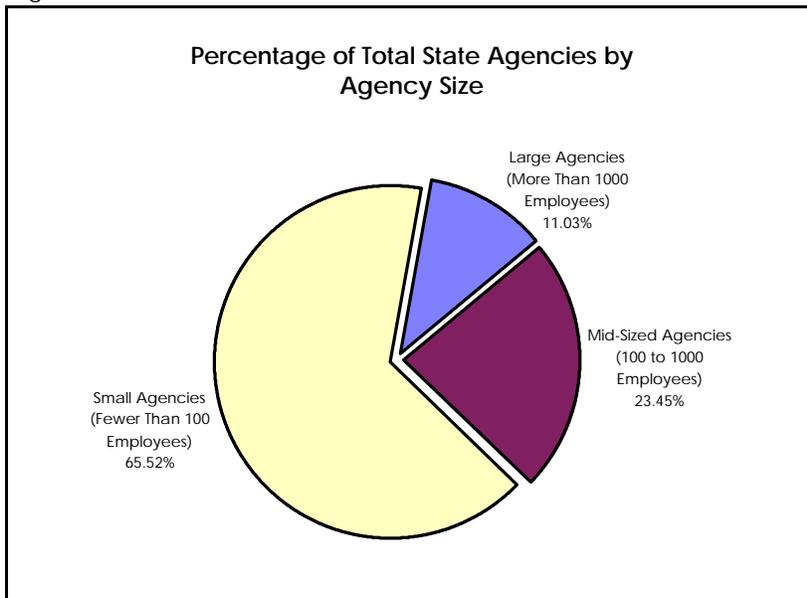
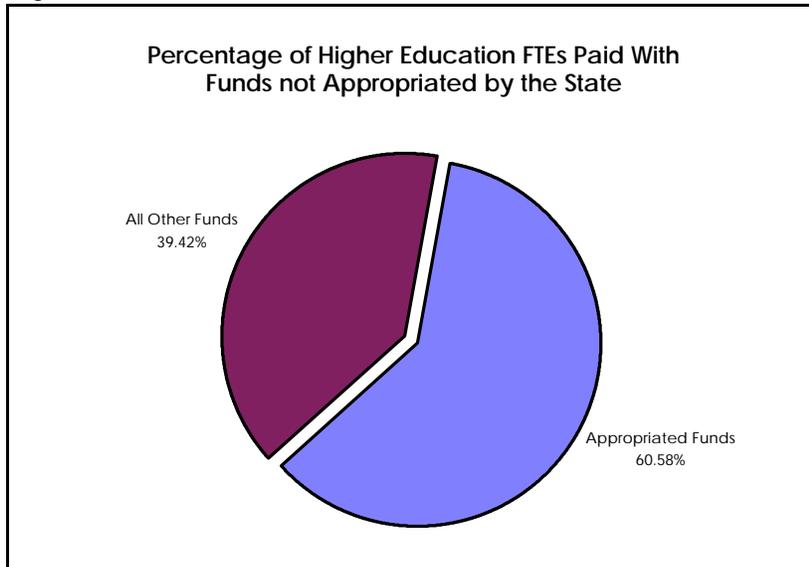


Figure 4 shows that although less than 2 percent of state employees work for small agencies, nearly two-thirds of all agencies are small agencies.

Over One-Third of Higher Education Employees Are Paid With Funds That Are Not Appropriated by the State

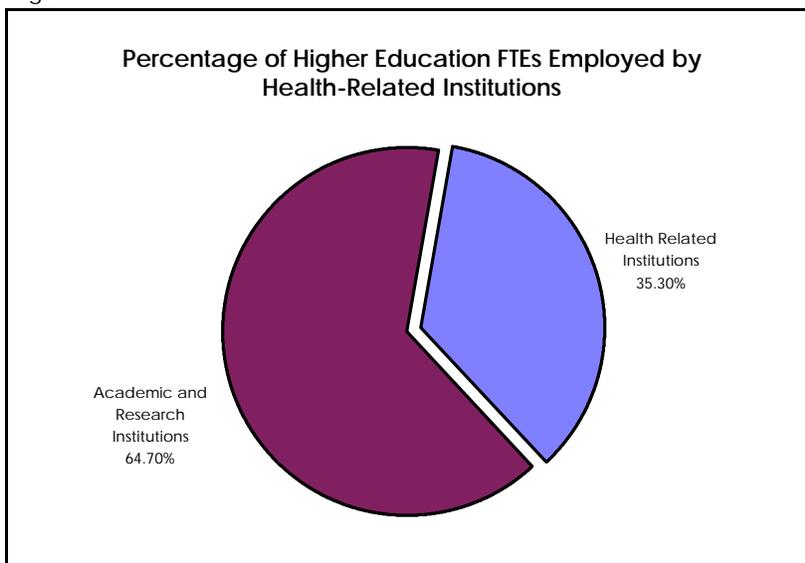
Figure 5



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 One-Third of Higher Education Employees Work in Health-Related Institutions

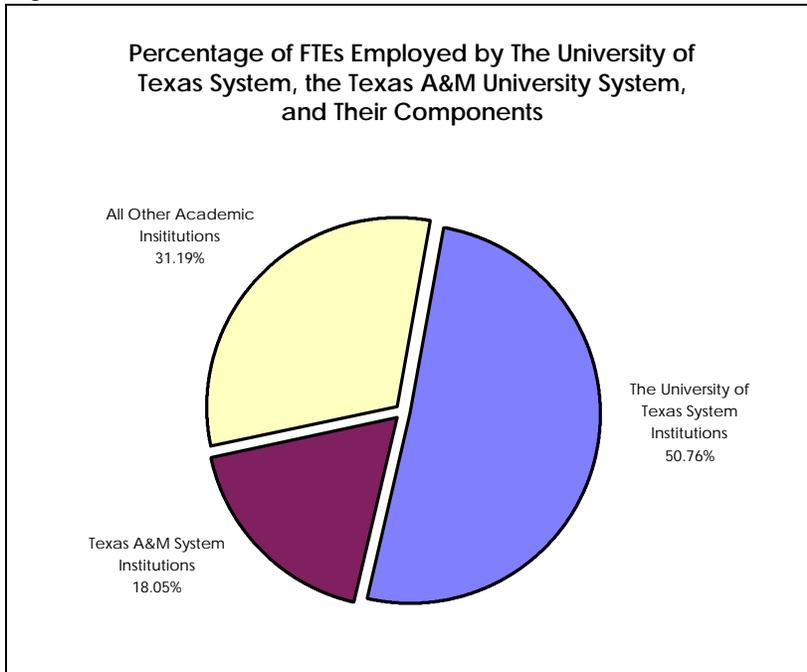
Figure 6



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



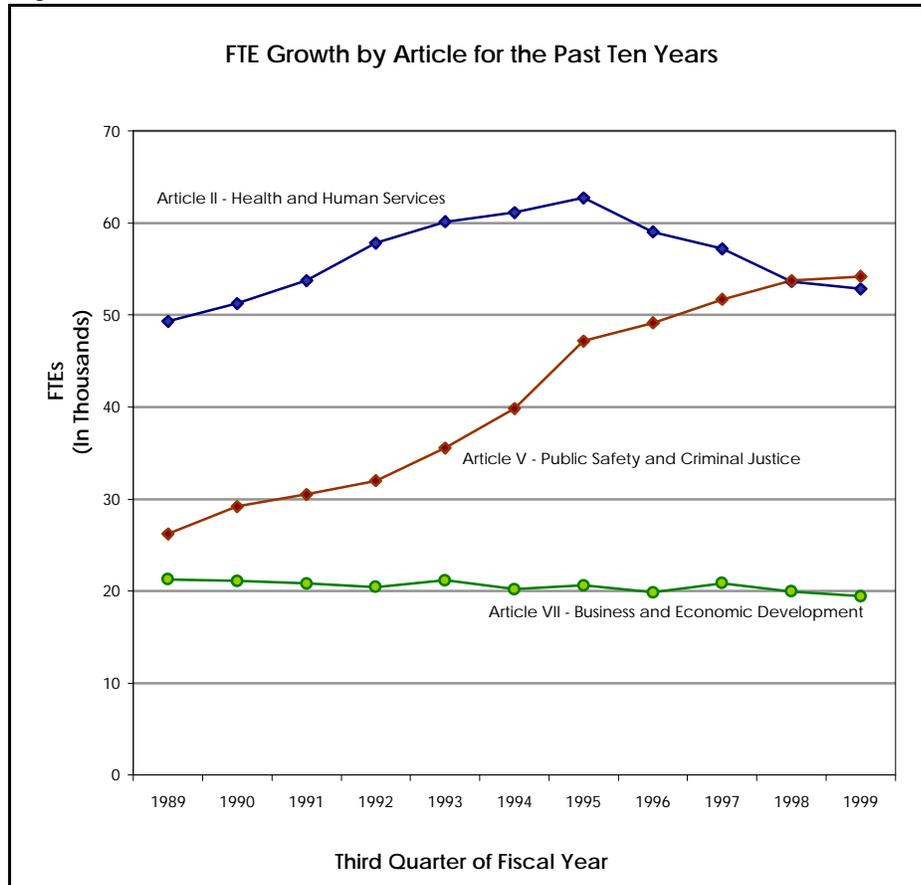
As Figure 7 shows, over half of higher education FTEs are employed at branches of The University of Texas System. The Texas A&M University System components employ the next highest number of FTEs, with over one-sixth of higher education FTEs.

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 past 10 years (nearly 28,000 FTEs).

Figure 8



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

Business and economic development agencies decreased by nearly 2,000 FTEs in the last 10 years mainly due to decreases at the Texas Workforce Commission.

The Number of FTEs in Articles With Fewer than 10,000 FTEs Has Grown in the Past 10 Years, But Has Not Changed Significantly Over the Past Five Years

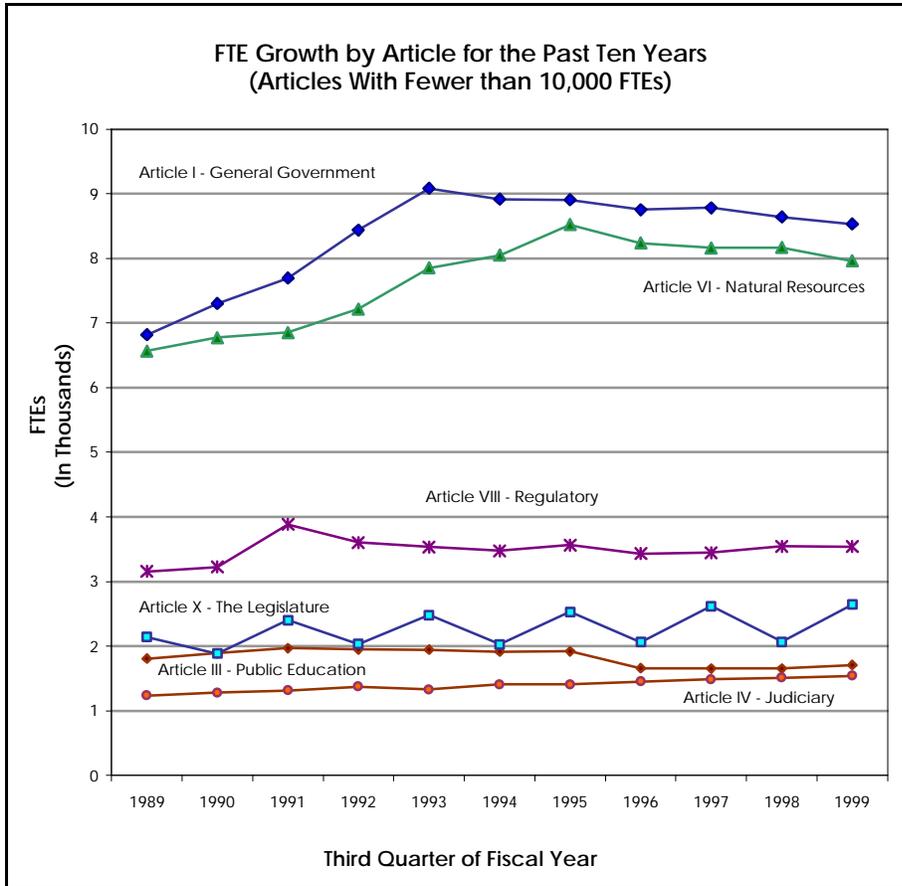
As Figure 9 shows, general government and natural resources agencies have experienced significant growth since 1989. General government agencies added 1,713 FTEs, and natural resources agencies added 1,395. Both articles, however, have

decreased the number of their FTEs since 1995.

Legislative, judiciary and regulatory agencies also increased the number of their FTEs in the past 10 years: legislative agencies by 502, judiciary agencies by 307 FTEs, and regulatory agencies by 380.

Public education agencies decreased total FTEs by 97 in the past 10 years.

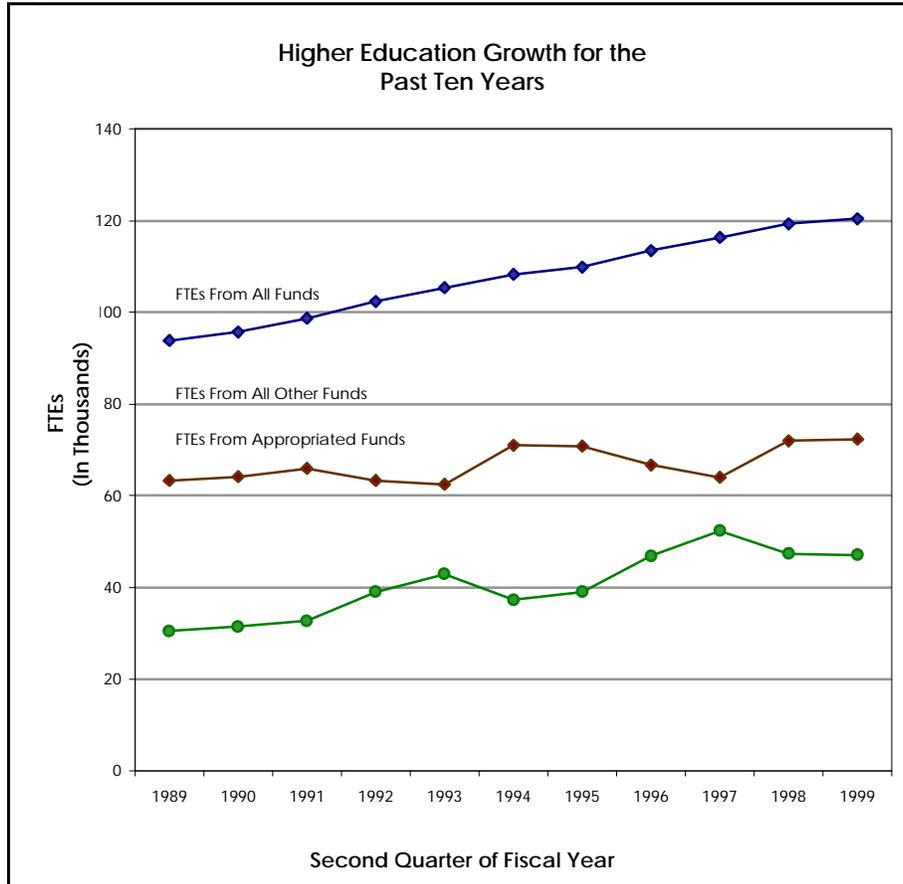
Figure 9



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 26,000 since 1989.

Figure 10



The majority of this increase (nearly 17,000 FTEs) has been in positions paid from funds other than those appropriated by the Texas Legislature.

Consultants and Contractors

During the Third Quarter of Fiscal Year 1999, More Than One-Third of the State's Contractors and Consultants Worked for the Department of Transportation

Agencies and institutions of higher education reported using 27,158 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	11,163	The University of Texas at Austin	2,506
Department of Mental Health and Mental Retardation	897	Texas A&M University System	1,336
Department of Health	564	Texas Engineering Experiment Station	859
General Services Commission	553	The University of Texas M.D. Anderson Cancer Center	855
		The University of Texas Medical Branch at Galveston	602
		Sam Houston State University	527

FTE Caps

Seven entities exceeded their quarterly FTE caps, (which the Legislature sets), without approval from the Legislative 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	189.95	.47	The agency exceeded its FTE cap, in part, due to the required staffing of twenty newly constructed trusty camps.
Texas Engineering Experiment Station	162.47	28.38	No explanation provided.
Health and Human Services Commission	10.93	6.98	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 were approved on July 30, 1999.
Agricultural Extension Service	5.09	.46	No explanation provided.
Commission for the Blind	.60	.10	During its normal course of operations, the agency exceeded the FTE cap by less than one FTE and is closely monitoring the count to ensure compliance with the cap.
Juvenile Probation Commission	.34	.71	No explanation provided.
State Law Library	.05	.48	New part time employee overlapped with terminating employee for three weeks while new employee was trained.

Management-to-Staff Ratios

Table 6

Category	Management-to-Staff Ratio
Agencies/Institutions With Fewer Than 100 Employees	1 Manager/Supervisor to 5.60 Staff Members
All Other Agencies	1 Manager/Supervisor to 11.37 Staff Members
All Other Higher Education Institutions	1 Manager/Supervisor to 18.64 Staff Members
Statewide Average	1 Manager/Supervisor to 13.81 Staff Members

The overall statewide management-to-staff ratio was 1 manager/supervisor to 13.81 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.

One-third of agencies and higher education institutions achieved the desired ratio of 1 manager/supervisor for every 11 non-supervisory staff members. Twenty-four agencies and forty 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. Twelve of the 101 agencies and institutions (12 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. The Department of Criminal Justice, with over 40,000 FTEs, reported a ratio of 1:78.5 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 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.

FTE Data

- 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.
- Agencies with significant percentages of employees who work non-standard workweeks 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:

$\text{Management-to-staff ratio} = \frac{[N+(S-1)]}{S}$ <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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