

A Summary of the

Texas State Workforce for Fiscal Year 2002

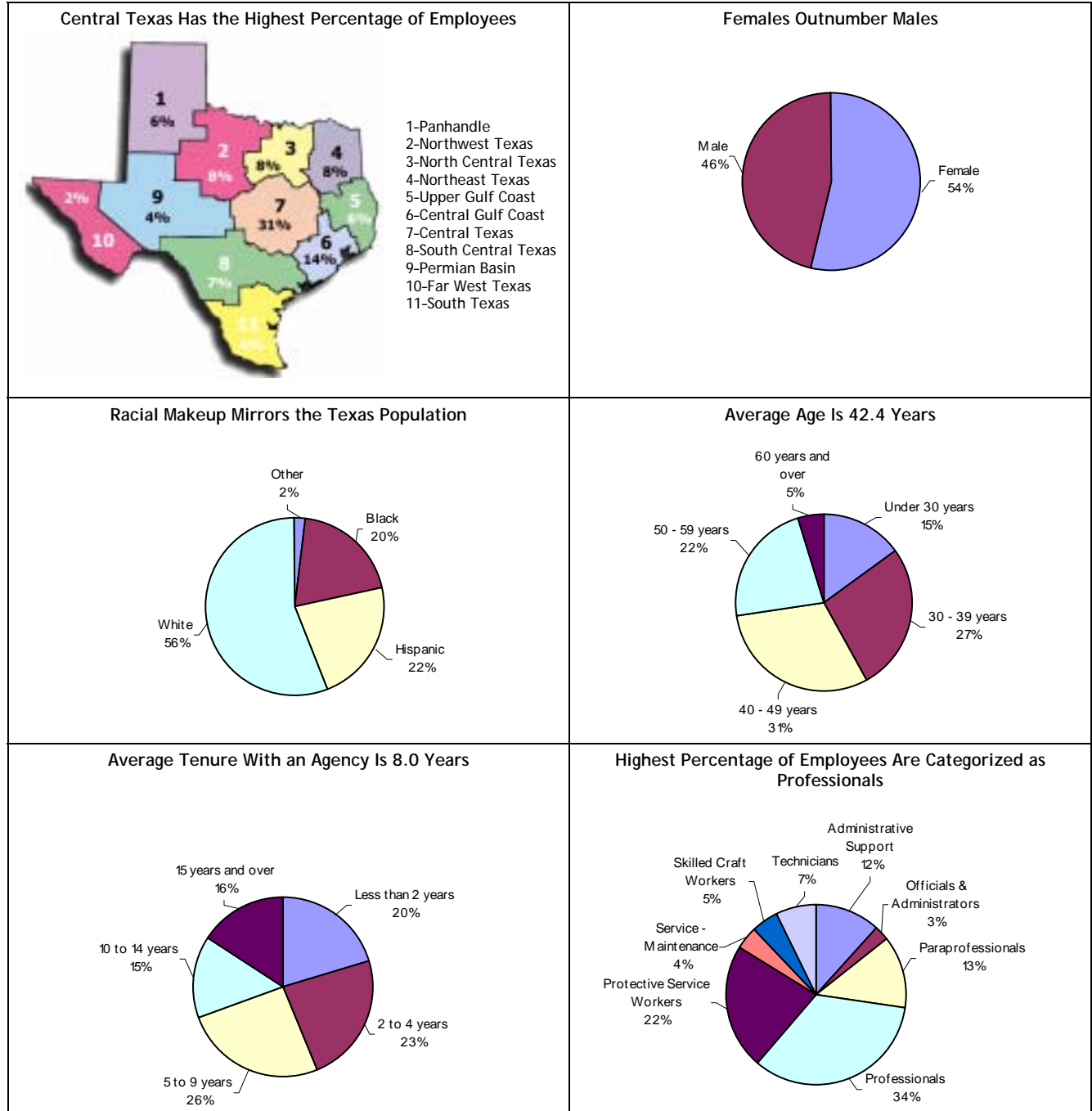
December 2002

Report No. 03-703



State of Texas Full-Time Classified Employees Fiscal Year 2002

Number of Full-Time Classified Employees	142,931
Average Annual Salary	\$32,238
Turnover Rate	14.8%



A Summary of the Texas State Workforce for Fiscal Year 2002

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Texas State Workforce

Texas state government employs 142,931 full-time classified employees. There are an additional 10,013 employees in part-time, temporary, exempt, and unclassified positions and 167,664 employees working in various capacities at institutions of higher education. This report focuses on the demographics of only full-time classified employees, hereinafter referred to as "state employees."

The composition of state employees generally mirrors that of Texas' civilian labor force, although there are more females and more minorities in state government.

The average state employee is 42.4 years old, makes an annual salary of \$32,238 (up from \$27,146 five years ago), and has been with his or her current agency for 8 years (although almost half of state employees have less than 5 years of experience with their agencies).

The majority of state employees are female, work in the Central Texas region, and work in professional and protective service positions.

What Does This Mean for Texas?

There will continue to be a shortage of talent nationwide and throughout Texas:

- The State's senior workforce is rapidly becoming eligible for retirement.
- Its entry-level workforce has high turnover.
- The workforce is inexperienced.

The level of attention given to workforce planning will determine how successfully the State will meet its service obligations to the citizens of Texas.

The demographics in this report are just a beginning. There are self-service tools available to allow agencies and legislative staff to examine trends on a statewide, regional, or agency basis to look toward the future, plan ahead, and prevent surprises. That's Workforce Planning.

The workforce challenges faced by the State are, to some degree, the same risk factors facing the United States as shown in the table on the next page.

Workforce planning is a systematic process for identifying the human capital required to meet agency goals and developing the strategies to meet these requirements.

Source: *Workforce Planning Guide*, SAO Report No. 02-322



Workforce Challenges	
National	Texas State Government
Aging Workforce Means Increasing Retirements	
"Over the 1998-2008 period, the oldest baby-boomers will be aged 52 to 62. After 2008, as more and more baby-boomers reach retirement age, the impact of their retirements will continue to grow." ^a	The average state employee is 42.4 years old, up from 40.9 five years ago. Overall, retirements among state employees have increased over the past five years. Over 8,000 state employees are eligible to retire today.
More Minorities and Women in the Workforce Means Greater Training Needs	
"The challenge facing America will be to ensure that the growing numbers of women and minorities in the population ... have the skills and training to fill the job opportunities that will become open to them in the coming years." ^b	The composition of the state workforce generally mirrors that of Texas' civilian labor force, although there are more females and more minorities in state government.
Labor Shortage Means the War for Talent Will Continue	
"Despite the recession and the effects of September 11 on the economy, 23 million net new jobs will be created in the next 10 years if the trends of the last decade continue in our country. At current labor force participation patterns, the supply of employees will be increasingly out-stripped by the demand for labor to meet the needs of our population." ^c	The Bureau of Labor Statistics has predicted occupations with the largest job growth for the years 2000 through 2010. Texas also has 13 job class series containing 15,961 employees that fall within the largest growth occupations. Should these trends continue, the State of Texas should expect tough competition for occupations with the largest job growth.
Rising Health Care Costs Mean Additional Strain on Already Tight Budgets	
"In the past year, the employer cost of providing employee healthcare coverage has risen by 10.4 percent. In March 2002, that resulted in the typical employer's annual cost per employee for health insurance benefits being \$4,891 by March 2002, and if the trend of the past six years continues, it will rise to \$7,200 by 2006." ^d	According to Employees Retirement System's Health Plan Financial History, the State's expenditures for employee health care have risen 59.9 percent over the past five years, from \$699.6 million to \$1.1 billion and are expected to rise another 13.5 percent in fiscal year 2003.
^a Dohm, Arlene, "Gauging the labor force effects of retiring baby-boomers," <i>Monthly Labor Review</i> , July 2000, p.17. ^b Ibid. ^c Ibid. ^d Employment Policy Foundation, "Labor Day 2002: American Workplace Faces Difficult Year, Next 30 Years Filled With More Challenges," Employment Policy Foundation News Release, August 28, 2002.	

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Detailed Results

Chapter 1

Workforce Characteristics

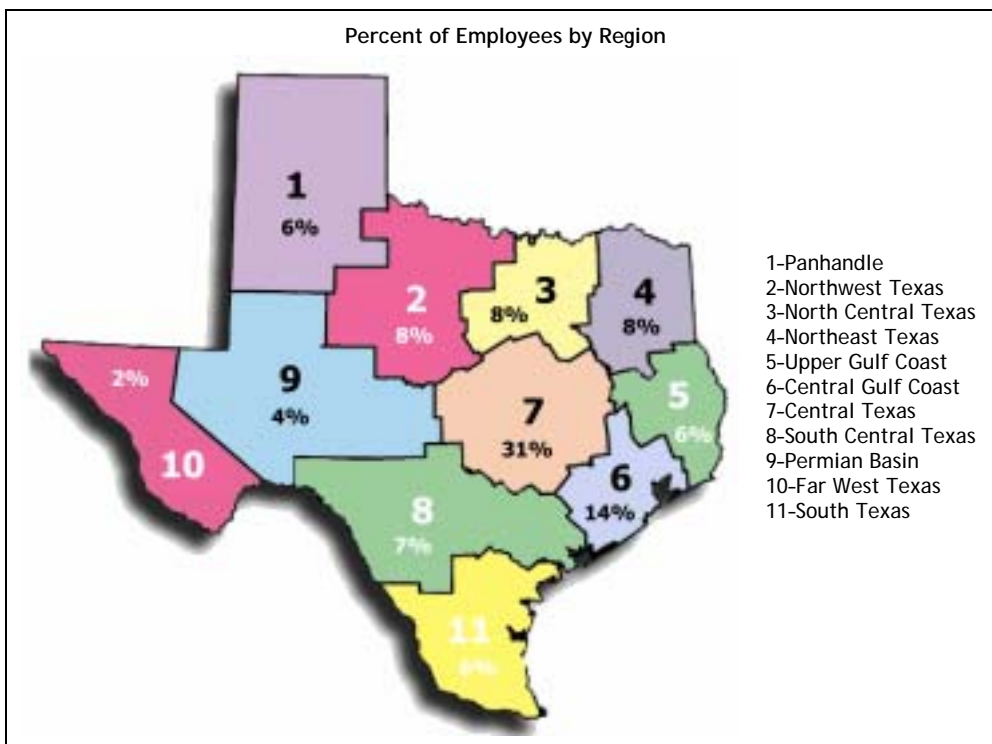
Chapter 1-A

General Workforce Characteristics

The following demographics describe the State's workforce during fiscal year 2002. Wherever appropriate, a five-year history is shown to highlight significant trends, and comparisons are made to other populations, such as the Texas civilian labor force.

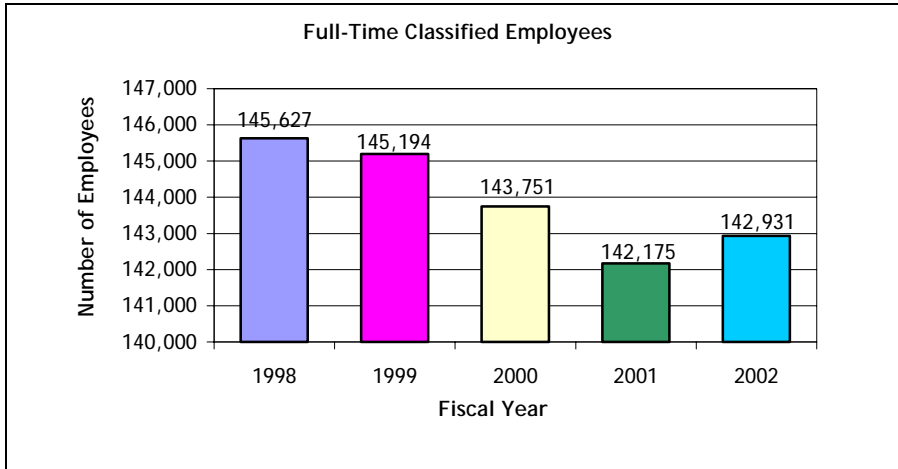
Regions

The highest percentage of state employees (31 percent) work in the Central Texas region, more than twice the number of employees as the Central Gulf Coast, the second largest region (14 percent).



Headcount

The number of employees slightly increased in fiscal year 2002 after years of decline. This increase may be attributed to authorized increases in employee caps and the reduction in turnover during fiscal year 2002.

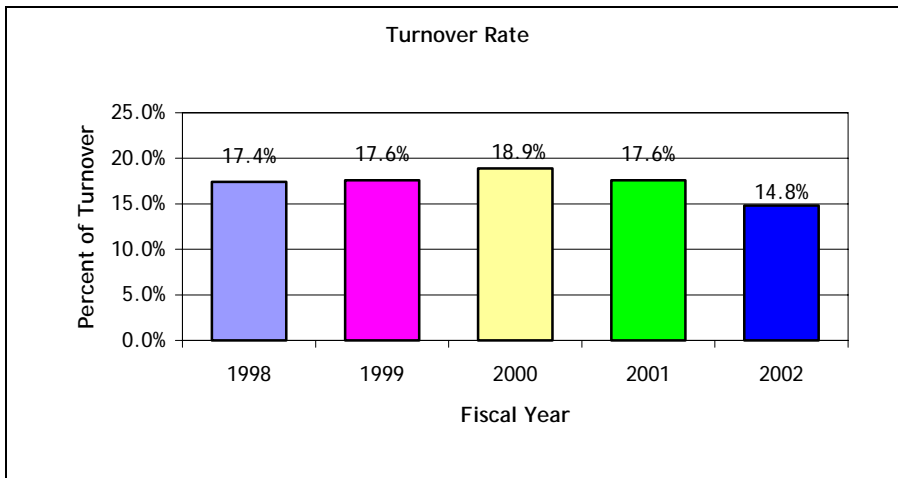


Turnover

Turnover rates have declined over the last two years, most significantly in fiscal year 2002. According to the 2001–2002 Survey of Organizational Excellence, 86 percent of respondents intend to remain with the State for the next two years. Conversely, the percentage of employees who do not intend to remain is relative to the State’s turnover rate.

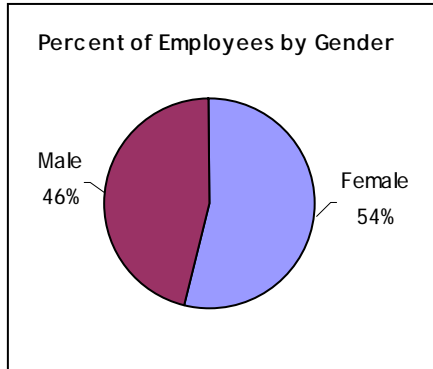
Risk Factor	
The cost of turnover:	
▪	\$227 million - FY 2002
▪	\$254 million - FY 2001

The fiscal year turnover rate of 14.8 percent is expensive. The U.S. Department of Labor estimates turnover costs at one-third of a departing employee’s annual salary. This very conservative estimate means turnover cost the State approximately \$227 million in fiscal year 2002.



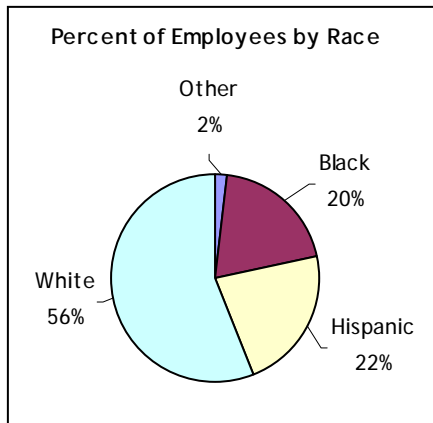
Workforce Demographics

Gender



Females make up slightly more than half of the State's workforce. This is directly opposite of the overall Texas civilian labor force, which is 55.5 percent male and 44.5 percent female.

Race



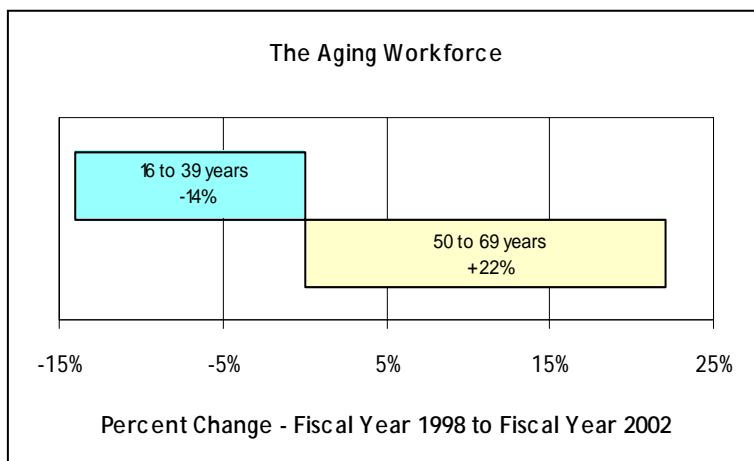
The State's workforce is racially diverse, with 56 percent White, 22 percent Hispanic, and 20 percent Black. These percentages have not changed significantly in the past five years.

This compares favorably to Texas' civilian labor force percentages of 78 percent White and 11 percent Black. The civilian labor force statistics do not count Hispanic as a race. Instead, Hispanic people are counted as an ethnic group and account for 22 percent of the civilian labor force.

Age

The workforce is aging. The average age for a state employee has risen from 40.9 years old to 42.4 years old from 1998 to 2002.

In the past five years, the number of employees between 16 and 39 years old has decreased by 14 percent, while the number of those 50 to 69 years old has increased



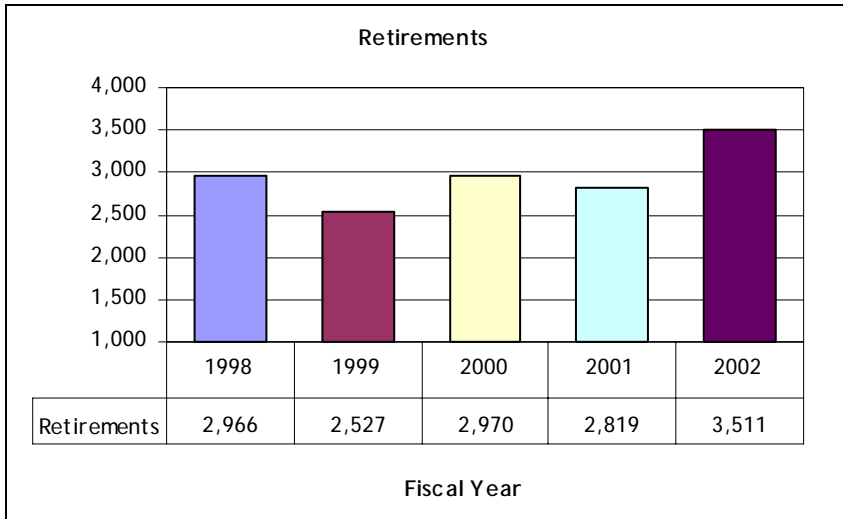
by 22 percent. This trend will continue as the baby boomers age. The 40- to 49-year-old group increased by less than 1 percent.

Retirement

Overall, retirements have increased steadily over the past five years. In addition to increased retirements, there is a growing pool of more than 8,000 employees who are eligible to retire but have opted not to retire at this time. The baby boom generation, born between 1946 and 1964, also represents a very large and growing pool of pending retirees.

Risk Factor

- More than 8,000 state employees are eligible to retire today.
- Many baby boomers (born between 1946 and 1964) turn 56 years old in 2002, an age at which many employees start looking seriously at retirement.

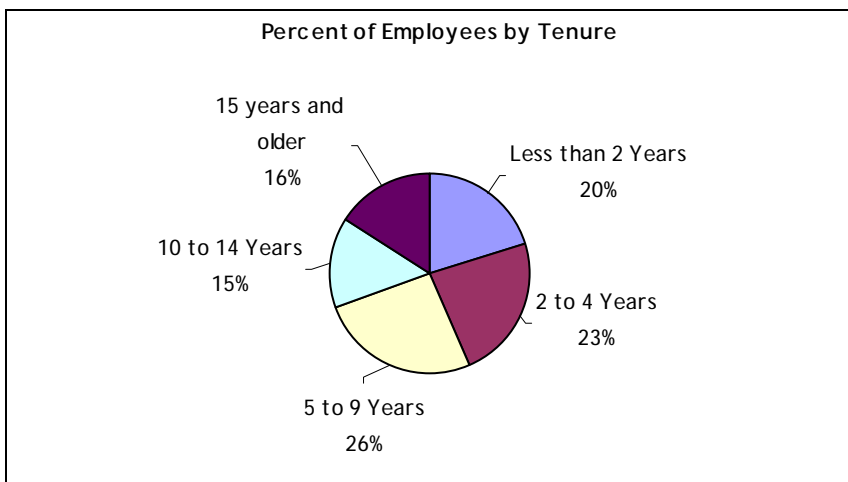


Tenure

State employees lack significant experience. Almost half (43 percent) have less than 5 years of experience with their current agencies. Average tenure with an agency is 8 years.

Risk Factor

The workforce is inexperienced. Almost half (43 percent) of state employees have less than 5 years of experience with their current agency.

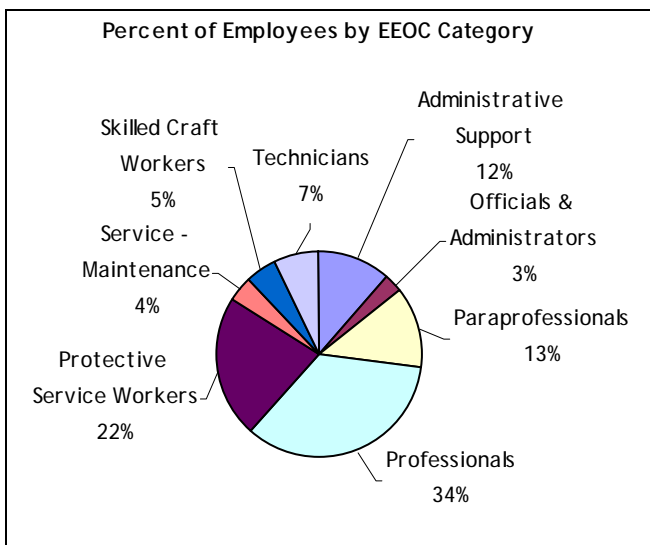


Job and Salary Characteristics

Equal Employment Opportunity Commission (EEOC) Categories

Workforce distribution of state employees by EEOC category reflects a diverse and representative workforce.

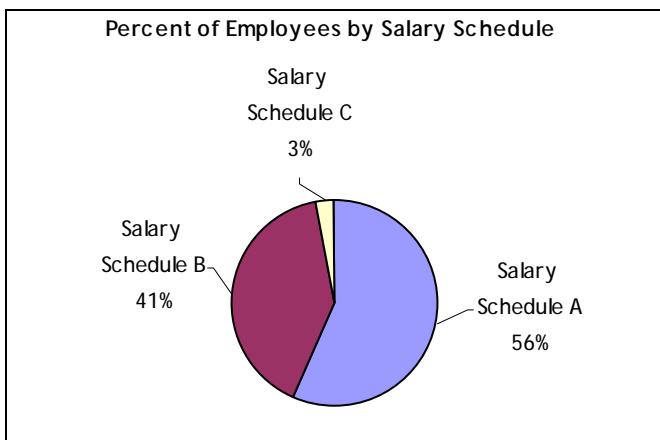
State employees categorized as Professionals compose the largest (34 percent) of the eight EEOC occupational groupings.



Salary Schedules

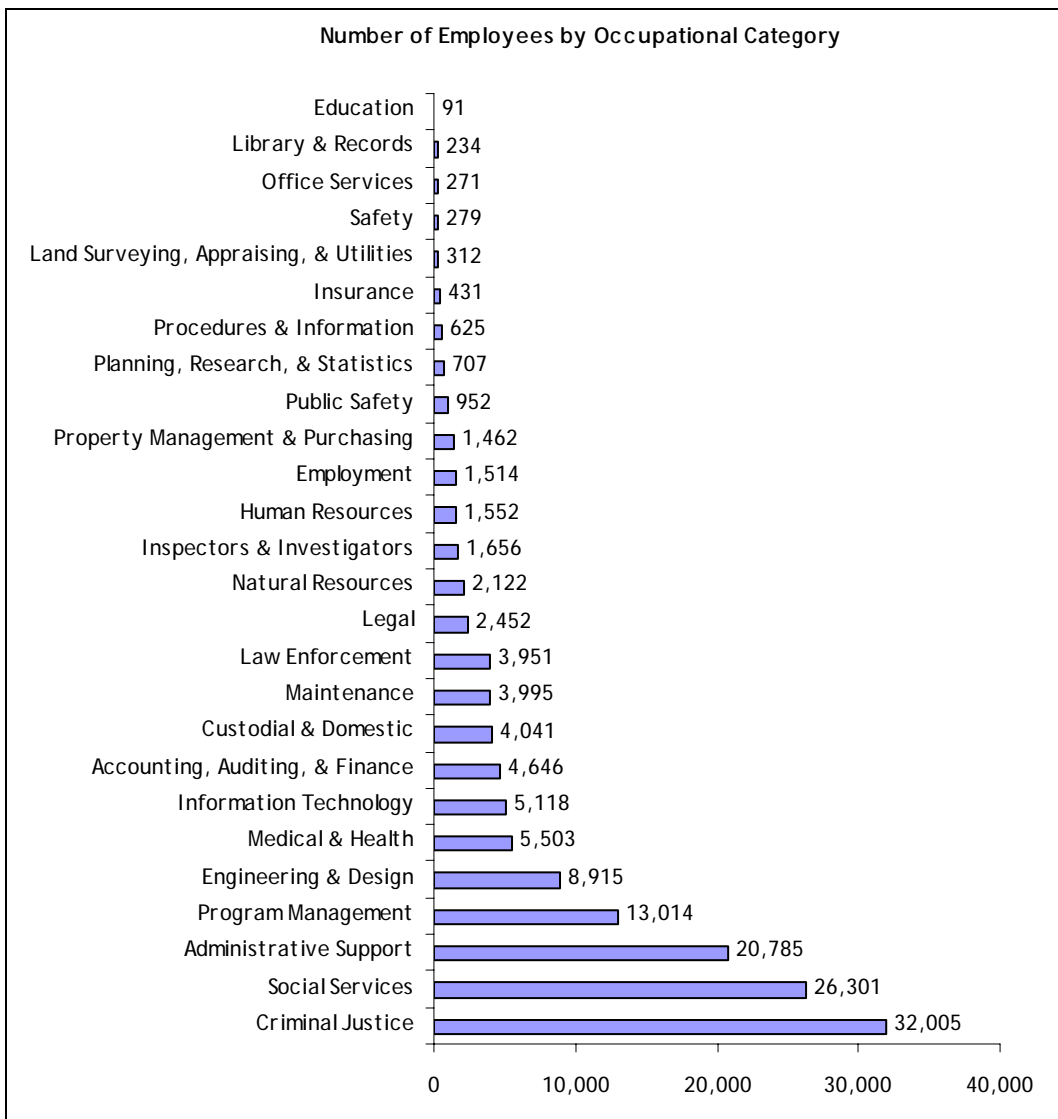
The majority of state employees are in Salary Schedule A. The State has three salary schedules:

- Salary Schedule A consists of administrative support, maintenance, technical, and paraprofessional positions.
- Salary Schedule B consists of professional and managerial positions.
- Salary Schedule C consists of law enforcement positions.



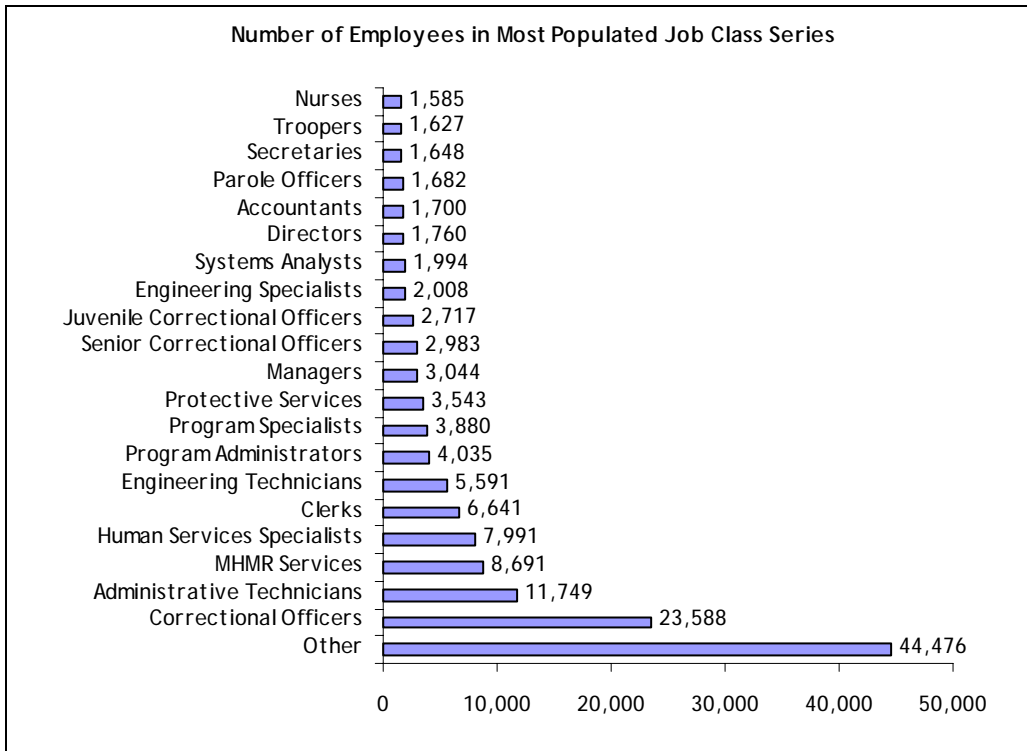
Occupational Category

The Criminal Justice, Social Services, and Administrative Support occupational categories have the highest number of employees. These categories contain the most populated job class series (for example, Correctional Officers; Administrative Technicians; and Mental Health/Mental Retardation [MHMR] Services Aides, Assistants, and Supervisors). Typically, these occupations are found in numerous facilities statewide due to the nature of the work.



Job Class Series

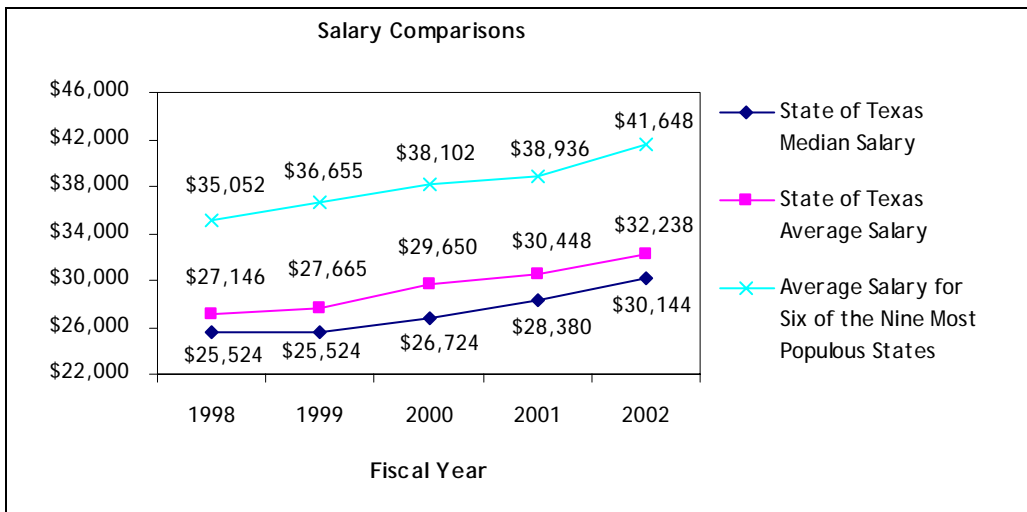
The Correctional Officer class series has the largest number of state employees followed by Administrative Technicians. The following chart shows the most populated job class series (those with more than 1,500 employees).



Salaries

Salary Comparisons

Overall, both average and median salaries for state employees have increased over the last five years. The average state employee salary has increased by 19 percent since 1998. Average and median salaries remain below the average salaries for six of the nine most populous states.



Salary Actions

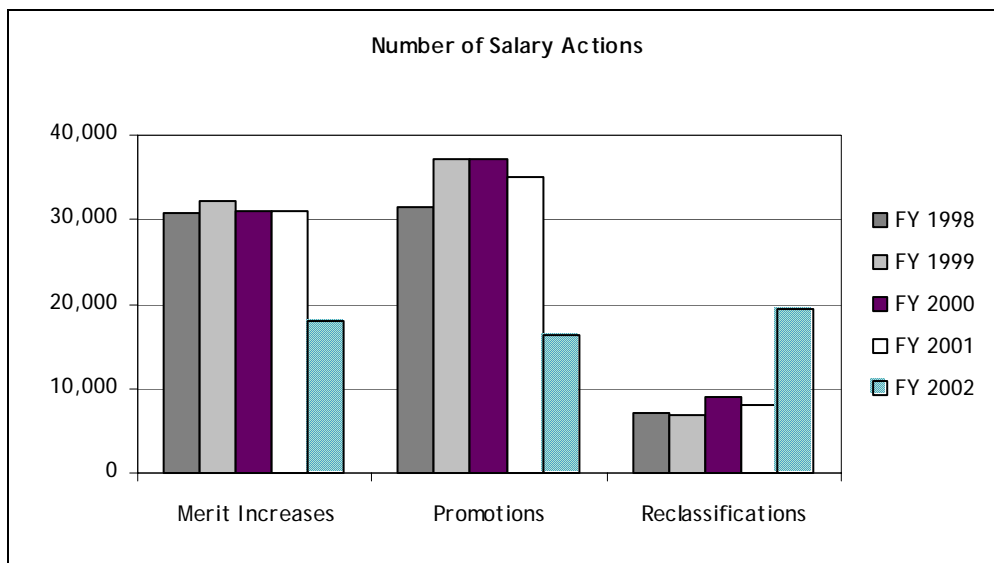
Salary actions have varied considerably over the past five years.

Merit increases and promotions decreased significantly in fiscal year 2002, while the number of reclassifications increased.

Risk Factor

Agencies may be circumventing the use of reclassifications to avoid scrutiny during a tight budget year.

A tight budget year and the state of the economy may be causes for the decrease in the number of merits and promotions. Agencies, however, may be circumventing the use of reclassifications to avoid scrutiny during a tight budget year.



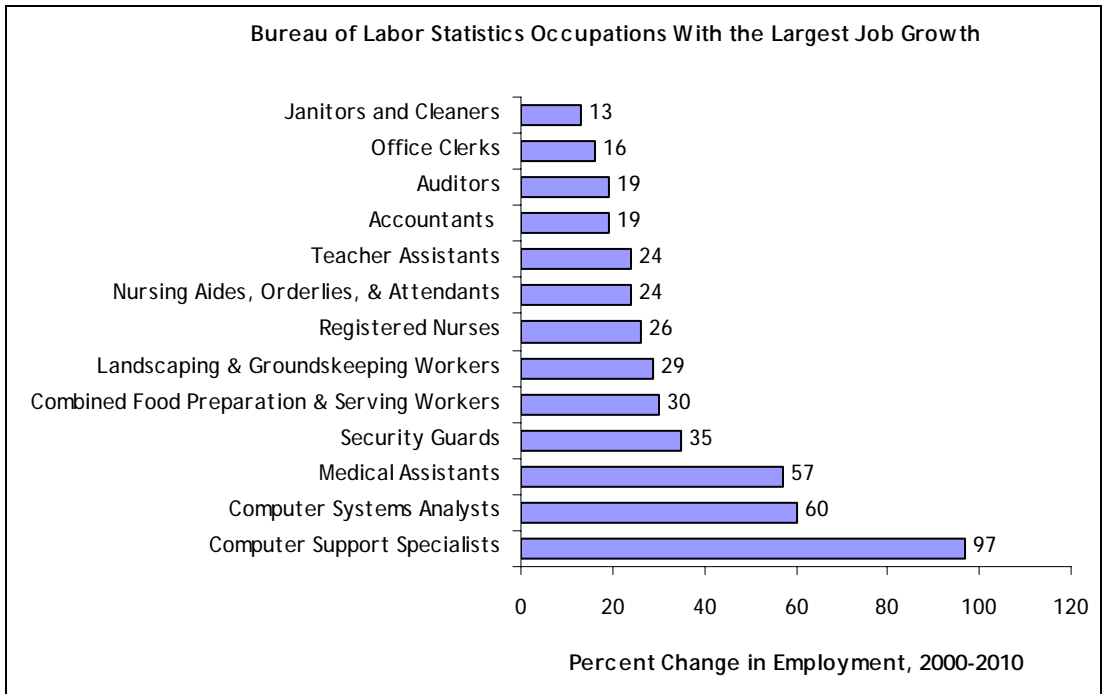
Chapter 2

Occupational Demands

The Bureau of Labor Statistics (BLS) has predicted occupations with the largest job growth and decline for the years 2000 through 2010. Where applicable, comparable job class series for state employees were matched to these occupations and are shown on the following two graphs.

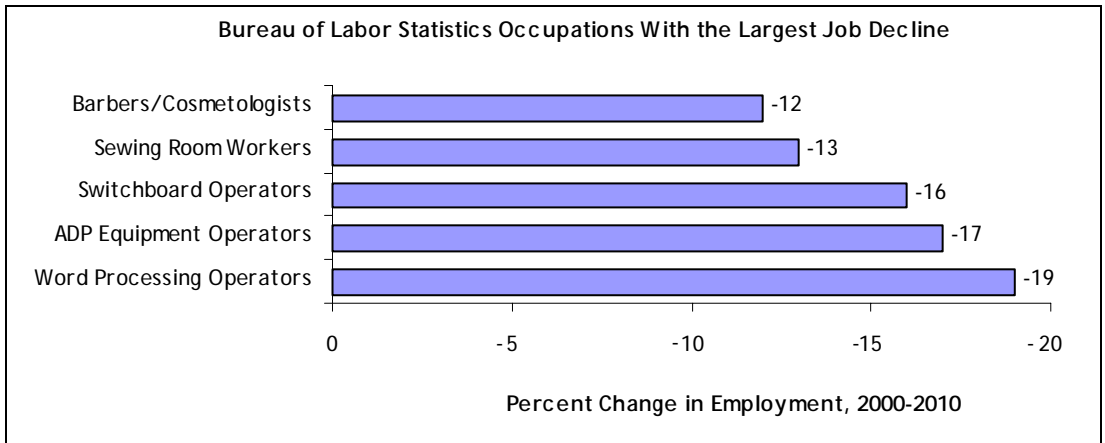
Occupations With the Largest Job Growth

Texas has 13 job class series that fall within the largest growth occupations. Should these trends continue, the State of Texas should expect tough competition for occupations with the largest job growth. The occupations that will generate the most jobs range widely in their skill requirements.



Occupations With the Least Job Growth

Texas has five job class series that fall within occupations that have been identified as having the largest job decline. Overall, the number of state employees within these job class series has also declined in the past five years. Should this trend continue, these job class series may become obsolete within the State of Texas as well as throughout the United States.



Resources for Further Analysis

The State Classification Office provides several tools that can be helpful to state human resources professionals or legislative staff. These tools provide workforce and statistical information and guidance. The State Classification Office highly encourages human resources professionals to access the following tools on a regular basis to assist them in managing their workforce more efficiently and effectively.

Human Resources Website (<http://www.hr.state.tx.us>)

The State of Texas human resources website was developed and is maintained by the State Classification Office. Anyone can access the site, but the target audience is state human resources professionals. It provides information on statewide human resource programs, policies, and procedures, as well as relevant human resources information.

Workforce Planning Guide (<http://www.hr.state.tx.us/Workforce/workforceplanning.html>)

The State Classification Office developed the Workforce Planning Guide to help agencies develop their statutorily required workforce plans. It outlines the importance of strategically anticipating workforce changes through workforce planning and offers basic planning steps, issues to consider, and workforce strategies. An effective workforce plan is an essential tool in identifying appropriate workload staffing levels and in justifying budget allocations so agencies can meet their objectives.

Employee Exit Survey System (<https://www.sao.state.tx.us/apps/exit/>)

The on-line exit survey system developed by the State Classification Office allows employees to provide feedback about their reasons for leaving state employment. Quarterly reports that summarize employee responses to the exit survey are available to agency management. By analyzing this information, agencies can identify and plan effective retention strategies to reduce turnover rates.

Human Resources Analysis System (<http://www.sao.state.tx.us/Resources/AutoApps/default.cfm#HRAS>)

The Human Resources Analysis System is an analytical tool containing data on state agency headcounts, terminations, and turnover rates. Data can be analyzed by a variety of variables, including agency and article, job class, demographics, region or county, pay data, and turnover reason. Additionally, the system provides workforce headcounts, terminations, turnover rates, ages, lengths of service, and salaries. Agencies can view data on-screen, export to their local drives, or produce selected reports in analyzing workforce trends.

Full-Time Equivalent System

(<http://www.sao.state.tx.us/Resources/AutoApps/default.cfm#FTE>)

The Full-Time Equivalent (FTE) System captures statutorily required data from state agencies and institutions of higher education regarding the number of full-time equivalent employees and the number of consultants and individuals on contract during each fiscal quarter. The system can also be used as an analytical tool to evaluate FTE trends, full and part-time headcounts, and consultant and contractor headcounts at the agency level, by functional area of government, or on a statewide basis.

Self-Assessment Guide

(<http://www.hr.state.tx.us/apps/hrsag/>)

The Self-Assessment Guide is an on-line human resources assessment tool that helps agencies determine human resources management strengths and weaknesses. The guide helps agencies better manage their human resources by providing:

- A data collection and analysis tool to assess the effectiveness of their human resources management.
- Performance measures that help the agency determine its human resources contribution to the efficiency and effectiveness of the agency.

Equal Employment Opportunity (EEO) Training

(<http://www.hr.state.tx.us/ProfDev/online.html>)

The on-line EEO training created by the Texas Commission on Environmental Quality and Texas Commission on Human Rights satisfies new-hire and recurring training requirements. The comprehensive on-line training can be downloaded and modified by the agency. State employees can complete the training as schedules permit. Upon completion of the training, the employee can sign a certificate and submit it to the agency's Human Resources Department to meet records retention requirements.

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Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this report is to recognize and provide comprehensive statistical information on trends in the State of Texas workforce.

Scope

Statistical information for this report was provided for full-time classified employees during fiscal year 2002. In some cases, five years of history was shown to highlight significant trends. State statistical comparisons were also provided for selected demographic data. The Statewide Workforce Report does not include data for employees of institutions of higher education.

The State Classification Office will provide agency-specific workforce summaries in a separate report.

Methodology

The State Classification Office compiled the Statewide Workforce Report from data contained in the Human Resources Information System (HRIS) and Uniform Statewide Payroll/Personnel System (USPS). Additional statistical information was obtained from the following sources:

- U.S. Department of Labor, Bureau of Labor Statistics
- U.S. Department of Commerce, U.S. Census Bureau

Percentage totals may not be 100 percent in selected graphs due to rounding. Additionally, records with missing values were excluded from selected graphs and may not match overall statewide headcounts. Differences, however, are minimal.

The following members of the State Auditor's staff prepared this report:

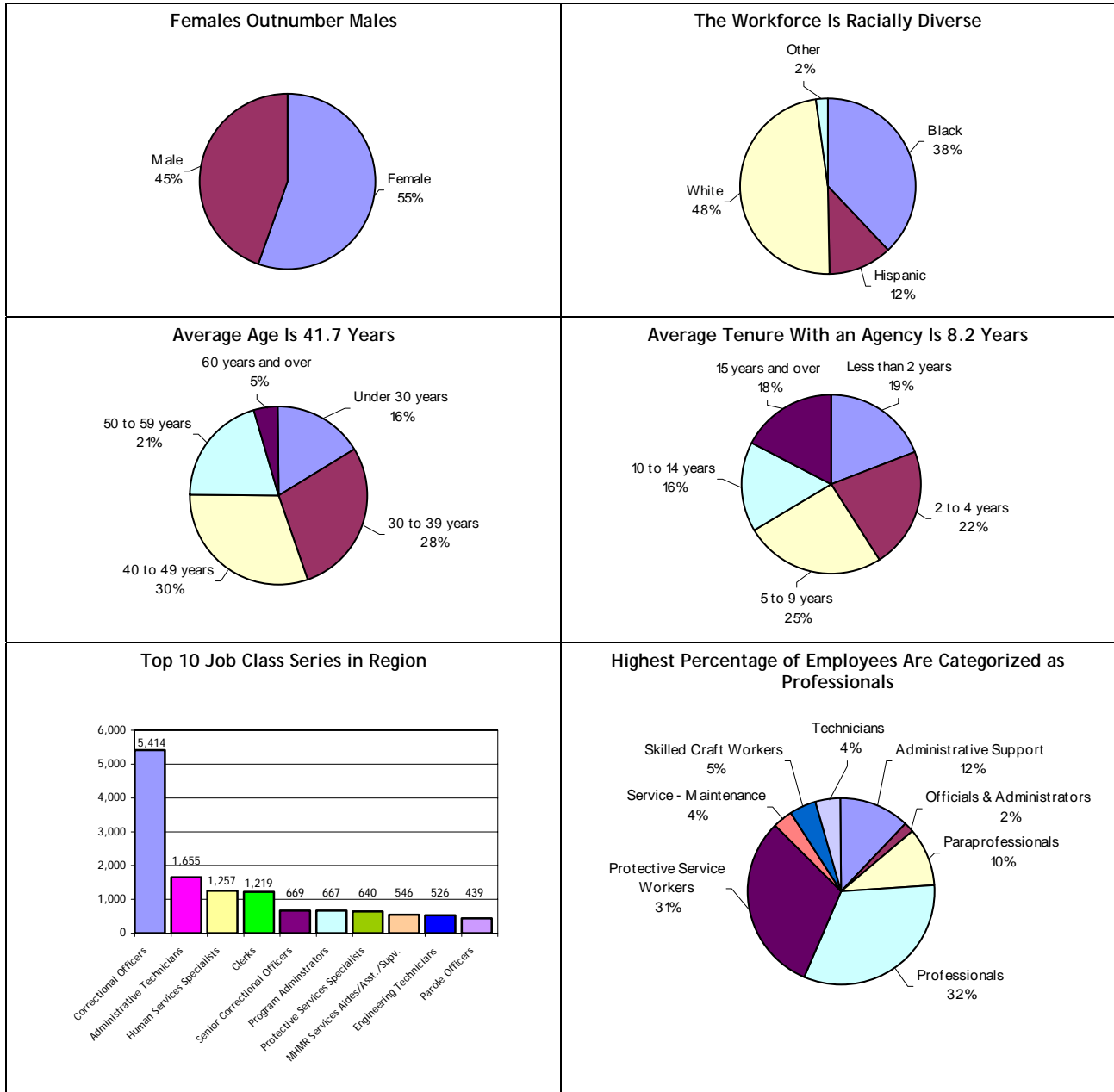
- Juliette Torres, CCP, PHR
- Tony Patrick, Quality Control Reviewer
- Tony Garrant, PHR, Assistant State Classification Officer
- Kelli Vito, CCP, State Classification Officer

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Regional Workforce Demographics

Central Gulf Coast Full-Time Classified Employees Fiscal Year 2002

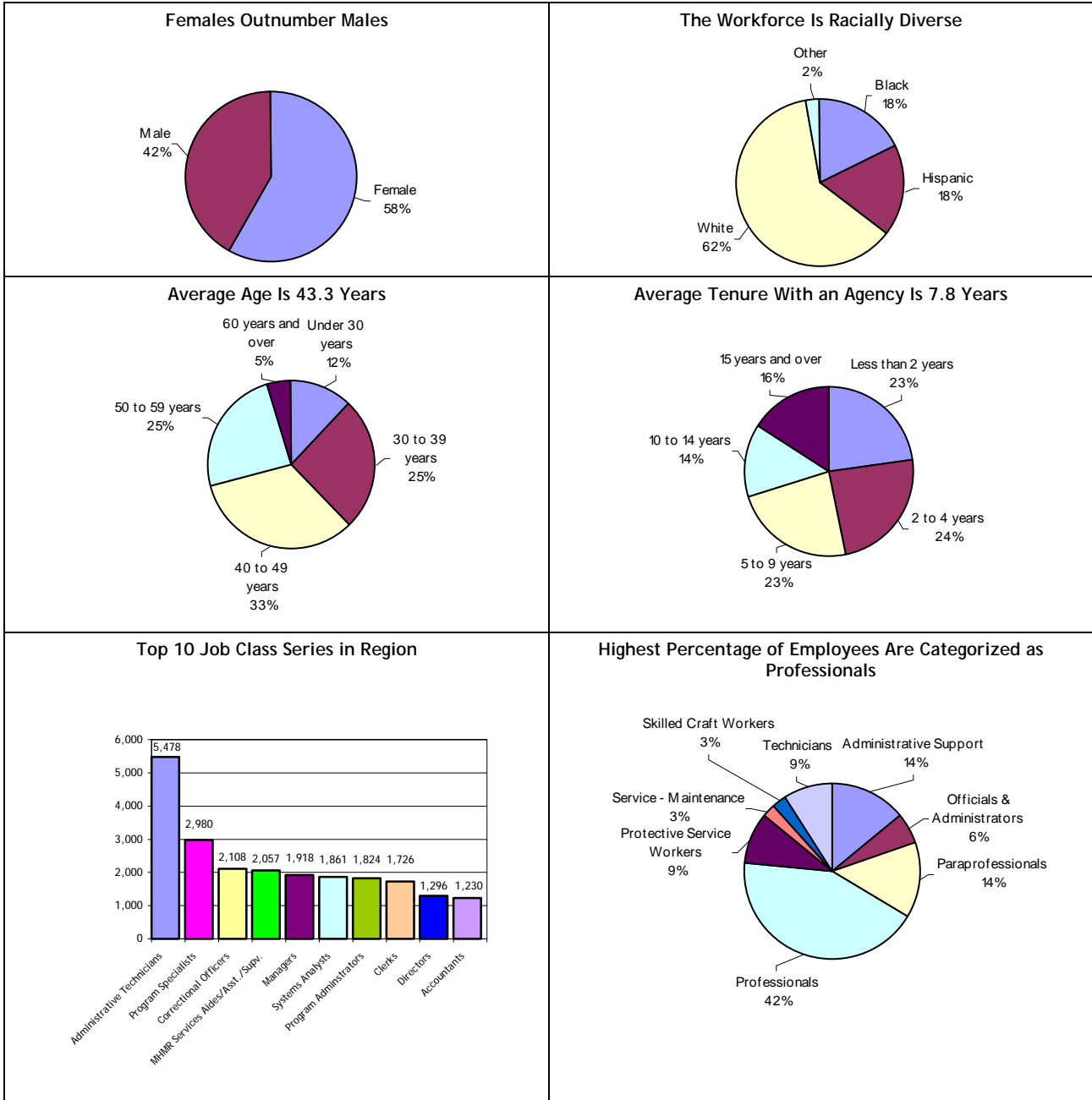
Number of Full-Time Classified Employees	20,306
Average Annual Salary	\$30,612
Turnover Rate	15.3%



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**Central Texas
Full-Time Classified Employees
Fiscal Year 2002**

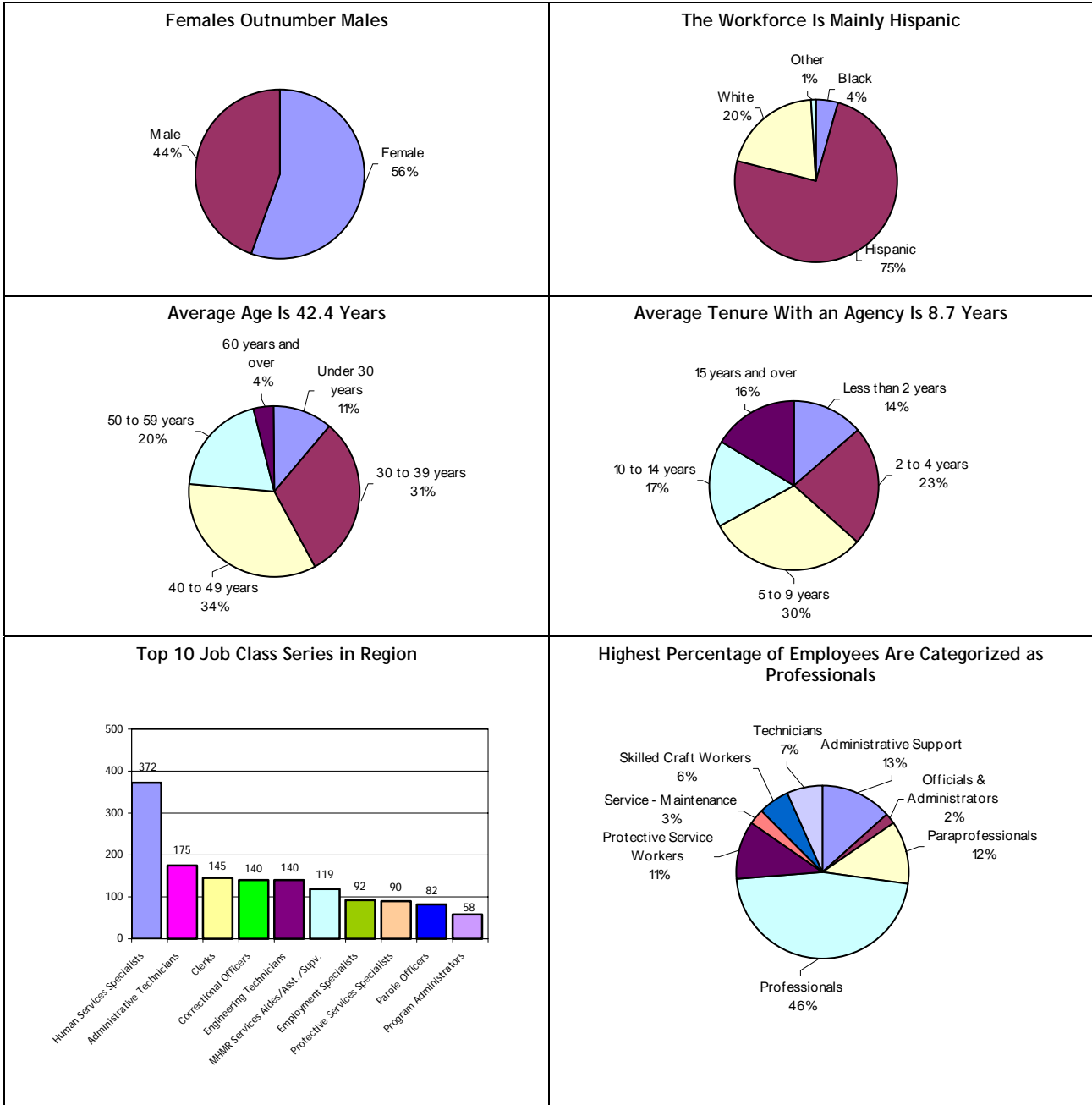
Number of Full-Time Classified Employees	44,764
Average Annual Salary	\$37,130
Turnover Rate	15.6%



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**Far West Texas
Full-Time Classified Employees
Fiscal Year 2002**

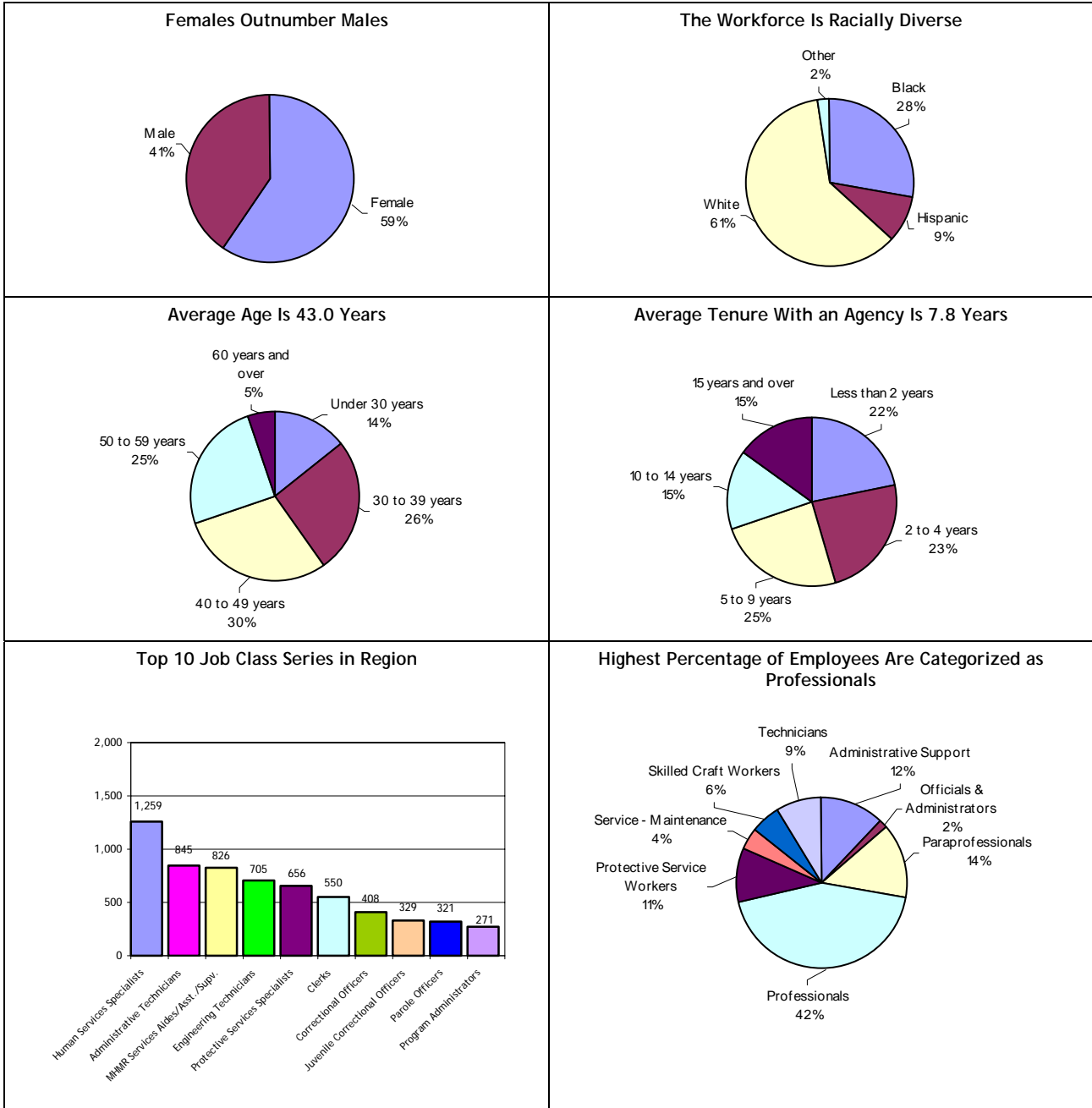
Number of Full-Time Classified Employees	2,321
Average Annual Salary	\$30,824
Turnover Rate	11.0%



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**North Central Texas
Full-Time Classified Employees
Fiscal Year 2002**

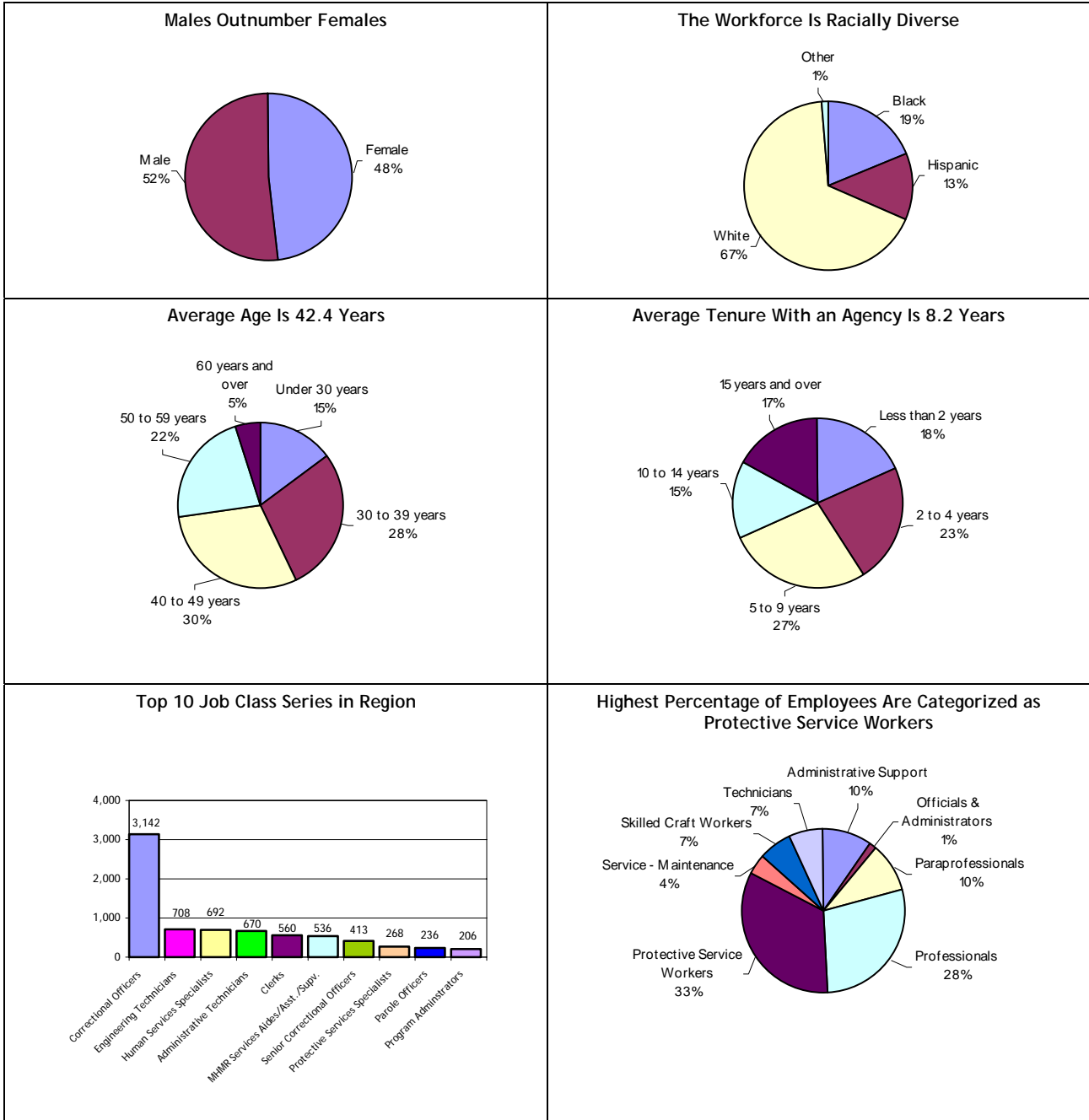
Number of Full-Time Classified Employees	11,016
Average Annual Salary	\$31,165
Turnover Rate	17.9%



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**Northeast Texas
Full-Time Classified Employees
Fiscal Year 2002**

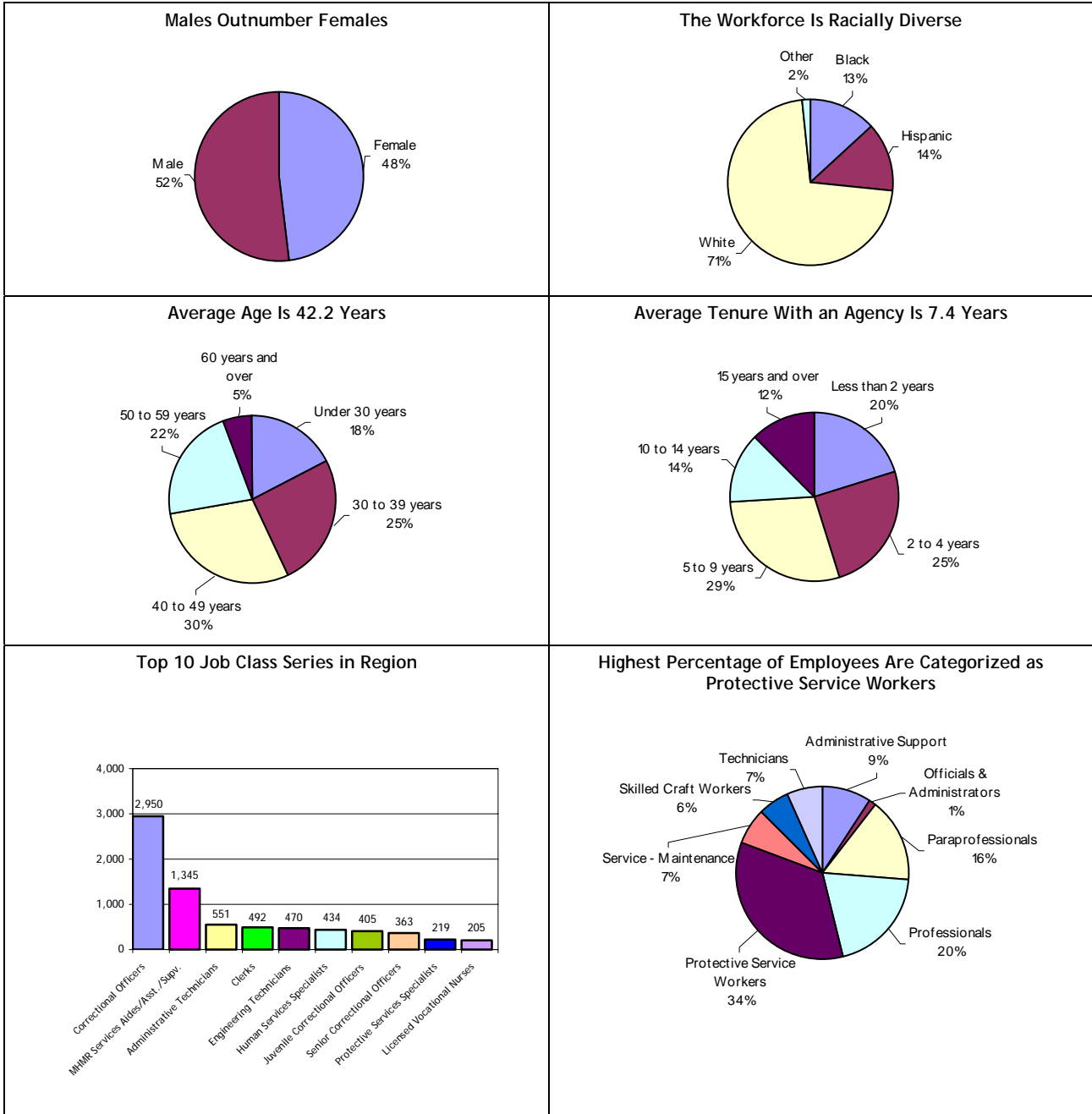
Number of Full-Time Classified Employees	11,195
Average Annual Salary	\$30,468
Turnover Rate	15.1%



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Northwest Texas Full-Time Classified Employees Fiscal Year 2002

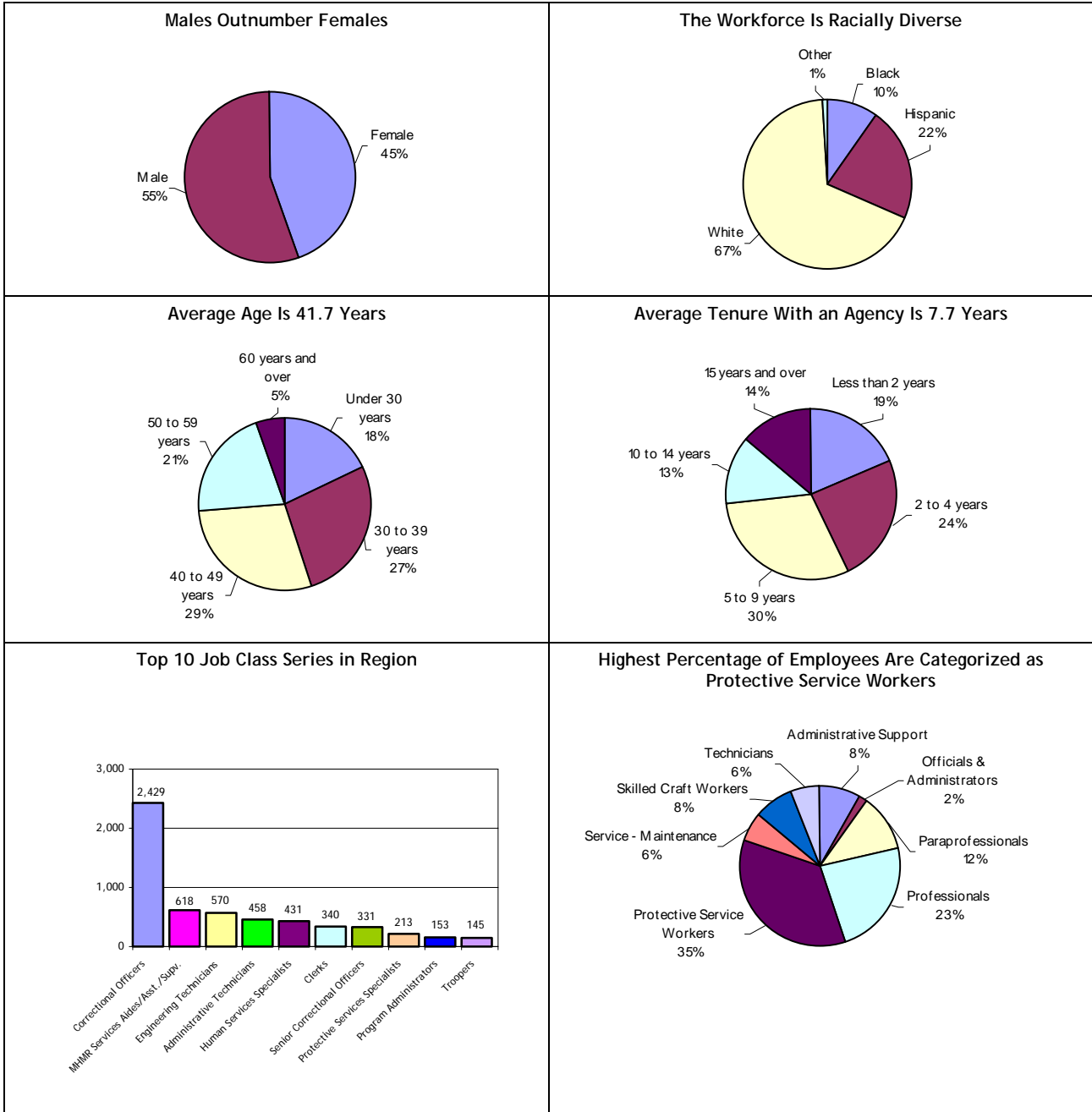
Number of Full-Time Classified Employees	11,218
Average Annual Salary	\$28,378
Turnover Rate	16.3%



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**Panhandle
Full-Time Classified Employees
Fiscal Year 2002**

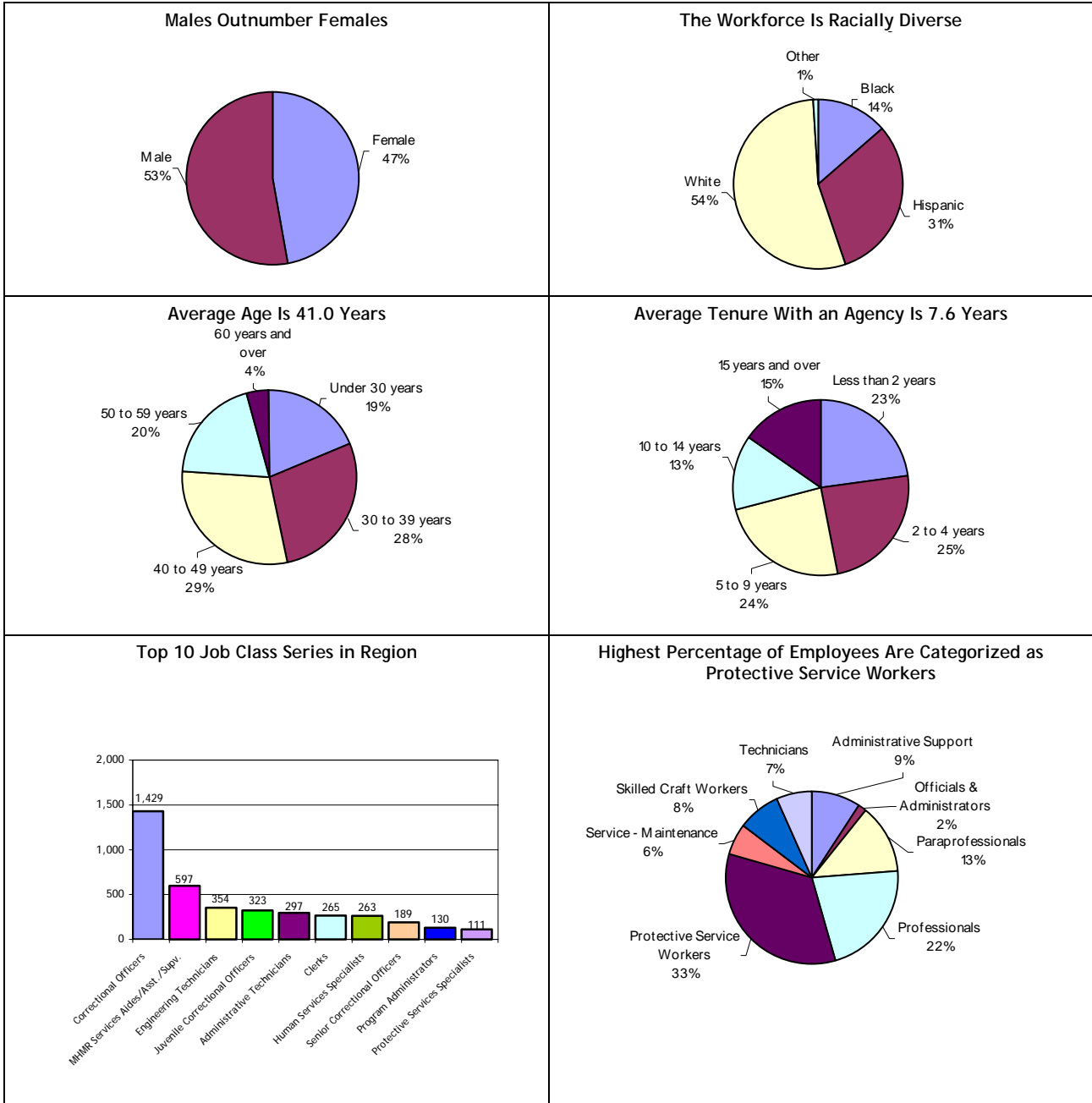
Number of Full-Time Classified Employees	8,251
Average Annual Salary	\$29,811
Turnover Rate	16.9%



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**Permian Basin
Full-Time Classified Employees
Fiscal Year 2002**

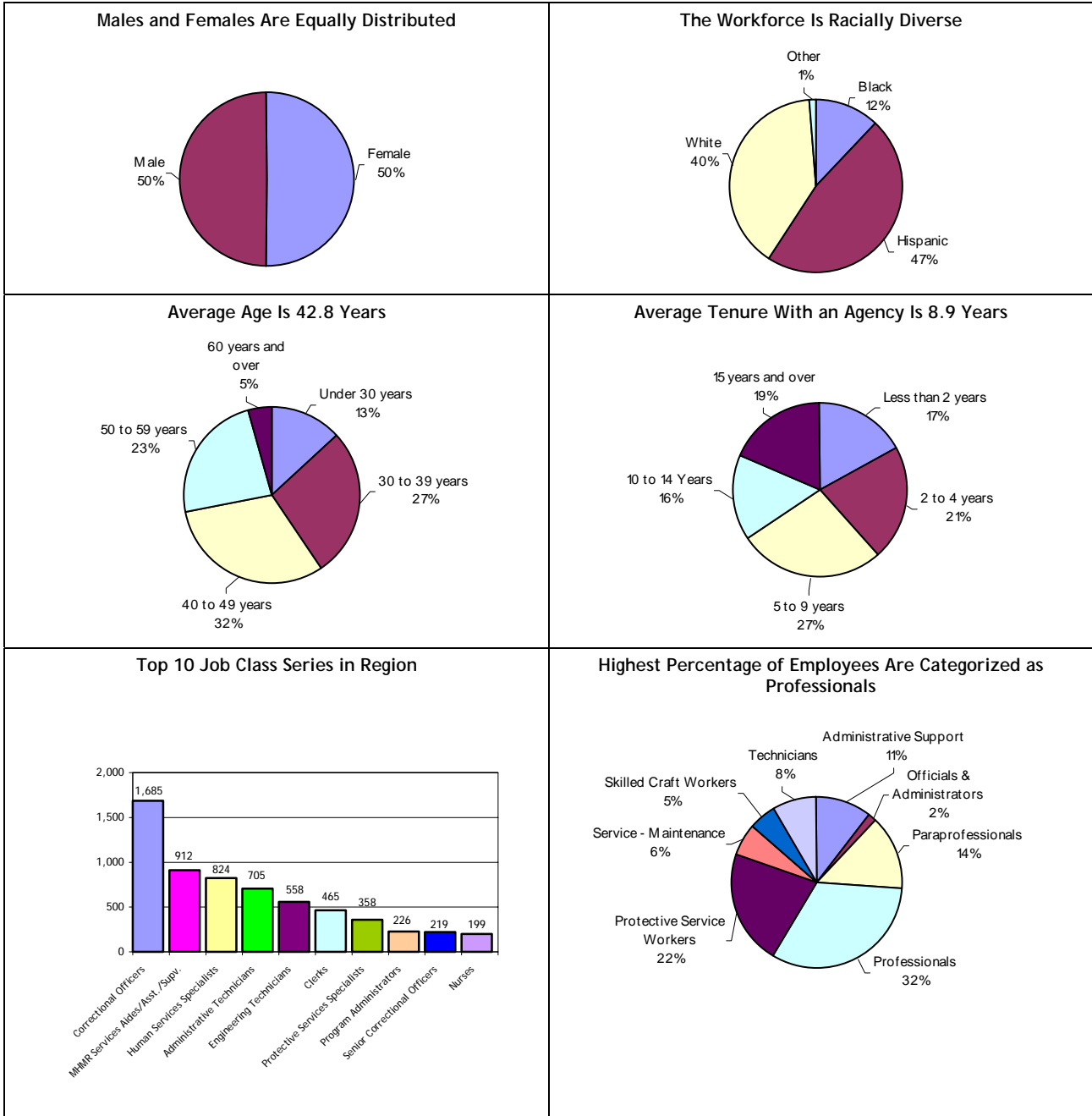
Number of Full-Time Classified Employees	6,163
Average Annual Salary	\$29,025
Turnover Rate	19.6%



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**South Central Texas
Full-Time Classified Employees
Fiscal Year 2002**

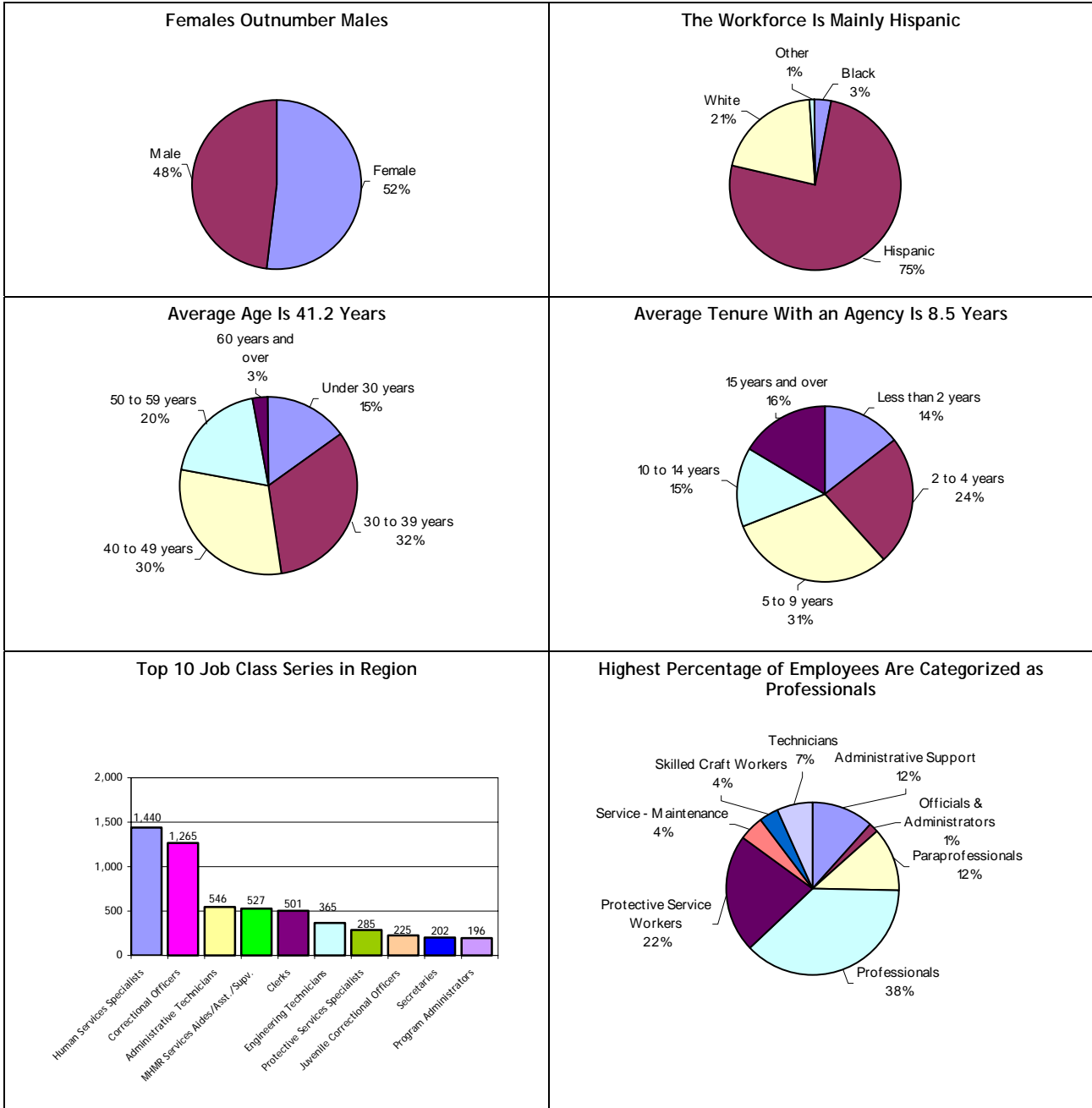
Number of Full-Time Classified Employees	10,374
Average Annual Salary	\$30,175
Turnover Rate	15.2%



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**South Texas
Full-Time Classified Employees
Fiscal Year 2002**

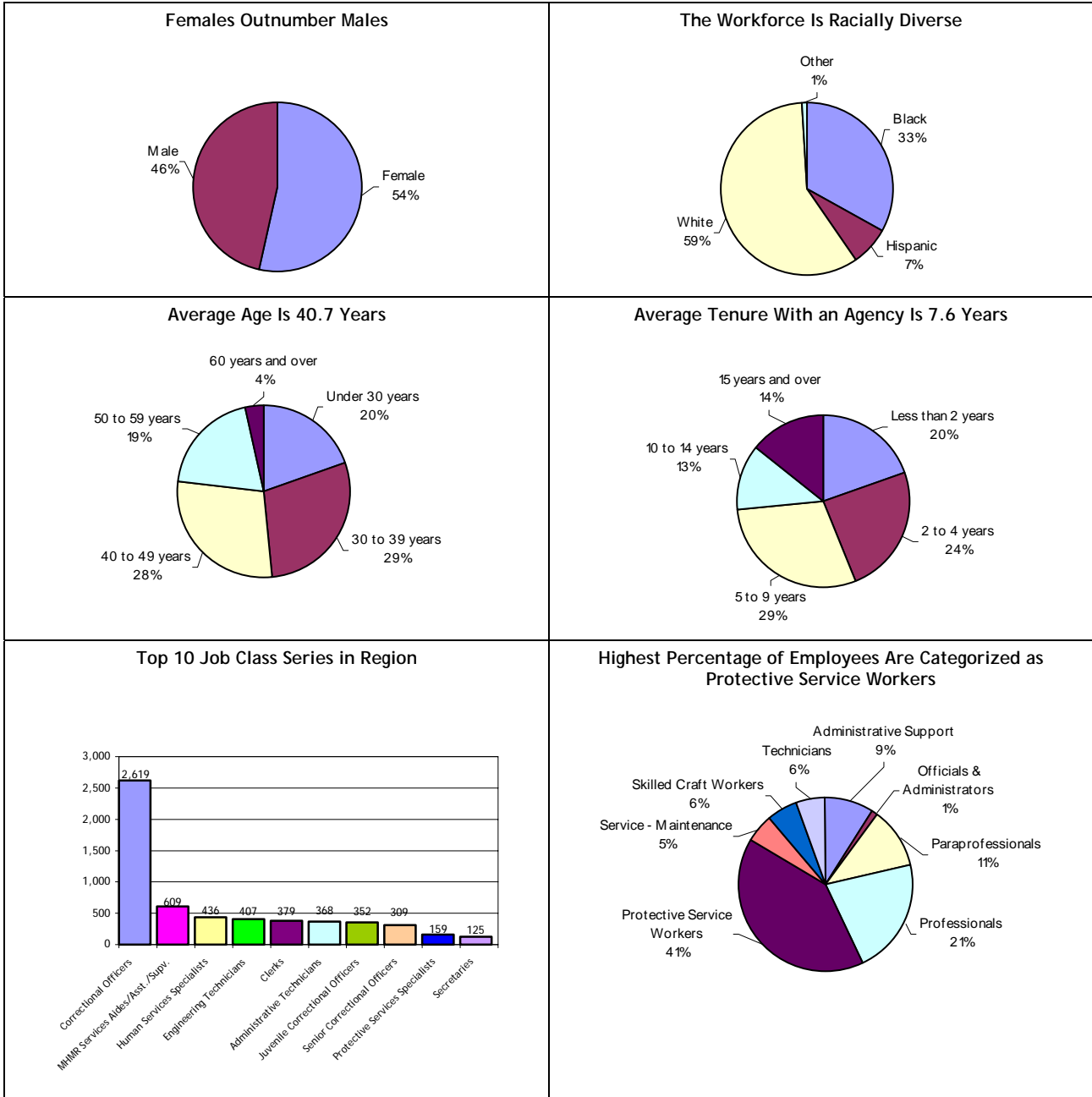
Number of Full-Time Classified Employees	9,012
Average Annual Salary	\$29,994
Turnover Rate	13.4%



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**Upper Gulf Coast
Full-Time Classified Employees
Fiscal Year 2002**

Number of Full-Time Classified Employees	8,306
Average Annual Salary	\$29,054
Turnover Rate	17.9%



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Copies of this report have been distributed to the following:

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The Honorable Bill Ratliff, Lieutenant Governor, Vice Chair

The Honorable Rodney Ellis, Senate Finance Committee

The Honorable Florence Shapiro, Senate State Affairs Committee

The Honorable Robert Junell, House Appropriations Committee

The Honorable Rene O. Oliveira, House Ways and Means Committee

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