

An Summary Report on

# Full-Time Equivalent State Employees for Fiscal Year 2004

November 2004

Report No. 05-703



# Full-Time Equivalent State Employees for Fiscal Year 2004

## Overall Conclusion

During fiscal year 2004, state agencies and institutions of higher education employed an annual average of 274,776 full-time equivalent employees (FTEs). This is a slight decrease of 2 percent from fiscal year 2003's annual average of 280,542 FTEs. State agencies and institutions of higher education reported average headcounts of 247,689 full-time employees and 70,053 part-time employees during fiscal year 2004.

## Key Points

### Workforce Levels

- State agencies employed 141,739 FTEs during fiscal year 2004. This is a decrease of 6,719 (5 percent) from the previous year.
- Institutions of higher education employed 133,037 FTEs during fiscal year 2004. This is an increase of 952 (1 percent) from the previous year.
- State agencies and institutions of higher education employed an average of 844 contract employees in fiscal year 2004. This is a decrease of 53 (6 percent) from fiscal year 2003.

### FTE Calculations

A full-time equivalent employee (FTE) is a ratio that represents the number of hours that an employee works compared to 40 hours per week, which is considered full-time employment. One 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 amount to one FTE. The number of FTEs for an agency is equal to the total hours paid divided by the total work hours in the quarter.

### Management-to-Staff Ratios

For fiscal year 2004, the average management-to-staff ratio was 1:15 when calculated with headcount numbers. This ratio has improved by 1 percent since the end of fiscal year 2003. Fiscal year 2004 was the first year that state entities were required to provide their management-to-staff ratios including FTEs, as well as their headcounts. Using FTEs, the average ratio for fiscal year 2004 was 1:13.

## Summary of Objective, Scope, and Methodology

The objective of this report was to provide the Legislature and the public with information on the number of FTEs who perform services for state government.

The scope of this report includes unaudited information on FTEs submitted each quarter to the State Auditor's Office by agencies and institutions of higher education.

The report compares data from fiscal year 2004 with previously submitted data from the FTE system.



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# Detailed Results

Chapter 1

## Changes in Workforce Levels

During the past 10 years, the annual average number of FTEs in the State has increased by 4 percent (see Table 1). This increase is a result of changes in the number of FTEs working in higher education:

- The average annual number of FTEs working in higher education has increased 24 percent since fiscal year 1995. In fiscal year 2004, 57 percent of FTEs in higher education were paid with appropriated funds.
- Although there has been some fluctuation in average annual FTE levels in state agencies, the average number of FTEs has remained constant since fiscal year 1995.

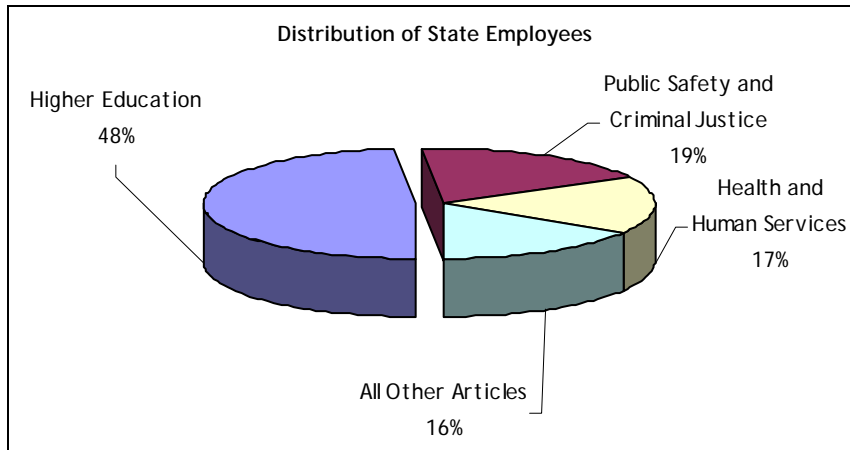
Table 1

Change in Annual FTE Levels by General Appropriations Act Article				
Article	Change Between Fiscal Years 2003 and 2004		Change Between Fiscal Years 1995 and 2004	
	Change in FTEs	Percent Change	Change in FTEs	Percent Change
Art. I - General Government	-163	-1.8%	12	0.1%
Art. II - Health and Human Services	-2,542	-5.3%	-16,656	-26.7%
Art. III - Public Education	-348	-16.0%	-460	-20.1%
Art. III - Higher Education	952	0.7%	25,700	23.9%
Art. IV - The Judiciary	-24	-1.5%	178	12.6%
Art. V - Public Safety and Criminal Justice	-1,777	-3.3%	5,390	11.6%
Art. VI - Natural Resources	-309	-3.7%	-433	-5.1%
Art. VII - Business and Economic Development	-1,185	-6.1%	-2,680	-12.9%
Art. VIII - Regulatory	-93	-2.7%	-146	-4.1%
Art. X - Legislature	-276	-11.4%	-139	-6.1%
Statewide	-5,766	-2.1%	10,766	4.1%

## Distribution of State Employees

During fiscal year 2004, the majority (84 percent) of employees worked in one of three areas: higher education, public safety and criminal justice, or health and human services (see Figure 1). Additional information on the distribution of state employees can be found in Appendix 2.

Figure 1



Additional information on the distribution of state employees can be found in Appendix 2.

## Temporary and Contract Workers

During fiscal year 2004, 38 state agencies and 13 institutions of higher education used contract FTEs. The majority of these workers were used in the areas of higher education, health and human services, and general government (see Figure 2).

Although the average number of contract FTEs has fluctuated since fiscal year 2000 (see Figure 3), it has not exceeded more than 1 percent of the total workforce for any given year.

Detailed information on agencies and institutions of higher education that used contract workers can be found in Appendix 3.

Figure 2

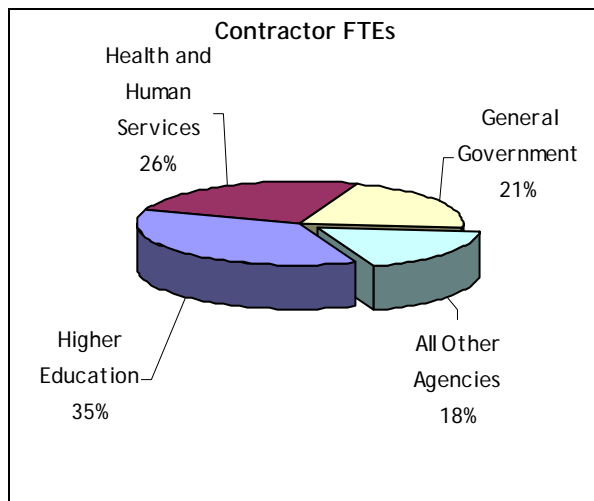
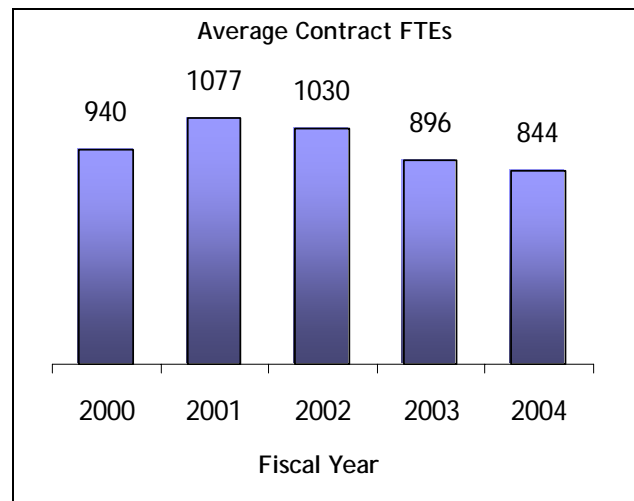


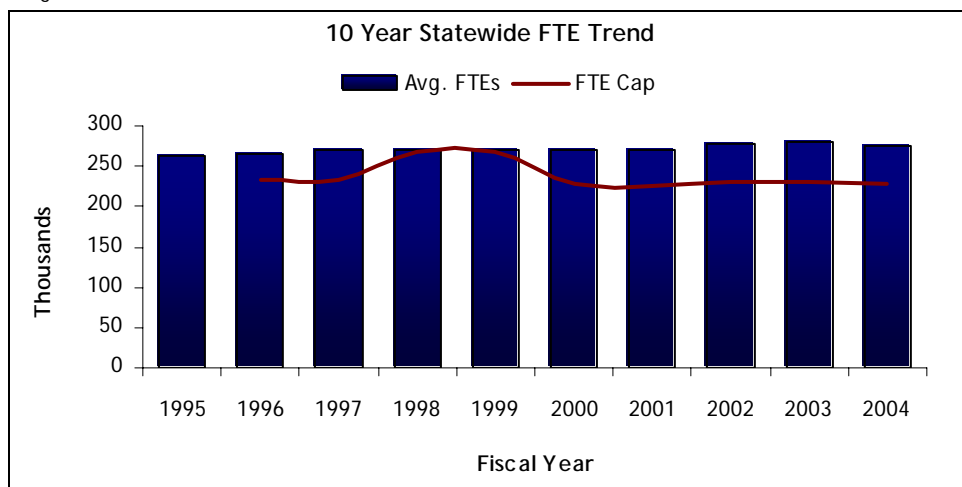
Figure 3



During the past five years, average FTE caps have remained fairly constant overall. Compared with those in fiscal year 2003, FTE caps in fiscal year 2004 decreased by 1,911 (less than 1 percent; see Figure 4). FTE trends and caps from fiscal year 2000 to fiscal year 2004, grouped by article of the General Appropriations Act, can be found in Appendix 4.

In fiscal year 2004, quarterly FTE caps were exceeded 14 times by 6 agencies. Twelve institutions of higher education exceeded their annual caps. Detailed information and reasons for exceeding FTE caps from these entities is available in Appendices 5 and 6.

Figure 4



Management-to-staff ratios are used to determine an organization’s “span of control,” or the number of employees who report directly to a single manager or supervisor. A

**Headcount versus FTEs in Management-to-Staff Ratio Calculation**

Management-to-staff ratios have been tracked since fiscal year 1998 using headcount alone. Currently, the target ratio for the state is 1 manager or supervisor for every 11 employees. Legislation passed by the 78th Legislature (Regular Session) now requires the additional reporting of this information using FTEs. However, reporting data by this method applies only to fiscal years 2004 through 2007. During this time, confusion may exist on which ratio (headcount or FTE) should be considered for each agency.

correlation generally exists between the span of control and the number of layers within an organization. In Texas state government, agencies and institutions of higher education have statutory guidelines for management-to-staff ratios.

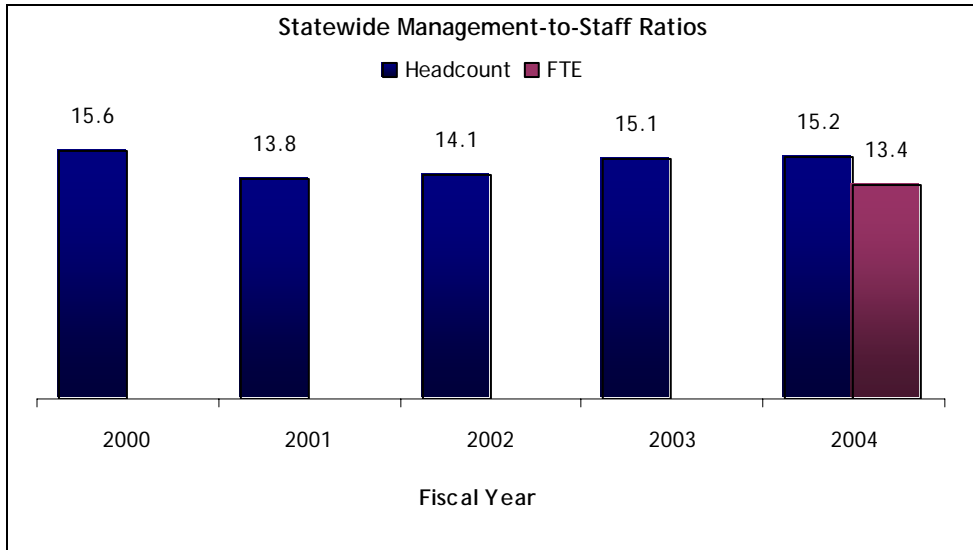
The 78th Legislature (Regular Session) amended Texas Government Code, Section 651.004, to include mandated time lines for agencies and institutions of higher education with more than 100 FTEs to comply with a management-to-staff ratio of 1 manager or supervisor for every 11 FTEs. The schedule for implementation is located in Table 2.

As of the fourth quarter of fiscal year 2004, 81 percent of state agencies and institutions of higher education are within the mandated ratio. If a state entity believes that the required minimum management-to-staff is not appropriate for it, it can appeal to the Legislative Budget Board. To date, no exemptions have been approved; however, several entities have requests pending for fiscal year 2005.

Implementation Schedule	Minimum Ratio
March 31, 2004	1:8
August 31, 2005	1:9
August 31, 2006	1:10
August 31, 2007	1:11

Figure 5 shows the average annual management-to-staff ratios from fiscal year 2000 to fiscal 2004. Data for fiscal year 2004 includes the ratio using headcount as well as FTEs. A breakdown of the ratio by General Appropriations Act article can be found in Appendix 7.

Figure 5



Chapter 6

*FTE Analysis Online*

The FTE system provides additional data analysis and reports through our Web site at [www.sao.state.tx.us](http://www.sao.state.tx.us):

- Select Resource
- Select Tools
- Select Full-Time Equivalent (FTE) State Employee System

Data in the system may vary from data contained in the report due to routine system maintenance. However, differences should be minimal.

# Appendices

Appendix 1

## *Objective, Scope, and Methodology*

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### Objective

This report provides the Legislature and the public with information on the number of full-time equivalent state employees and contractors who perform services for state government. It was prepared in accordance with Texas Government Code, Section 2052.104, Subchapter (b).

### Scope

This report was prepared from unaudited information submitted each quarter to the State Auditor's Office by agencies and institutions of higher education in accordance with Texas Government Code, Section 2052.103.

### Methodology

The report compares data from fiscal year 2004 with previously submitted data from the FTE System.

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

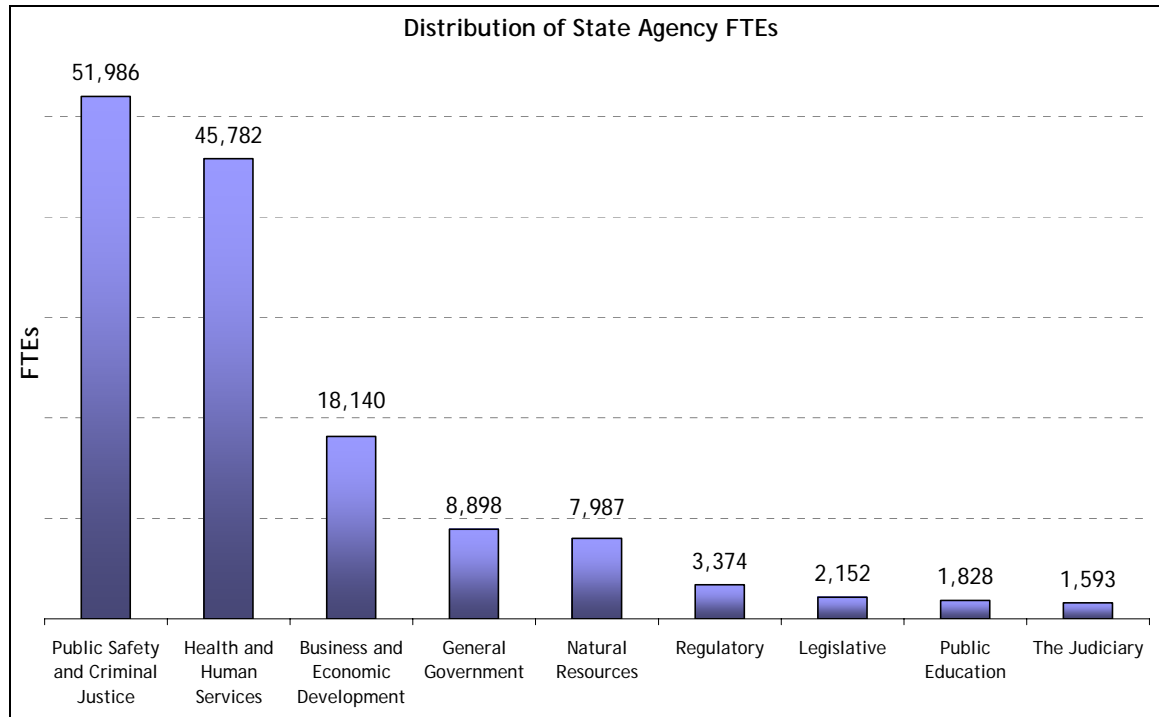
- Christine M. Bailey, CCP, Project Manager
- Sandra Donoho, MPA, CISA, CIA, Quality Control Reviewer
- Frank Locklear, CISA, Senior Systems Analyst
- Tony Garrant, PHR, Acting State Classification Officer



## Distribution of State Employees

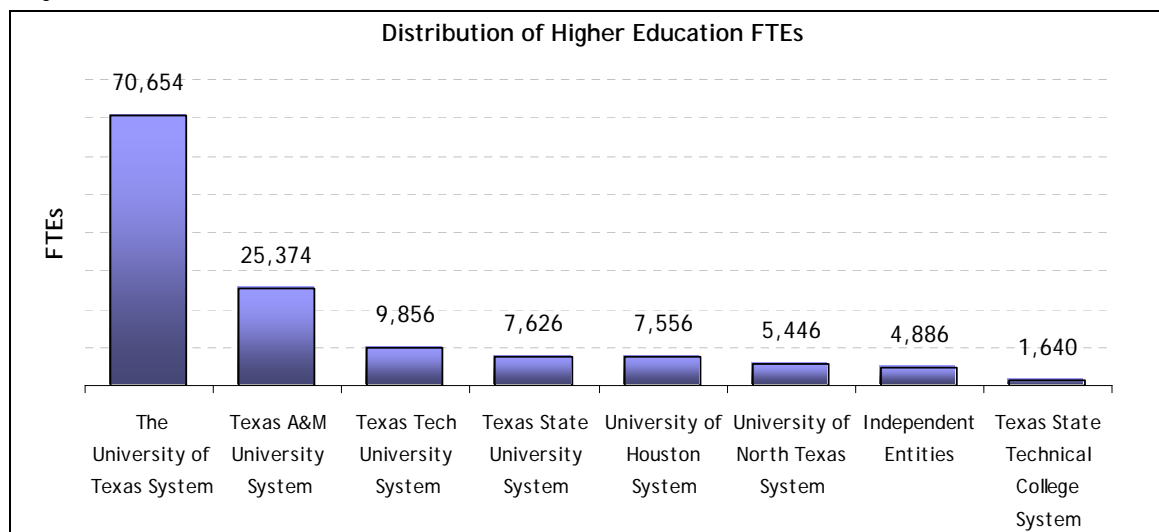
During fiscal year 2004, state agencies employed 52 percent of FTEs in the State. The majority of all state agency employees (69 percent) worked for public safety and criminal justice or health and human services agencies (see Figure 6).

Figure 6



During fiscal year 2004, two of the seven university systems (the University of Texas System and the Texas A&M University System) employed 72 percent of all higher education FTEs (see Figure 7).

Figure 7



**Contractor Data**

Contractor data that counts toward the FTE cap includes temporary and contract workers who worked more than half the workdays in the previous 12 months. For reporting purposes, temporary or contract workers include those under contract to fill specific positions customarily filled by state employees. Outsourced functions and work performed by consultants are excluded from these requirements. Table 3 shows the number of state employee FTEs and temporary and contract FTEs for all entities that reported using them during fiscal year 2004.

Table 3

Average Employee FTEs and Contractor FTEs for Fiscal Year 2004				
Agency	Total FTEs	State Employees	Contractors	Contractors as a Percentage of Total FTEs
Adjutant General's Department	521.64	495.64	26.00	4.98%
Aging, Texas Department on	29.26	28.23	1.03	3.51%
Agriculture, Department of	474.25	469.81	4.44	0.94%
Alcohol and Drug Abuse, Texas Commission on	135.10	132.93	2.17	1.60%
Alcoholic Beverage Commission	521.18	518.32	2.86	0.55%
Attorney General, Office of the	3,839.32	3,832.97	6.35	0.17%
Blind, Texas Commission for the <sup>a</sup>	592.17	589.13	3.04	0.51%
Canadian River Compact Commission	1.46	1.00	0.46	31.41%
Commission on State Emergency Communication	24.38	24.34	0.05	0.19%
Cosmetology Commission	39.30	36.45	2.85	7.25%
Court Administration, Office of	168.08	163.36	4.72	2.81%
Criminal Justice, Department of	38,544.16	38,515.14	29.02	0.08%
Education Agency, Texas	582.13	579.19	2.94	0.51%
Employees Retirement System of Texas	287.11	282.02	5.09	1.77%
Governor's Office	242.46	242.01	0.45	0.18%
Health & Human Services Commission	1,736.99	1,695.65	41.34	2.38%
Health, Department of	4,115.38	4,091.06	24.31	0.59%
Housing and Community Affairs, Dept. of	277.49	274.74	2.75	0.99%
Human Services, Department of	11,390.78	11,288.78	102.00	0.90%
Information Resources, Department of	182.92	181.30	1.62	0.88%
Mental Health and Mental Retardation, Department of	18,856.68	18,817.96	38.72	0.21%
Office of Risk Management, State	115.03	114.90	0.13	0.12%
Parks and Wildlife Department	2,868.31	2,857.30	11.00	0.38%
Family and Protective Services, Dept. of	6,471.78	6,468.29	3.49	0.05%
Red River Compact Commission	1.09	1.00	0.09	7.91%
Rehabilitation Commission <sup>a</sup>	2,390.46	2,389.07	1.39	0.06%

**Average Employee FTEs and Contractor FTEs for Fiscal Year 2004**

Agency	Total FTEs	State Employees	Contractors	Contractors as a Percentage of Total FTEs
Residential Construction Commission	15.51	15.25	0.27	1.71%
Savings and Loan Department	47.13	45.19	1.94	4.11%
Secretary of State	225.88	225.43	0.45	0.20%
State Auditor's Office	220.71	220.68	0.03	0.01%
Teacher Retirement System	440.45	437.80	2.65	0.60%
Texas Building and Procurement Commission	586.79	424.76	162.03	27.61%
Texas Commission on Environmental Quality	2,858.57	2,835.32	23.25	0.81%
Texas Lottery Commission	310.60	307.10	3.50	1.13%
Texas Workforce Commission	14,077.81	14,062.37	15.44	0.11%
Transportation, Department of	944.57	929.25	15.32	1.62%
Water Development Board	263.25	263.17	0.08	0.03%
Youth Commission, Texas	4,594.77	4,594.05	0.72	0.02%
<b>State Agency Total</b>			<b>543.96</b>	<b>0.38%</b>
Institution of Higher Education	Total FTEs	State Employees	Contractors	Contractors as a Percentage of Total FTEs
Coordinating Board, Higher Education	286.64	285.89	0.75	0.26%
Texas Tech University	5,275.62	5,269.75	5.88	0.11%
Texas Tech University System Administration	241.20	239.10	2.10	0.87%
University of North Texas Health Science Center	1,113.85	1,113.62	0.23	0.02%
University of North Texas System Administration	67.43	59.00	8.43	12.51%
University of Texas at Austin	14,047.84	14,014.15	33.69	0.24%
University of Texas at Dallas	2,012.34	2,008.62	3.73	0.19%
University of Texas Health Center at Tyler	1,126.37	1,122.88	3.49	0.31%
University of Texas Health Science Center at San Antonio	3,951.51	3,932.09	19.43	0.49%
University of Texas MD Anderson Cancer Center	13,441.22	13,338.78	102.44	0.76%
University of Texas Medical Branch at Galveston	12,236.52	12,136.06	100.46	0.82%
University of Texas Southwestern Medical Center at Dallas	6,651.61	6,635.68	15.93	0.24%
University of Texas System Administration	542.50	539.52	2.99	0.55%
<b>Higher Education Total</b>			<b>299.55</b>	<b>0.23%</b>
<b>Statewide Total</b>			<b>843.51</b>	<b>0.31%</b>

<sup>a</sup> Note: Agencies were consolidated into Department of Assistance and Rehabilitative Services (DARS) during March, 2004. FTE data however was reported separately for each entity during the remainder of fiscal year 2004.

























