

A Summary Report on

Full-Time Equivalent State Employees for Fiscal Year 2005

November 2005

Report No. 06-701



**State
Auditor's
Office**

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Full-Time Equivalent State Employees for Fiscal Year 2005

Overall Conclusion

During fiscal year 2005, an average of 280,801 full-time equivalent employees (FTEs) were employed in state agencies or institutions of higher education. This is a slight increase (2 percent) over the number employed in fiscal year 2004, when state agencies and institutions of higher education employed an average of 274,830 FTEs. State agencies and institutions of higher education reported average headcounts of 252,685 full-time employees and 73,473 part-time employees during fiscal year 2005.

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 equal 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.

Key Points

Workforce levels increased slightly in fiscal year 2005.

Specifically:

- State agencies employed 141,911 FTEs during fiscal year 2005. This number is relatively unchanged from the previous year.
- Institutions of higher education employed 138,890 FTEs during fiscal year 2005. This is a slight increase (5,818 FTEs, or 4 percent) from the previous year.
- The State employed an average of 1,081 contract employees in fiscal year 2005. This is an increase of 184 FTEs (21 percent) from fiscal year 2004.

Management-to-staff ratios are improving.

The average management-to-staff ratio, calculated using headcount, for fiscal year 2005 was 1:15. During the past year, this ratio improved (moved toward more employees per manager or supervisor) by 2 percent. The same ratio calculated with FTEs was 1:13. Currently, the target ratio for the State is 1:11 (based on FTEs).



Summary of Objective, Scope, and Methodology

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

The scope of this review included 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 2005 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 nearly 6 percent (see Table 1). Among institutions of higher education, the average number of FTEs has increased by 26 percent since fiscal year 1996. During that same time, state agencies experienced a decrease of 8.4 percent in the average number of FTEs.

Table 1

Change in Annual FTE Levels by Article						
General Appropriations Act Article	One-Year Comparison (2004 and 2005)		Five-Year Comparison (2001 and 2005)		Ten-Year Comparison (1996 and 2005)	
	Change in FTEs	Percent Change	Change in FTEs	Percent Change	Change in FTEs	Percent Change
Art. I - General Government	172.9	1.9%	156.5	1.8%	302.8	3.5%
Art. II - Health and Human Services	-836.4	-1.8%	-4,243.6	-8.6%	-13,922.7	-23.7%
Art. III - Public Education	103.5	5.7%	-190.7	-9.0%	-143.7	-6.9%
Art. III - Higher Education	5,818.1	4.4%	15,684.3	12.7%	28,783.6	26.1%
Art. IV - The Judiciary	7.1	0.4%	24.2	1.5%	144.6	9.9%
Art. V - Public Safety and Criminal Justice	-61.5	-0.01%	-756.4	-1.4%	2,238.7	4.5%
Art. VI - Natural Resources	63.0	0.8%	-120.0	-1.5%	-210.5	-2.5%
Art. VII - Business and Economic Development	402.0	2.2%	-920.1	-4.7%	-1,752.7	-8.6%
Art. VIII - Regulatory	73.8	2.2%	-61.4	-1.7%	12.9	0.4%
Art. X - Legislature	227.9	10.6%	-30.7	-1.3%	307.3	14.8%
Statewide	5,970.4	2.2%	9,542.1	3.5%	15,760.3	5.9%

Chapter 2

Distribution of State Employees

During fiscal year 2005, state agencies employed 51 percent of FTEs in the State. The majority (68 percent) of these employees worked for public safety and criminal justice or health and human service agencies (see Figure 1).

The remainder of state employees worked for higher education institutions. Of these employees, the majority (73 percent) were employed by the

University of Texas System and the Texas A&M University System (see Figure 2).

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

Figure 1

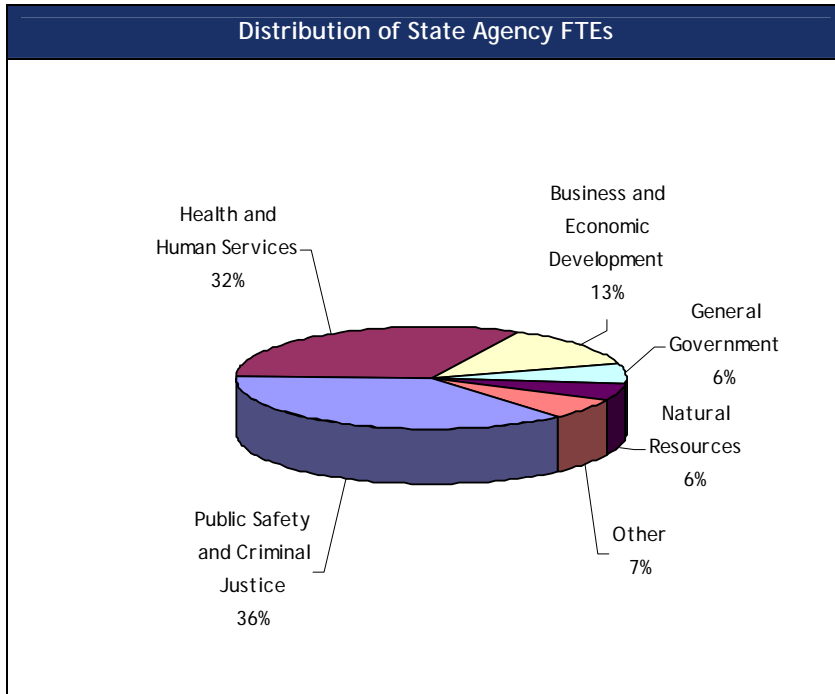
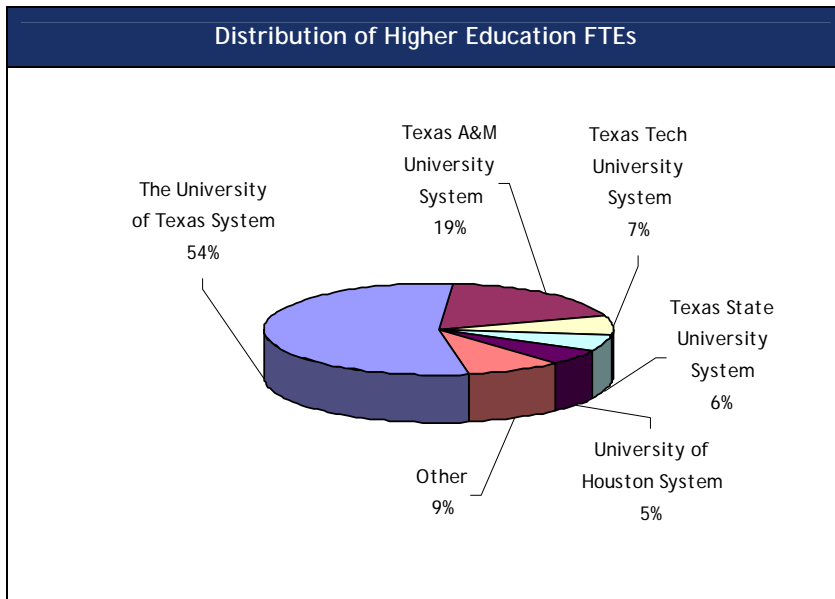


Figure 2



State agencies and institutions of higher education do not report the classifications or types of FTEs beyond stating whether they are in part-time

or full-time status. However, the Higher Education Coordinating Board does report the number of faculty FTEs for 35 universities in Texas. Based upon this data, on average, nearly 26 percent of FTEs employed in those 35 universities are classified as faculty. Additional information on faculty FTEs can be found in Appendix 3.

Chapter 3

Temporary and Contract Workers

Temporary and contract workers who worked more than half of the workdays in the previous 12 months count toward an agency's FTE cap. For reporting purposes, temporary or contract workers include those individuals who are under contract to fill specific positions customarily filled by state employees. Outsourced functions and work performed by consultants are excluded from these requirements.

During fiscal year 2005, 29 state agencies and 19 institutions of higher education used contract FTEs. The majority of these workers were used in higher education, general government, and health and human services agencies (see Figure 3).

Although the average number of contract FTEs has fluctuated since fiscal year 2001 (see Figure 4), these workers represent less than 1 percent of the total workforce for any given year.

Figure 3

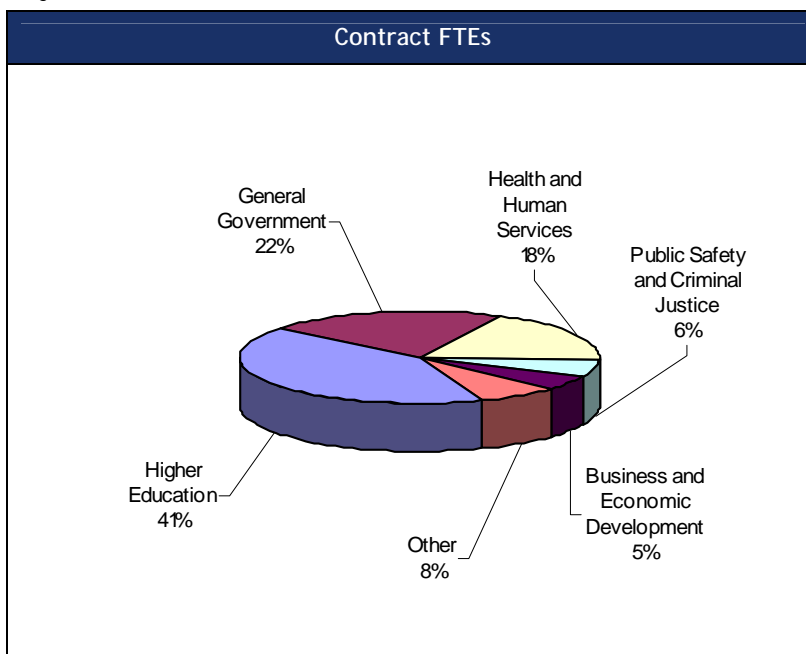
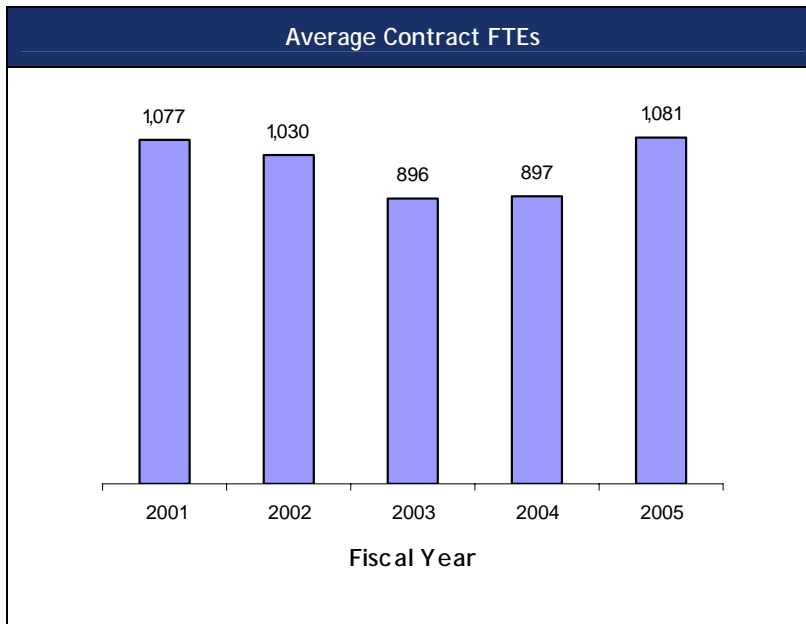


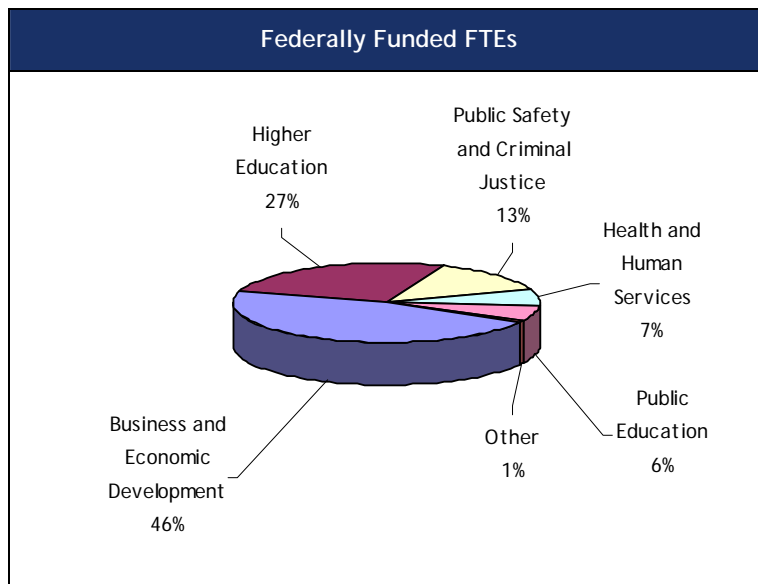
Figure 4



Chapter 4
FTE Funding

FTEs are funded through the General Appropriations Act, through 100-percent federally funded programs, and through other funding sources.

Figure 5

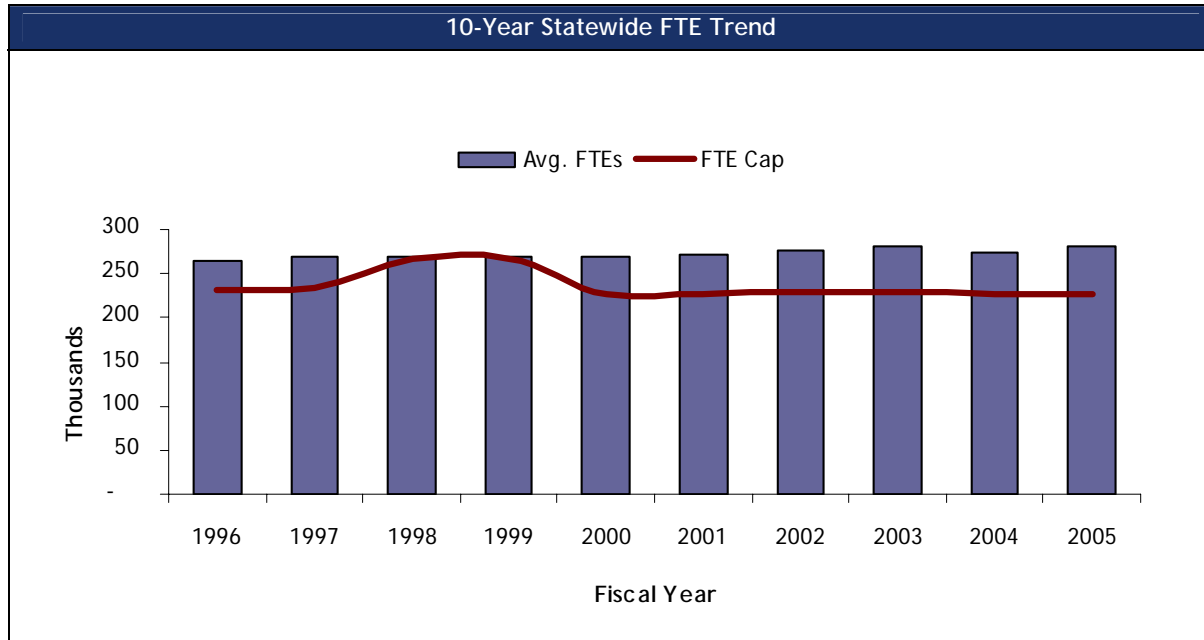


On average, in fiscal year 2005, 78 percent of FTEs were paid from appropriated funds. This represents 99 percent of state agency FTEs and 57 percent of FTEs in higher education.

Statewide, 100-percent federally funded programs employed 6,683 FTEs, or 2 percent of the state workforce. Almost half of these FTEs are employed by the Texas Workforce Commission. Figure 5 shows the distribution of those FTEs.

FTE caps are established by the Legislature to provide limits on state employment levels. During the past six years, average FTE caps have remained fairly constant overall (see Figure 6). Compared with fiscal year 2004, FTE caps in fiscal year 2005 decreased by 2,055 workers (less than 1 percent).

Figure 6



Legislative agencies, courts, and several state agencies are not subject to an FTE cap. For those agencies with designated caps, contract FTEs and FTEs paid from appropriated funds count toward this cap. Table 2 shows the difference between the number of FTEs subject to caps at agencies and institutions and those entities' FTE caps, grouped by General Appropriations Act Article.

Table 2

Comparison of Agencies' and Institutions' FTEs Subject to Caps and Their FTE Caps				
General Appropriations Act Article	Annual Average FTEs Subject to Cap	Fiscal Year 2005 FTE Cap	Difference in FTEs	Percent Above/Below Cap
Art. I - General Government	5,975.8	6,351.5	-375.7	-5.9%
Art. II - Health and Human Services	44,946.0	46,386.0	-1,440.0	-3.1%
Art. III - Public Education	1,879.9	2,065.3	-185.4	-9.0%
Art. III - Higher Education	78,993.5	80,116.7	-1,123.2	-1.4%
Art. IV - The Judiciary	780.0	799.0	-19.0	-2.4%
Art. V - Public Safety and Criminal Justice	51,928.1	54,684.7	-2,759.6	-5.0%
Art. VI - Natural Resources	8,049.6	8,597.4	-547.8	-6.4%
Art. VII - Business and Economic Development	18,542.0	19,180.8	-638.8	-3.3%
Art. VIII - Regulatory	3,338.8	3,748.5	-409.7	-10.9%
Statewide	214,433.7	221,932.9	-7,499.2	-3.4%

In fiscal year 2005, four agencies exceeded their quarterly caps, and two institutions of higher education exceeded their annual caps. Detailed information and reasons for exceeding FTE caps are available in Appendices 4 and 5.

Chapter 6

Management-to-Staff Ratios

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

Background Information

Management-to-staff ratios have been tracked since fiscal year 1998 using headcount alone. During the 78th Legislative Session, legislation changed and now requires the additional reporting of this information using FTEs. However, reporting data by this method applies only to fiscal years 2004 through 2007. For state agencies and institutions of higher education that employ part-time workers, reporting their data using this method may result in a lower overall ratio when compared with headcount ratios.

or supervisor. A correlation generally exists between the span of control and the number of layers within an organization. Texas state 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

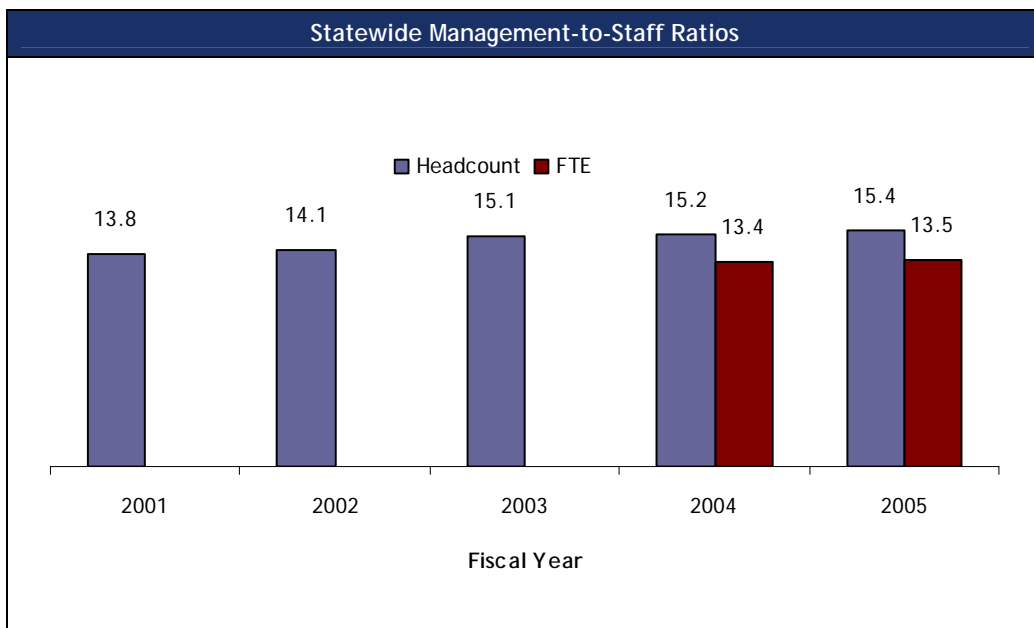
schedule for implementation is located in Table 3.

Table 3

Implementation Schedule For Management-to-Staff Ratio	
Target Date	Minimum Ratio
March 31, 2004	1:8
August 31, 2005	1:9
August 31, 2006	1:10
August 31, 2007	1:11

Figure 7 shows the average annual management-to-staff ratios from fiscal year 2001 to the present. Data for fiscal years 2004 and 2005 includes the ratio using headcount as well as FTEs. (The numbers in Figure 7 represent the average number of employees per manager or supervisor.)

Figure 7



As of the fourth quarter of fiscal year 2005, 86 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 ratio is not appropriate for it, it can appeal to the Legislative Budget Board. For fiscal year 2005, one exemption was granted and additional agencies had requests that were pending at the time of this report.

Additional FTE Analysis

The FTE System provides additional data analysis and reports by accessing our Web site at <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

Objective

This report provides the Legislature and the public with information on the number of full-time equivalent (FTE) state employees and contractors who perform services for state government. It was prepared in accordance with Texas Government Code, Section 2052.104 (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 2005 with previously submitted data from the FTE System.

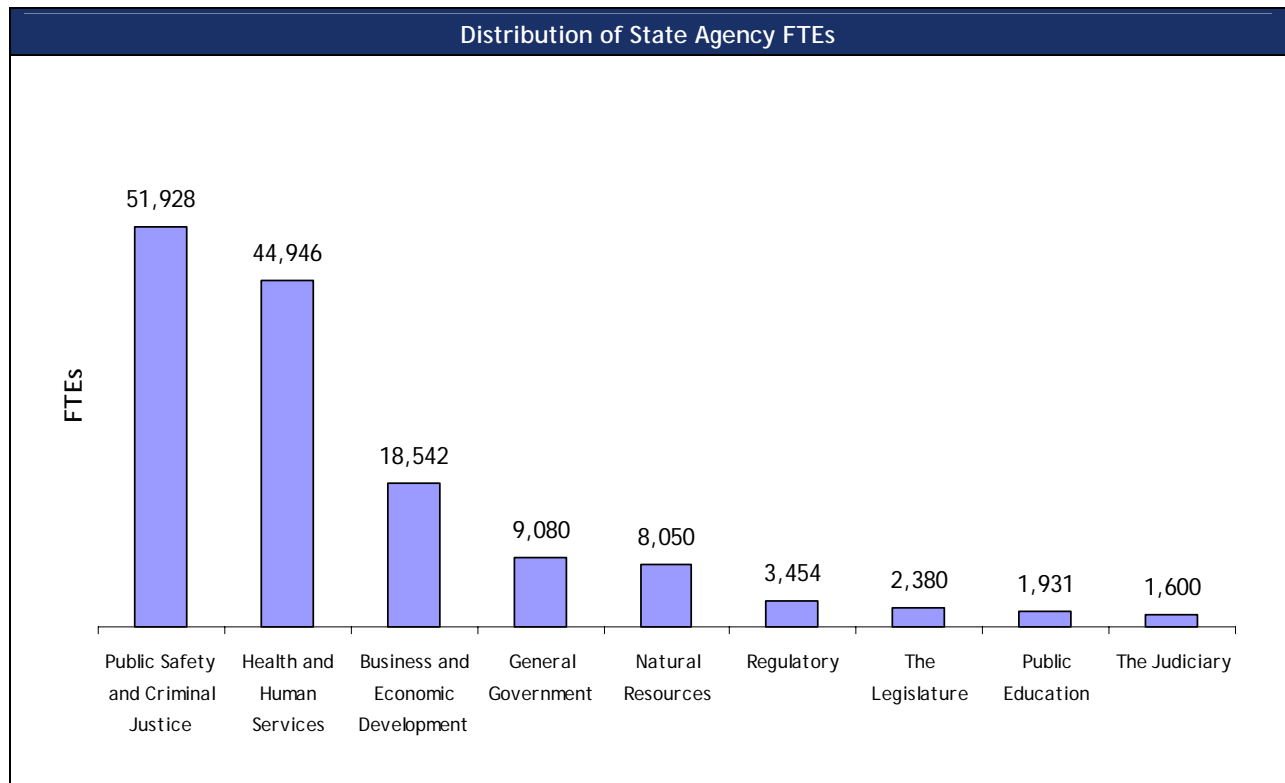
The following employees of the State Auditor's Office prepared the report:

- Christine M. Bailey, CCP, Project Manager
- Frank Locklear, CISA, Senior Systems Analyst
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Distribution of State Employees

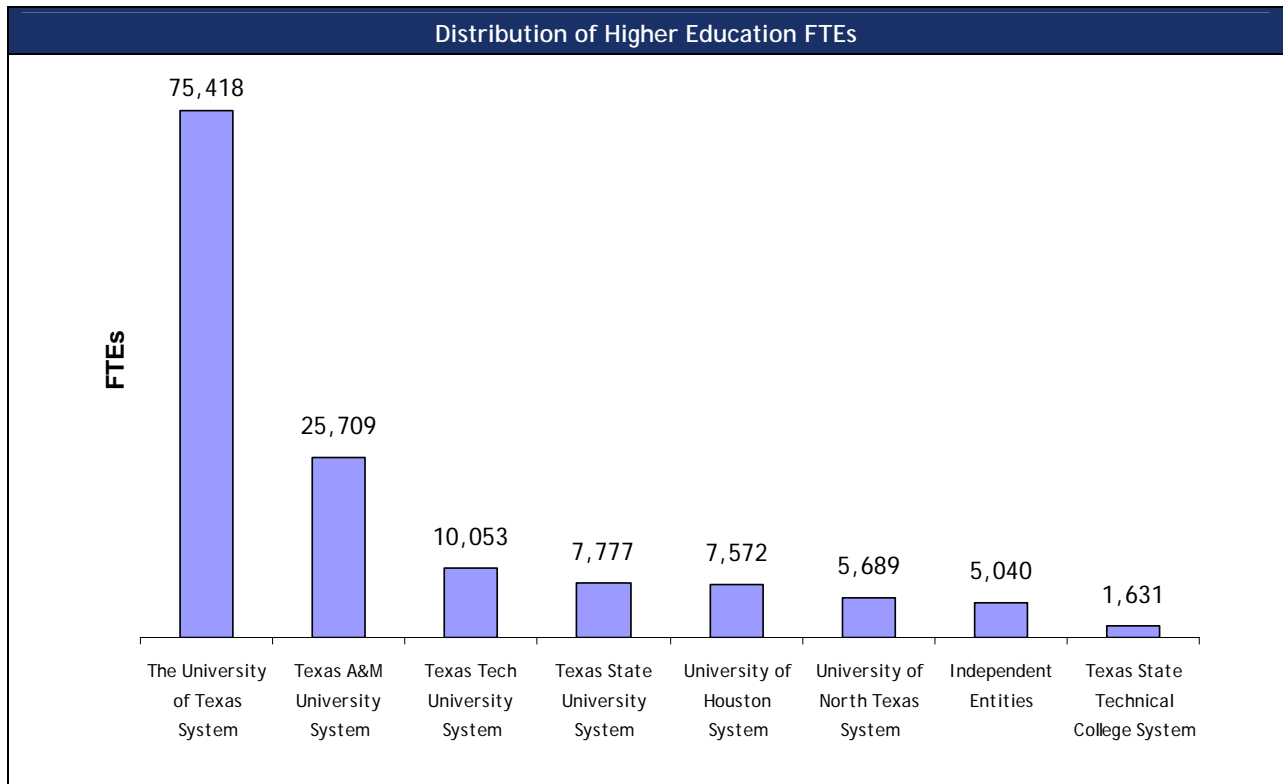
During fiscal year 2005, state agencies employed 51 percent of FTEs in the State. The majority of state employees (96,874 FTEs, or 68 percent) worked for public safety and criminal justice or health and human service agencies (see Figure 8).

Figure 8



During fiscal year 2005, two of the seven university systems (the University of Texas System and the Texas A&M University System) employed 73 percent (101,128 FTEs) of higher education FTEs (see Figure 9).

Figure 9



Appendix 3

Faculty FTEs at Institutions of Higher Education

Table 4 shows the number of faculty FTEs at 35 higher education institutions in Texas compared with the total FTEs for each entity.

Table 4

Faculty FTEs at Selected Institutions of Higher Education			
Higher Education Institution	Fiscal Year 2005 Annual Average FTEs	Faculty FTEs ^a	Faculty as a % of Workforce
Angelo State University	705.7	256.1	36.3%
Lamar University	1,146.1	394.5	34.4%
Midwestern State University	711.5	247.8	34.8%
Prairie View A&M University	1,326.4	378.9	28.6%
Sam Houston State University	1,624.5	509.8	31.4%
Stephen F. Austin State University	1,623.8	507.4	31.2%
Sul Ross State University	450.9	111.2	24.7%
Sul Ross State University Rio Grande College	95.1	32.5	34.2%
Tarleton State University (A&M)	1,096.3	360.6	32.9%
Texas A&M International University	629.8	181.6	28.8%
Texas A&M University - Corpus Christi	1,253.4	336.8	26.9%
Texas A&M University at Galveston	400.6	108.2	27.0%
Texas A&M University - Kingsville	1,185.7	322.3	27.2%
Texas A&M University	10,146.5	2,069.1	20.4%
Texas A&M University - Commerce	1,050.5	350.0	33.3%
Texas A&M University -Texarkana	175.2	58.9	33.6%
Texas Southern University	1,076.8	445.5	41.4%
Texas State University - San Marcos	3,134.9	943.4	30.1%
Texas Tech University	5,348.7	1,376.3	25.7%
Texas Woman's University	1,342.4	526.3	39.2%
University of Houston	5,523.4	1,281.9	23.2%
University of Houston - Clear Lake	800.8	281.0	35.1%
University of Houston - Downtown	843.8	360.9	42.8%
University of Houston - Victoria	290.8	78.2	26.9%
University of North Texas	4,461.5	1,235.4	27.7%
The University of Texas at Brownsville	1,186.5	196.1	16.5%
The University of Texas - Pan American	2,092.8	623.8	29.8%
The University of Texas at Arlington	3,127.8	937.4	30.0%
The University of Texas at Austin	14,394.1	2,498.8	17.4%
The University of Texas at Dallas	2,157.9	500.2	23.2%
The University of Texas at El Paso	2,692.0	706.9	26.3%
The University of Texas at San Antonio	2,950.1	775.0	26.3%
The University of Texas at Tyler	562.5	239.4	42.6%
The University of Texas of the Permian Basin	358.1	132.1	36.9%
West Texas A&M University	966.3	278.2	28.8%
Total	76,933.2	19,642.5	25.5%
^a As institutions reported for fall 2004 to the Higher Education Coordinating Board.			

State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps

Four state agencies exceeded their quarterly FTE caps during fiscal year 2005. The numbers in Table 5 represent the quarterly total of FTEs who are paid from appropriated funds plus contractor FTEs. (No agencies exceeded their caps during the third quarter.) The agencies' explanations for exceeding their caps are listed below.

Table 5

State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps					
Agency	Quarterly FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Agency)
First Quarter Fiscal Year 2005					
Board of Professional Land Surveying	4.50	4.54	0.04	0.89	<i>During first quarter 2005, the agency had a short overlap between an employee hired by the agency and one that was leaving. As a result, total hours paid for that quarter exceed the FTE cap by 0.04.</i>
Second Quarter Fiscal Year 2005					
Cosmetology Commission	43.00	43.11	0.11	0.26	<i>The commission had two employees that terminated in the month of December. One of them only was on the payroll for four days.</i>
Fourth Quarter Fiscal Year 2005					
Fire Fighter's Pension Commissioner	8.50	8.65	0.15	1.76	<i>The agency had additional staff through fourth quarter 2005 which led to an increase in reported FTEs for that quarter. However, due to budget reductions one staff position was eliminated at the end of the year. Based on annual averages, the agency has remained under their FTE cap during fiscal year 2005.</i>
Real Estate Commission	83.00	83.24	0.24	0.29	<i>The FTE report is based on employee information from the Texas Real Estate Commission (TREC) and the Texas Appraiser Licensing and Certification Board (TALCB). We exceeded the FTE count by .24 in the fourth quarter. TALCB is audited by the federal government and their volume of closed cases remains less than satisfactory. In an attempt to begin meeting their performance standard in this regard a part-time investigator working in TALCB worked full-time in the 4th quarter. We knew 2 TREC employees were scheduled to retire in the 4th quarter but they remained longer than we anticipated. For these reasons we exceeded our FTE count.</i>

Institutions of Higher Education that Exceeded Their Legislatively Mandated Annual FTE Caps

During fiscal year 2005, two institutions of higher education exceeded their annual FTE caps. For institutions and other agencies that have an annual cap, the numbers in Table 6 represent the annual average of FTEs paid from appropriated funds plus contractor FTEs for fiscal year 2005. Explanations for exceeding the caps, as reported by each entity, are listed below.

Table 6

Institutions of Higher Education that Exceeded Their Legislatively Mandated Annual FTE Caps					
Institution of Higher Education	Annual FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Institution)
Texas Engineering Extension Service (A&M)	495.5	625.56	130.06	26.25	<p><i>The Texas Engineering Extension Service continues to experience tremendous growth in federal contracts and grants. These additional FTEs are needed to fulfill our obligations of these contracts and are fully funded by the sponsoring agencies.</i></p>
Texas Forest Service (A&M)	357.00	371.59	14.59	4.09	<p><i>The total paid FTEs from appropriated funds were 354 for FY 2001, 362 for FY 2002, and 360 for FY 2003. Thus, TFS is already over the cap for FY 2004. Based upon the following issues, TFS expects to exceed its cap by 23 in FY 2005.</i></p> <p><i>(1) FY 2004 has been a relatively light year for emergency response. Consequently, the number of seasonals employed to assist with emergency response efforts has not been as high as would be experienced during heavier emergency response seasons. While predicting the level of emergency response activity is difficult, prudent planning dictates that TFS allow for heavier emergency response activity in FY 2005.</i></p> <p><i>(2) In FY 2003, TFS implemented the VFD Assistance and VFD Insurance programs. When the enabling legislation for these programs was passed, the anticipated increase in FTES was 20. However, as part of the agency's efforts to deal with the state budget shortfall, the agency elected not to fill all of the positions for these programs during FY 2003. Additionally, the agency elected to delay filling other vacant positions. As a result, the paid FTE count for FY 2003 does not reflect the full TFS staff. After a lengthy planning and analysis process that began in the summer of FY 2002, TFS had implemented strategies (including position eliminations) to absorb the funding reductions imposed by the legislature for FY 2004-2005 Biennium. TFS is currently in the process of filling the remaining vacant positions that were on hold for much of FY 2003. Many have been filled during FY 2004, but some are still vacant. These vacancies are critical to delivering services to the citizens of Texas.</i></p> <p><i>(3) If all vacancies were filled and if we employed a normal level of seasonal labor for emergency response activities, we would be at the 380 FTE level for appropriated funds.</i></p>

Copies of this report have been distributed to the following:

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The Honorable Steve Ogden, Senate Finance Committee
The Honorable Thomas “Tommy” Williams, Member, Texas Senate
The Honorable Jim Pitts, House Appropriations Committee
The Honorable Jim Keffer, House Ways and Means Committee

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