



John Keel, CPA
State Auditor

A Summary Report on

Full-Time Equivalent State Employees for Fiscal Year 2006

November 2006

Report No. 07-704



A Summary Report on

Full-Time Equivalent State Employees for Fiscal Year 2006

SAO Report No. 07-704
November 2006

Overall Conclusion

During fiscal year 2006, an average of 285,664 full-time equivalent (FTE) employees were employed in state agencies or higher education institutions. This is an increase of 4,858 FTEs (or 1.7 percent) over the number employed in fiscal year 2005. State agencies employed 142,621 FTEs, an increase of less than 1 percent over fiscal year 2005. Higher education institutions employed 143,044 FTEs, an increase of 3 percent.

State agencies and higher education institutions reported average headcounts of 257,003 full-time employees and 74,283 part-time employees during fiscal year 2006.

FTE Calculations

A full-time equivalent (FTE) employee is a ratio that represents the number of hours that an employee works compared to 40 hours a week. One FTE is any combination of employees whose hours total 40 hours.

FTEs do not equate to employee headcount. For example, two half-time employees who each work 20 hours a week 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 a quarter.

Key Points

FTE levels in state agencies have decreased, while FTE levels at higher education institutions have increased.

During the past ten years, the average number of FTEs in the State has increased by 6.1 percent. Among higher education institutions, the average number of FTEs has increased 26.1 percent since fiscal year 1997. During that same time frame, state agencies experienced a decrease of 8.4 percent in the average number of FTEs.

The majority of state agencies and higher education institutions comply with their legislatively mandated FTE caps.

During fiscal year 2006, 6 state agencies and 23 higher education institutions exceeded their legislatively mandated FTE caps. Of those that exceeded their caps, state agencies on average were less than 1 percent above their caps and higher education institutions were nearly 6 percent above their caps.

Statewide, average management-to-staff ratios surpass targeted ratios.

The average management-to-staff ratio, calculated using headcount, for fiscal year 2006 was 1:15 (one manager or supervisor per 15 staff employees, based on

This review was conducted in accordance with Texas Government Code, Section 2052.104 (b).

For more information regarding this report, please contact Susan Riley, Assistant State Auditor, or John Keel, State Auditor, at (512) 936-9500.

headcount). The same ratio calculated with FTEs was 1:13 (one manager or supervisor per 13 staff employees, based on FTEs). These ratios have remained fairly constant since fiscal year 2004. Currently, the target ratio for the State is 1:10 (based on FTEs).

Summary of Objective, Scope, and Methodology

The objective of this review 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 review included unaudited fiscal year 2006 information on FTEs submitted each quarter to the State Auditor's Office by agencies and higher education institutions.

The report compares data from fiscal year 2006 with previously submitted data from the State Auditor's Office's FTE system.

Contents

Detailed Results

Introduction	1
Chapter 1	
FTE Levels in State Agencies Have Decreased, While FTE Levels at Higher Education Institutions Have Increased	3
Chapter 2	
The Majority of State Agencies and Higher Education Institutions Comply with Legislatively Mandated FTE Caps.....	7
Chapter 3	
Statewide, Average Management-to-Staff Ratios Surpass Targeted Ratios	9

Appendices

Appendix 1	
Objective, Scope, and Methodology.....	11
Appendix 2	
The 20 State Agencies and Higher Education Institutions with the Highest Annual Average FTEs.....	12
Appendix 3	
Distribution of State Employees.....	13
Appendix 4	
Faculty FTEs at Higher Education Institutions	15
Appendix 5	
State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps	17
Appendix 6	
Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps	19

Detailed Results

Introduction

The State Auditors' Office has compiled full-time equivalent (FTE) data from state agencies and higher education institutions since 1988. This data, which is reported quarterly, is used by the Legislature to manage workforce levels across the state and appropriate funding. In addition to information about the total number of FTEs employed in the state, the State Auditor's Office's FTE System collects data on full-time and part-time employees and management-to-staff ratios (see text box for additional details).

Additional FTE Analysis

The State Auditor's Office provides additional data analysis and reports from its FTE System through its Web site at <http://www.sao.state.tx.us>. To access that information:

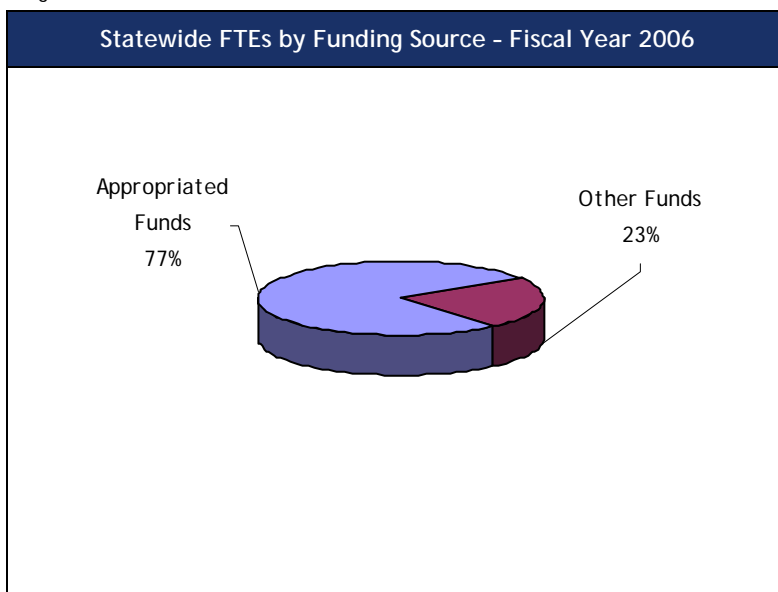
- Select "Resource & Tools"
- Under the "Tools" header, select "Full-Time Equivalent (FTE) State Employee System"

Data in the FTE System may vary from data contained in this report due to routine system maintenance and updated information submitted by state agencies and higher education institutions. However, differences should be minimal.

The majority of state FTEs are funded through appropriated funds.

The General Appropriations Act funds FTEs primarily through appropriated funds and other funding sources. On average, in fiscal year 2006, 77 percent of FTEs were paid through appropriated funds, which includes 100 percent federally funded programs (see Figure 1). This represents 99 percent of state agency FTEs and 55 percent of FTEs in higher education.

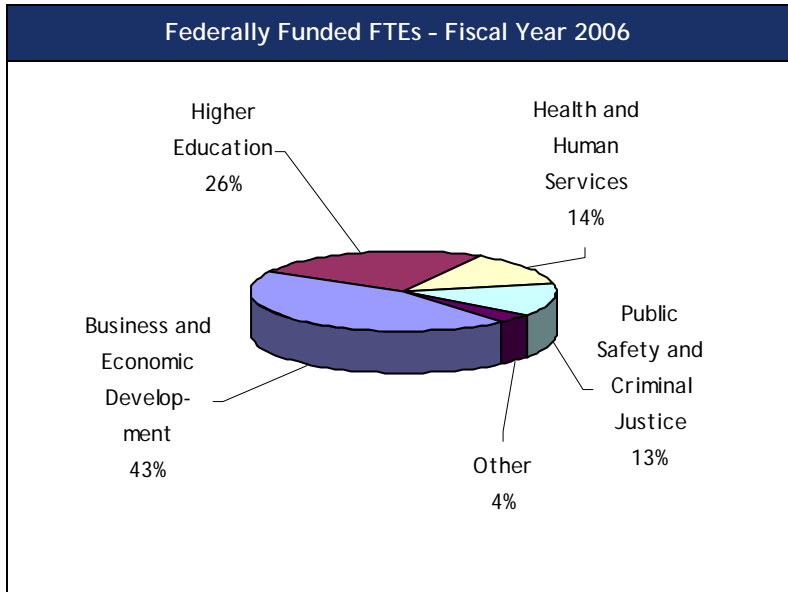
Figure 1



Source: FTE System, Texas State Auditor's Office.

Statewide, 100-percent-federally funded programs employed 6,825 FTEs, or 2.4 percent of the state workforce. Almost half of these FTEs were employed by the Texas Workforce Commission. Figure 2 shows the distribution of those FTEs.

Figure 2



Source: FTE System, Texas State Auditor's Office.

FTE Levels in State Agencies Have Decreased, While FTE Levels at Higher Education Institutions Have Increased

During the past ten years, the average number of FTEs in the State has increased by 6.1 percent. Among higher education institutions, the average number of FTEs has increased 26.1 percent since fiscal year 1997. During that same time frame, state agencies experienced a decrease of 8.4 percent in the average number of FTEs (see Table 1).

Table 1

Change in Annual FTE Levels by General Appropriations Act Article						
General Appropriations Act Article	One-Year Comparison (Fiscal Years 2005 and 2006)		Five-Year Comparison (Fiscal Years 2002 and 2006)		Ten-Year Comparison (Fiscal Years 1997 and 2006)	
	Change in FTEs	Percent Change	Change in FTEs	Percent Change	Change in FTEs	Percent Change
Art. I - General Government	190.1	2.1%	175.8	1.9%	495.2	5.6%
Art. II - Health and Human Services	490.0	1.1%	(3,949.1)	-8.0%	(11,897.9)	-20.8%
Art. III - Public Education	152.6	8.1%	(69.9)	-3.3%	27.6	1.4%
Art. III - Higher Education	4,106.3	3.0%	14,978.0	11.7%	29,624.4	26.1%
Art. IV - The Judiciary	16.9	1.1%	12.8	0.8%	130.0	8.7%
Art. V - Public Safety and Criminal Justice	259.0	0.5%	(750.6)	-1.4%	1,074.8	2.1%
Art. VI - Natural Resources	(31.4)	-0.4%	(347.9)	-4.2%	(160.7)	-2.0%
Art. VII - Business and Economic Development	21.1	0.1%	(1,001.6)	-5.1%	(2,505.3)	-11.9%
Art. VIII - Regulatory	(100.7)	-2.9%	(200.8)	-5.6%	(87.7)	-2.5%
Art. X - Legislature	(245.7)	-10.4%	(39.4)	-1.8%	(235.3)	-10.0%
Statewide (Excluding Higher Education)	752.0	0.5%	(6,170.7)	-4.1%	(13,159.1)	-8.4%
Statewide (Including Higher Education)	4,858.4	1.7%	8,807.3	3.2%	16,465.3	6.1%

Source: FTE System, Texas State Auditor's Office.

The majority of state FTEs work in 20 agencies and higher education institutions.

Although the State has 118 agencies and 66 higher education institutions that report FTE data, the majority of FTEs (71 percent) work in 20 agencies and higher education institutions (see Table 2). Appendix 2 shows a complete list of the top 20 agencies and higher education institutions.

Table 2

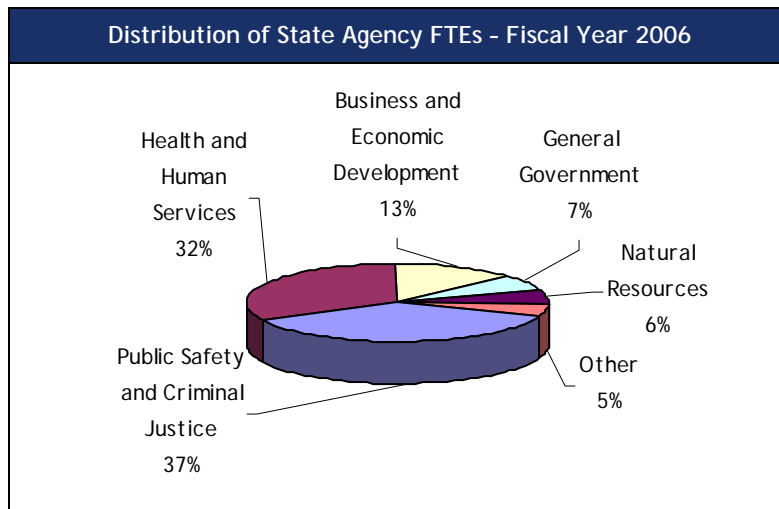
Distribution of State FTEs - Fiscal Year 2006		
Category	Average Annual FTEs	Percentage of State Workforce
The 10 agencies and higher education institutions with the most FTEs	149,484.34	52.3%
The 15 agencies and higher education institutions with the most FTEs	181,059.91	63.4%
The 20 agencies and higher education institutions with the most FTEs	203,154.74	71.1%
All agencies and higher education institutions	285,664.37	100.0%

Source: FTE System, Texas State Auditor's Office.

State FTEs are distributed equally across state agencies and higher education institutions.

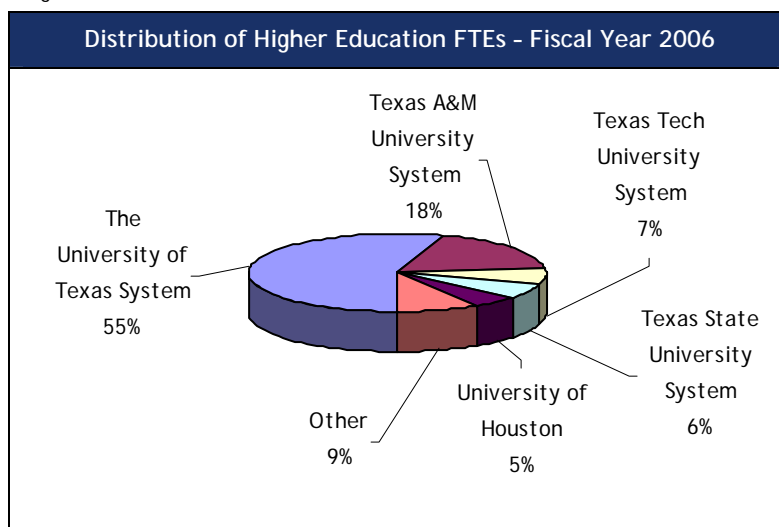
During fiscal year 2006, state agencies employed 50 percent of FTEs and higher education employed 50 percent of FTEs. The majority (68 percent) of state agency employees worked for public safety and criminal justice or health and human service agencies (see Figure 3). The majority (73 percent) of higher education institution employees were employed by the University of Texas System and the Texas A&M University System (see Figure 4). While full-time employees were distributed equally across state agencies and higher education institutions, higher education institutions employed 96 percent of the part-time employees working in the State. Additional information on the distribution of state employees can be found in Appendix 3.

Figure 3



Source: FTE System, Texas State Auditor's Office.

Figure 4



Source: FTE System, Texas State Auditor's Office.

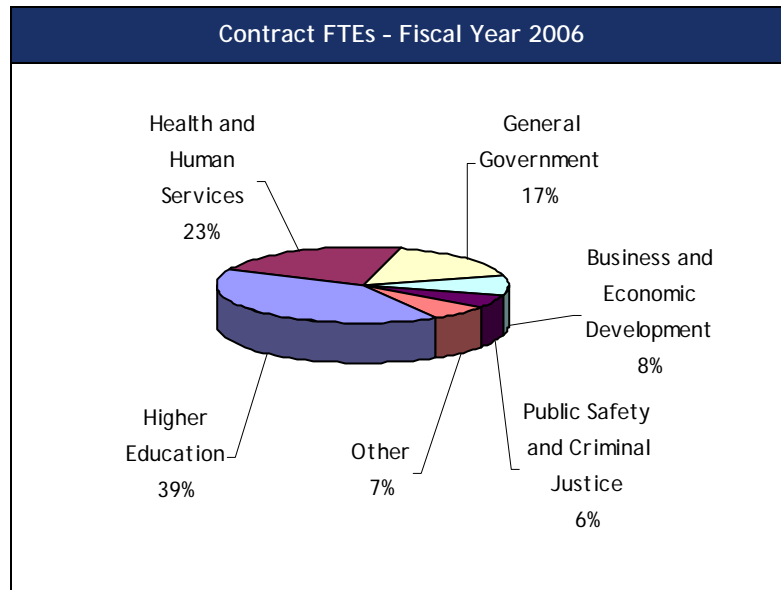
State agencies and higher education institutions do not report the classification or type of FTEs beyond stating whether they work full time or part time. However, the Higher Education Coordinating Board (Coordinating Board) reports the number of faculty FTEs for 35 higher education institutions in Texas. The Coordinating Board's data indicates that, on average, 24 percent of FTEs employed in those 35 higher education institutions are classified as faculty. Additional information on faculty FTEs can be found in Appendix 4.

Temporary and contract employees represent less than 1 percent of the State's FTEs.

Temporary and contract employees 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 individuals who are under contract to fill specific positions that are customarily filled by state employees. Outsourced functions and work performed by consultants are excluded from these requirements and, therefore, are excluded from these numbers.

During fiscal year 2006, 29 agencies and 15 higher education institutions used contract FTEs to supplement their workforce. The majority of those individuals worked in higher education, health and human services, and general government agencies (see Figure 5).

Figure 5

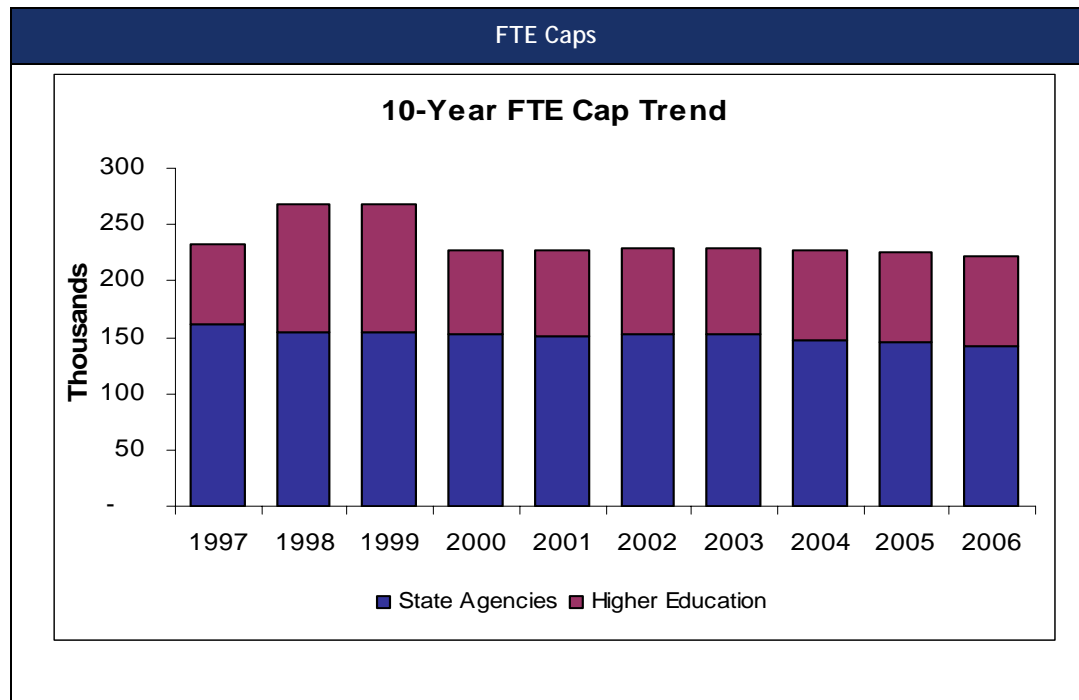


Source: FTE System, Texas State Auditor's Office.

The Majority of State Agencies and Higher Education Institutions Comply with Legislatively Mandated FTE Caps

FTE caps are established by the Legislature and place limits on state employment levels. During the past ten years, total FTE caps have decreased less than 5 percent (see Figure 6). Compared with fiscal year 2005, FTE caps in fiscal year 2006 decreased by 3,767 FTEs (a decrease of less than 2 percent).

Figure 6



Source: FTE System, Texas State Auditor's Office.

Legislative agencies, courts, and several state agencies are not subject to FTE caps, but they are still required to report their numbers. For those agencies with designated FTE caps, contract FTEs and FTEs paid from appropriated funds count toward the cap. Table 3 shows the difference between the number of FTEs subject to caps at agencies and higher education institutions and those entities' FTE caps, grouped by General Appropriations Act Article.

Table 3

Comparison of Agencies' and Higher Education Institutions' FTEs with Their FTE Caps				
General Appropriations Act Article	Annual Average FTEs Subject to Cap	Fiscal Year 2006 FTE Cap	Difference in FTEs	Percent Above/Below Cap
Art. I - General Government	9,180.3	9,512.0	(331.8)	-3.5%
Art. II - Health and Human Services	45,436.0	46,865.1	(1,429.1)	-3.1%
Art. III - Public Education	2,000.9	1,969.9	31.0	1.6%
Art. III - Higher Education	78,612.2	79,121.9	(509.7)	-0.6%
Art. IV - The Judiciary	1,317.2	1,344.4	(27.2)	-2.0%
Art. V - Public Safety and Criminal Justice	52,205.9	52,488.2	(282.3)	-0.5%
Art. VI - Natural Resources	8,018.2	8,220.3	(202.1)	-2.5%
Art. VII - Business and Economic Development	18,563.1	18,650.8	(87.7)	-0.5%
Art. VIII - Regulatory	3,236.9	3,681.5	(444.6)	-12.1%
Statewide (Excluding Higher Education)	139,958.6	142,732.2	(2,773.6)	-1.9%
Statewide (Including Higher Education)	218,570.8	221,854.1	(3,283.3)	-1.5%

Source: FTE System, Texas State Auditor's Office.

During fiscal year 2006, 6 state agencies and 23 higher education institutions exceeded their mandated FTE caps. Of those that exceeded their caps, state agencies on average were less than 1 percent above their caps and higher education institutions were nearly 6 percent above their caps. Detailed information and reasons for exceeding FTE caps are available in Appendices 5 and 6.

Statewide, Average Management-to-Staff Ratios Surpass Targeted 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 or supervisor. A correlation generally exists between the span of control and the number of levels within an organization. Texas state agencies and higher education institutions have statutory guidelines for management-to-staff ratios (see text box for additional details).

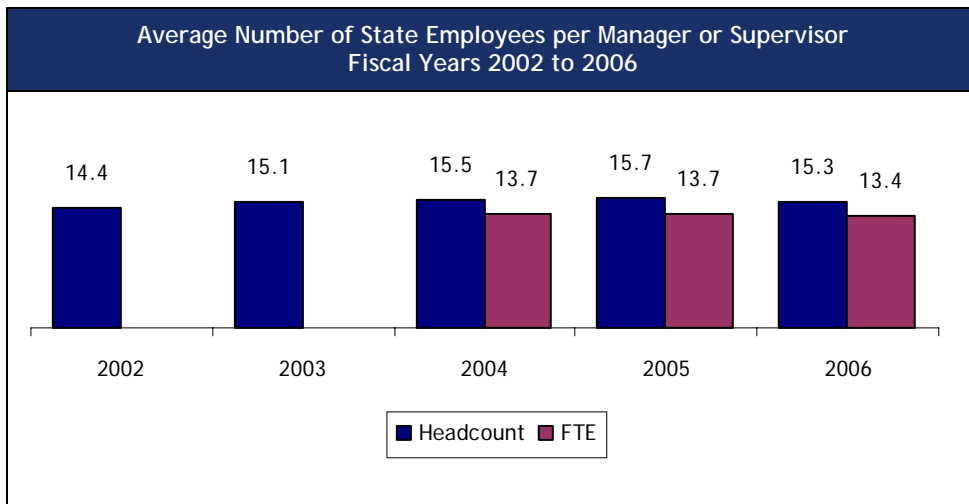
Background Information

Management-to-staff ratios have been tracked since fiscal year 1998 using headcount alone. The 78th Legislature changed the reporting requirements and began requiring the additional reporting of these ratios based on FTEs. However, reporting data by this method applies only to fiscal years 2004 through 2007. For state agencies and higher education institutions that have part-time employees, reporting ratios based on FTEs may result in a lower overall ratio when compared with reporting ratios based on headcount.

The average management-to-staff ratio, calculated using headcount, for fiscal year 2006 was 1:15 (one manager or supervisor per 15 staff employees). The same ratio calculated with FTEs was 1:13 (one manager or supervisor employee per 13 staff employees). These numbers have remained fairly constant since fiscal year 2004. On average, the State is in compliance with mandated ratios and surpasses the current target ratio for the State, which is 1:10 (one manager or supervisor employee per 10 staff employees, based on FTEs).

Figure 7 shows the average annual management-to-staff ratios from fiscal year 2002 to the present. Data for fiscal years 2004 to 2006 includes the ratio based on both headcount and FTEs. (The numbers in Figure 7 represent the average number of state employees per manager or supervisor).

Figure 7



Source: FTE System, Texas State Auditor’s Office.

More than half of state agencies and higher education institutions are in compliance with mandated management-to-staff ratios.

Currently, agencies and higher education institutions with more than 100 FTEs are required to comply with a management-to-staff ratio of 1 manager or supervisor for every 10 FTEs. This occurred when the 78th Legislature (Regular Session) amended Texas Government Code, Section 651.004, to include mandated time lines for agencies and institutions of higher education to achieve this ratio by August 31, 2007. The goal for state agencies and institutions of higher education is to move toward a higher ratio of more employees per manager or supervisor. The schedule for implementation is located in Table 4.

Table 4

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

A total of 111 entities in the state have more than 100 FTEs and, therefore, must comply with this ratio. As of the fourth quarter of fiscal year 2006, 80 percent of state agencies and higher education institutions were within the mandated ratio when using headcount, and 65 percent were within the mandated ratio using FTEs.

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this review was to provide 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. The report was prepared in accordance with Texas Government Code, Section 2052.104 (b).

Scope

The scope of this review included unaudited fiscal year 2006 information submitted each quarter to the State Auditor's Office by agencies and higher education institutions in accordance with Texas Government Code, Section 2052.103.

Methodology

The report compares data from fiscal year 2006 with previously submitted data from the FTE system. This project was a review; therefore, the information in this report was not subjected to all the tests and confirmations that would be performed in an audit.

The following members of the State Auditor's staff performed the review:

- Christine M. Bailey, CCP (Project Manager)
- Frank Locklear, CISA (Senior Systems Analyst)
- Worth Ferguson, CPA (Quality Control Reviewer)
- Susan Riley, CPA (Assistant State Auditor)

The 20 State Agencies and Higher Education Institutions with the Highest Annual Average FTEs

Table 5 shows the 20 state agencies and higher education institutions with the highest annual average FTEs.

Table 5

Twenty State Agencies and Higher Education Institutions with the Highest Annual Average FTEs Fiscal Year 2006			
Rank	State Agency or Higher Education Institution	Average Annual FTEs	Percentage of State Workforce
1	Department of Criminal Justice	38,277.29	13.4%
2	The University of Texas MD Anderson Cancer Center	15,274.28	5.3%
3	Department of Transportation	14,744.48	5.2%
4	The University of Texas at Austin	14,606.99	5.1%
5	Department of Aging and Disability Services	14,251.32	5.0%
6	The University of Texas Medical Branch at Galveston	12,702.47	4.4%
7	Department of State Health Services	11,318.43	4.0%
8	Texas A&M University	10,261.88	3.6%
9	The University of Texas Southwestern Medical Center at Dallas	9,240.10	3.2%
10	Health and Human Services Commission	8,807.10	3.1%
11	Department of Family and Protective Services	8,004.35	2.8%
12	Department of Public Safety	7,826.49	2.7%
13	University of Houston	5,577.60	2.0%
14	Texas Tech University	5,470.94	1.9%
15	Texas Youth Commission	4,696.19	1.6%
16	The University of Texas Health Science Center at San Antonio	4,633.74	1.6%
17	Texas Tech University Health Sciences Center	4,603.23	1.6%
18	University of North Texas	4,431.00	1.6%
19	The University of Texas Health Science Center at Houston	4,353.09	1.5%
20	Office of the Attorney General	4,073.76	1.4%

Source: FTE System, Texas State Auditor's Office.

Distribution of State Employees

During fiscal year 2006, state agencies employed 142,620.6 FTEs or 50 percent of the FTEs in the State. The majority of state agency employees (68 percent) worked for public safety and criminal justice or health and human service agencies (see Table 6).

Table 6

Distribution of State Agency FTEs			
General Appropriations Act Article	Average Annual FTEs	Percentage of State Agency Workforce	Percentage of State Workforce
Art. I - General Government	9,270.5	6.5%	3.2%
Art. II - Health and Human Services	45,436.0	31.9%	15.9%
Art. III - Public Education	2,035.7	1.4%	0.7%
Art. IV - The Judiciary	1,616.6	1.1%	0.6%
Art. V - Public Safety and Criminal Justice	52,205.9	36.6%	18.3%
Art. VI - Natural Resources	8,018.2	5.6%	2.8%
Art. VII - Business and Economic Development	18,563.1	13.0%	6.5%
Art. VIII - Regulatory	3,353.4	2.4%	1.2%
Art. X - Legislature	2,121.2	1.5%	0.7%
All State Agencies	142,620.6	100.00%	49.9%

Source: FTE System, Texas State Auditor's Office.

During fiscal year 2006, two of the seven university systems (the University of Texas System and the Texas A&M University System) employed 104,262 (73 percent) of higher education FTEs (see Table 7).

Table 7

Distribution of Higher Education FTEs			
University Affiliation	Average Annual FTEs	Percentage of Higher Education Workforce	Percentage of State Workforce
The University of Texas System	78,574.7	54.9%	27.5%
Texas A&M System	25,687.4	18.0%	9.0%
Texas Tech University System	10,275.3	7.2%	3.6%
Texas State University System	8,158.7	5.7%	2.9%
University of Houston System	7,665.7	5.4%	2.7%
University of North Texas System	5,728.4	4.0%	2.0%
Independent Entities	5,320.5	3.7%	1.9%
Texas State Technical College System	1,633.1	1.1%	0.6%
All Higher Education Institutions	143,043.8	100.0%	50.1%

Source: FTE System, Texas State Auditor's Office.

Faculty FTEs at Higher Education Institutions

Table 8 shows the number of faculty FTEs at 35 higher education institutions in Texas compared with the total FTEs for each institution.

Table 8

Faculty FTEs at Selected Higher Education Institutions			
Higher Education Institution	Fiscal Year 2005 Annual Average FTEs	Faculty FTEs ^a	Faculty as a Percent of Institution Workforce
Angelo State University	836.1	259.5	31.0%
Lamar University	1,221.2	406.3	33.3%
Midwestern State University	828.5	251.7	30.4%
Prairie View A&M University	1,411.0	384.8	27.3%
Sam Houston State University	1,887.7	551.4	29.2%
Stephen F. Austin State University	1,724.6	522.5	30.3%
Sul Ross State University	483.5	111.8	23.1%
Sul Ross State University Rio Grande College	92.6	33.4	36.1%
Tarleton State University (A&M)	1,185.4	368.9	31.1%
Texas A&M International University	689.3	196.4	28.5%
Texas A&M University - Corpus Christi	1,344.7	336.3	25.0%
Texas A&M University at Galveston	406.9	106.2	26.1%
Texas A&M University - Kingsville	1,201.0	313.6	26.1%
Texas A&M University	10,604.8	2,092.1	19.7%
Texas A&M University - Commerce	1,082.0	340.6	31.5%
Texas A&M University -Texarkana	184.1	60.0	32.6%
Texas Southern University	1,345.3	478.5	35.6%
Texas State University - San Marcos	3,461.0	761.6	22.0%
Texas Tech University	5,882.8	1,433.1	24.4%
Texas Woman's University	1,527.7	548.9	35.9%
University of Houston	5,918.5	1,291.3	21.8%
University of Houston - Clear Lake	861.6	288.4	33.5%
University of Houston - Downtown	932.1	370.7	39.8%
University of Houston - Victoria	327.2	80.7	24.7%
University of North Texas	4,668.7	1,238.7	26.5%
The University of Texas at Brownsville	1,334.9	249.3	18.7%
The University of Texas - Pan American	2,289.5	639.3	27.9%
The University of Texas at Arlington	3,407.5	957.9	28.1%
The University of Texas at Austin	15,213.0	2,555.0	16.8%
The University of Texas at Dallas	2,378.6	508.1	21.4%

Faculty FTEs at Selected Higher Education Institutions			
Higher Education Institution	Fiscal Year 2005 Annual Average FTEs	Faculty FTEs ^a	Faculty as a Percent of Institution Workforce
The University of Texas at El Paso	2,977.9	700.9	23.5%
The University of Texas at San Antonio	3,296.9	866.9	26.3%
The University of Texas at Tyler	655.2	258.8	39.5%
The University of Texas of the Permian Basin	412.2	135.8	32.9%
West Texas A&M University	1,018.7	280.4	27.5%
Total	83,092.4	19,979.7	24.0%
^a As institutions reported for fall 2004 to the Higher Education Coordinating Board.			

Sources: FTE System, Texas State Auditor's Office and Higher Education Coordinating Board.

State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps

Six state agencies exceeded their legislatively mandated quarterly FTE caps during fiscal year 2006. The numbers in Table 9 represent the quarterly total of FTEs who were paid from appropriated funds plus contractor FTEs. (No agencies exceeded their caps during the first quarter.) The agencies' explanations for exceeding their caps are listed below.

Table 9

State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps Fiscal Year 2006					
Agency	Quarterly FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Agency)
Second Quarter					
Texas Forest Service (part of the Texas A&M University System)	372.40	380.13	7.73	2.08%	<i>The Texas Forest Service needs the requested increase to 403 in its FTE cap in order to sustain current operations. The requested cap includes existing FTEs (full-time budgeted and seasonal) and authorized FTEs not yet filled (such as for the VFD Assistance program authorized by HB2604). The 403 FTE cap is currently and will continue to be funded from existing agency resources. There are no additional salaries to be funded. The requested cap will allow the agency to operate within its current staffing. The difference between current FTEs and the requested cap represents authorized but not yet filled positions. As a result of concerns raised by members of the Legislature during the 2005 Legislative Session, we reviewed the agency's FTEs from 1996 to present. Our finding revealed the following:</i> <ol style="list-style-type: none"> 1. Due to an error in reporting of FTE data in the LAR for the 1998-1999 Biennium, the FTE cap for TFS was reduced by 35. 2. The FTE cap for TFS was not increased by the number of FTEs authorized for the Texas Wildfire Protection Plan and for the HB2604 and HB3667 programs. The authorized FTEs for these programs totaled 49, while the actual increases totaled 45. The net result of this was to reduce the agency's FTE cap by 4. 3. The requested increase will correct our cap for the reductions made in error and adjust for the 2% reduction required by Sec. 6.14 of the 2006-2007 Appropriations Act.
Department of Transportation	14,534.50	14,587.37	52.87	0.36%	<i>The 2nd Quarter FTEs average of 52.87 FTEs is due to the 2% reduction (GAA, Article IX, Section Sec. 6.14) of our allocation, which amounts to 296.30 FTEs. Total FTEs paid from Appropriated Funds (based on hours worked) is 14,675.42 while the designated FTE Cap for this period is 14,587.37 FTEs (14,830.80 FTEs - 296.30 FTEs (2% reduction)).</i>
Third Quarter					
Veterans Commission	97.00	97.50	0.50	0.51%	<i>On April 1, 2006, the Texas Veterans Commission (per HB 2604) transferred 188 employees from the Texas Veterans Commission to the Texas Workforce Commission. Because these employees were paid on the last working day of the 3rd Quarter, but were not paid during the 1st month of the Quarter, there is a variance in our FTE count.</i>

**State Agencies that Exceeded Their Legislatively Mandated Quarterly FTE Caps
Fiscal Year 2006**

Agency	Quarterly FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Agency)
Third Quarter (continued)					
Department of Transportation	14,534.50	14975.42	58.03	0.97	<i>The 3rd Quarter FTEs are higher due to the seasonal employment of summer hires. Total FTEs paid from Appropriated Funds (based on hours worked) is 14,675.42 while the designated FTE Cap for this period is 16,030.80 FTEs (14,830.80 FTEs + 1,200 Summer Hire FTEs). Full-time Equivalent (FTE) positions associated with the Summer Hire Program of the Department of Transportation, in an amount not to exceed 1,200 FTEs, is exempt from the article IX provision establishing a limitation on state employment levels for the third and fourth quarters of each fiscal years.</i>
Real Estate Commission	83.00	83.21	0.21	0.25%	<i>Two additional FTEs were requested in the Legislative Appropriations Request for FYs 2006-2007 and funding was granted by the 79th Legislature in Senate Bill 1, R.S. (GAA). However, the total FTEs for TREC was not increased. TREC has a pending request with the LBB and GOBPP for approval for two additional FTEs.</i>
Fourth Quarter					
School for the Blind and Visually Impaired	322.00	328.00	6.00	1.86%	<i>Section 6.14 (e) of Article IX of the Appropriations Bill requires TSBVI to use the average of the 4 quarters in complying with the Limit on State Employment Levels (FTE's).</i>

Source: FTE System, Texas State Auditor's Office.

Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps

During fiscal year 2006, 23 higher education institutions exceeded their annual FTE caps. The numbers in Table 10 represent the annual average FTEs paid from appropriated funds plus contractor FTEs for fiscal year 2006. Explanations for exceeding the caps, as reported by the higher education institution, are also listed in Table 10.

Table 10

Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps Fiscal Year 2006					
Higher Education Institution	Annual FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Institution)
The University of Texas - Pan American	1,445.70	1,527.15	81.45	5.63%	<i>Our agency's FTE Cap for FY2006 was 1475.2. We requested to exceed the cap by 121.84 in order to a) Have additional Faculty and staff to cover increase in enrollment and expansion of academic programs; b) Provide additional student services such as counseling and career guidance; and c) Have additional Part time teaching assistants to cover increase in academic programs and enrollment, part time temporary support.</i>
The University of Texas at Brownsville	429.90	797.25	367.35	85.45%	<i>FTEs associated and paid with the Texas Southmost College for Instruction, Academic Support, Institutional costs and Student Services. All E&G personnel of The University of Texas Southmost College are reported together in the State Employee Quarterly Report.</i>
The University of Texas of the Permian Basin	268.30	302.29	33.99	12.67%	<i>The University of Texas of the Permian Basin has exceeded the designated Annual FTE cap due to a growth in student population; the increased enrollment has resulted in a need for additional faculty instruction and support positions. Other increases have resulted from efforts to improve institutional research, community outreach and broaden research endeavors.</i>
The University of Texas at San Antonio	1,843.4	1,949.63	106.23	5.76%	<i>UTSA continues to grow at a rapid pace. Even with our continued growth of support and teaching staff, UTSA still has one of the highest student/faculty ratios in the State. The cap set by the LBB does not take into consideration our rapid growth. The new faculty hired for the fall semester in the middle of August, which also affects our fourth quarter numbers.</i>

**Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps
Fiscal Year 2006**

Higher Education Institution	Annual FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Institution)
The University of Texas at Tyler	418.90	463.03	44.13	10.53%	<p><i>Reasons for exceeding the cap include downward expansion of UT Tyler to include freshmen and sophomores, the opening and continued growth of the Longview University Center, and continued growth of the Palestine campus and the removal of enrollment caps on entering freshmen in the fall 2002.</i></p> <p><i>A recap of enrollment growth for fall 2001 thru fall 2005 shows substantial growth in the number of students, particularly freshmen, and a substantial growth in the number of semester credit hours. In order to accommodate the growth in students and semester credit hours, additional faculty and staff were needed. We can report that exceeding the caps require no additional money from education and general funds. The salaries will be paid from the appropriated funds secured in the 79th legislative session.</i></p>
Texas A&M University System Administration	77.00	94.13	17.13	22.24%	<p><i>The Board of Regents of The Texas A&M University System approved a request to increase the limitations on state employment levels from 93.0 to 108.5 at the July 27-28, 2006 meeting. The Board approved request was forwarded to the Governor's Office and Legislative Budget Board on August 10, 2006. This increase is necessary due to a transfer of the Office of Technology Commercialization from Texas A&M University to the System Offices. These individuals will continue to carry-out responsibilities of the A&M System commercialization program.</i></p>
Texas A&M University	5,265.00	5,293.77	28.77	0.55%	<p><i>As required by Article IX, Part 6, Section 6.14, of House Bill 1, passed by the 79th Legislature, at their regularly scheduled meeting held July 27-28, 2006, the Board of Regents of the Texas A&M University System approved a request to increase the limitations on State FTE Employment levels by 309.5 FTE, to accommodate the Faculty Reinvestment initiatives approved by the 78th and the 79th Legislative Sessions.</i></p>
Texas A&M International University	446.90	456.32	9.42	2.11%	<p><i>Enrollment for the University continues to increase. It is expected to increase over 6% in the Fall 2006 semester. Since the cap was increased, the University has established a new Graduate Studies office which oversees graduate programs and the grants office. A new Institutional Effectiveness office has been established and new director will be hired. Several new faculty lines will be required for a number of the academic programs. It is expected that the small business development center will be integrated into the University effective Fall 2006 along with the current staff. The University will begin the undergraduate program in System Engineering in the Fall 2006.</i></p>

**Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps
Fiscal Year 2006**

Higher Education Institution	Annual FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Institution)
Texas A&M University - Texarkana	144.60	151.78	7.18	4.97%	<i>The number of FTEs decreased from the previous quarter due to fewer class offerings during the summer sessions which results in fewer faculty, adjunct instructors, and part-time clerks performing services during the last quarter of the fiscal year.</i>
University of Houston - Clear Lake	594.50	601.32	6.82	1.15%	<i>In recent years UHCL has seen growth due to added academic programs and courses. UHCL continues to work toward a goal of a 65%/35% faculty ratio - 65% of all semester credit hours taught by full-time faculty. Also, UHCL continues to provide the necessary support for the Peoplesoft Financial, Student and Human Resources Systems. During FY2006, UHCL stayed within its appropriated FTE's as published in the GAA. With the 2% rider reduction, UHCL exceeded new cap by 6.82 FTE.</i>
University of Houston - Victoria	245.20	255.96	10.76	4.39%	<i>University of Houston (UH) @ Cinco Ranch & UH @ Sugarland are UH System employees but for efficiency these employees are on the UH-Victoria payroll.</i>
Midwestern State University	483.70	489.36	5.66	1.17%	<i>Midwestern State University was under the original FTE cap for fiscal year 2006 by 4.24 FTE. However, after the 2% reduction, MSU slightly exceeded the reduced cap for fiscal year 2006. This is the first time Midwestern State University has exceeded the cap. The cap was exceeded by 5.66 FTE due to increased demand in our nursing programs, a new, expanding engineering program as well as growth in our summer school offerings. Procedures will be put in place to make sure this doesn't occur in the future.</i>
Texas Woman's University	1,018.30	1,049.85	31.55	3.10%	<i>TWU enrollment has increased by 43.08% from FY 2002 to FY 2006 while the FTE cap has been reduced by 14.8%. An additional growth of approximately 6% is anticipated in FY 2007. TWU has submitted to the governor a request to increase the FTE cap.</i>
Lamar State College - Orange	132.00	133.82	1.82	1.38%	<i>An Education Division was added at Lamar State College-Orange during FY2006. All courses the first year were filled by adjunct faculty. However, this did have an impact on the average annual FTE with an increase of approximately 1.5 FTEs.</i>
Sam Houston State University	942.30	1,035.50	93.20	9.89%	<i>The continued growth of the University increased the demand for faculty and support personnel.</i>
Texas State University - San Marcos	1,902.20	1,902.24	0.04	0.00%	<i>Enrollment growth and new academic programs caused us to need more FTE employees than the cap. A request to exceed the FTE cap, along with a detailed justification statement was submitted on June 20, 2006 and was directed to both the LBB and the Office of the Governor.</i>

**Higher Education Institutions that Exceeded Their Legislatively Mandated Annual FTE Caps
Fiscal Year 2006**

Higher Education Institution	Annual FTE Cap	FTEs Reported	FTEs Over Cap	Percentage Over Cap	Reason for Exceeding Cap (Reported by Institution)
The University of Texas Southwestern Medical Center at Dallas	1,773.20	1,881.61	108.41	6.11%	<i>We requested an additional 139.15 FTE for GME Formula Funding, Metroplex Medical Imaging Center, and Center for Treatment and Research on Sickle Cell Disease with the submission of our FY 2006 Budget. Thus, our actual State FTE Cap is 1,912.35. Our FY 2006 average is well under this cap.</i>
The University of Texas Medical Branch at Galveston	5,729.80	5,760.80	31.00	0.54%	<i>The increase in reported FTEs throughout fiscal year 2006 is due to the increase in total hours worked by contract FTE's that were not adequately budgeted for.</i>
The University of Texas Health Science Center at San Antonio	2,208.60	2,272.05	63.45	2.87%	<i>The increase reflects new FTEs as a result of revenue enhancements received during the 2004-05 and 2006-07 biennia for South Texas programs specifically at the Regional Academic Health Center campuses in Harlingen and Edinburg, as well as the Laredo Campus Extension. New faculty and staff were also acquired from tobacco endowment distributions as a result of continued program maturity and expansion efforts within the Children's Cancer Research Institute.</i>
The University of Texas MD Anderson Cancer Center	10,452.40	11,528.76	1,076.36	10.30%	<i>The University of Texas M.D. Anderson Cancer Center's staffing levels are not sufficient to support the continuing growth in patient care, research and support services. In order to provide the standard of care and service to the increasing number of patients and to improve the capacity to deliver cancer care to Texans, a request to exceed the FTE limitations by an additional 882.0 FTE on appropriated funds was submitted to UT System and approved by the Board of Regents at their August 2004 meeting. The approved request was forwarded by the Board of Regents to the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy.</i>
Texas A&M University System Health Science Center	817.70	840.89	23.19	2.84%	<i>The increase in FTEs is a result of The Texas A&M Health Science Center's addition of the Irma Lerma Rangel College of Pharmacy in Kingsville, additional oversight of Graduate Medical Education activities and administrative support necessary for these.</i>
Texas State Technical College - Harlingen	415.70	439.36	23.66	5.69%	<i>(Institution did not provide a reason for exceeding the cap.)</i>
Texas Engineering Experiment Station (part of the Texas A&M University System)	752.60	756.85	4.25	0.57%	<i>Our agency was successful in obtaining more non-General Funds such as federal and other externally sponsored contracts and grants. These additional contracts required additional FTE for FY06. Our agency also requested through the Texas A&M University System an additional 45 FTE be added to the Appropriated FTE for FY06, which would have made our cap 798 FTE.</i>

Source: FTE System, Texas State Auditor's Office.

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable David Dewhurst, Lieutenant Governor, Joint Chair
The Honorable Tom Craddick, Speaker of the House, Joint Chair
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

Office of the Governor

The Honorable Rick Perry, Governor

Office of the Comptroller of Public Accounts

The Honorable Carole Keeton Strayhorn, Comptroller of Public Accounts
Mr. Billy Hamilton, Deputy Comptroller

Legislative Budget Board

Mr. John O'Brien, Director



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our Web site: www.sao.state.tx.us.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9880 (Voice), (512) 936-9400 (FAX), 1-800-RELAY-TX (TDD), or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government call the SAO Hotline: 1-800-TX-AUDIT.