

A Biennial Report on

# Recommended Changes to the State's Compensation System for Fiscal Years 2004–2005

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# Recommended Changes to the State's Compensation System for Fiscal Years 2004-2005

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## Overall Conclusion

The State's compensation system provides many tools to address employee pay issues. We recommend the Legislature consider pay increase options for employees and technical changes to maintain the compensation system. The total cost to implement all of our salary recommendations is \$124 million for the biennium. However, this does not include the cost to provide agencies funding for merit increases.

We found that:

- Salary Schedules A and B generally provide competitive salary ranges.
- State employees' pay is not competitive with salaries for comparable work in government and private industry for many job classes.
- State trooper pay is not in line with Texas' city police departments.

Employee pay lags the market, even though the State's salary schedules provide competitive salary ranges. While that may sound contradictory, the gap exists because state agencies are unable financially or culturally to fully use the tools available to them.

We recommend the Legislature adopt a formal compensation philosophy specifically outlining legislative intent regarding the three components of a compensation system—salary, benefits, and retirement. This could reduce the amount of time legislators spend debating the methods used to grant employee pay increases during future legislative sessions. By forming this foundation for how to pay employees, legislators could then focus more strategically on funding options. We have included in this report the details of our philosophy recommendations.

## Summary of Recommendations

### Employee Pay Increases

- Award a 2.1 percent cost-of-living increase in the second year of the biennium to employees within Salary Schedules A and B. (The increase of 2.1 percent is 75 percent of the Consumer Price Index for calendar year 2001.) Estimated cost: \$103 million
- Update Salary Schedule C, in the second year of the biennium, to make law enforcement salaries more competitive with city police department salaries. Estimated cost: \$6 million



- Establish a performance award fund for agencies that meet certain performance standards. Agencies would use the fund to grant one-time performance awards to high-performing employees. Initial funding: \$14 million
- Encourage and enable agencies to use the merit and one-time merit increase programs available within the current system. We believe the Legislature should consider funding agency merit increase budgets.

### **Compensation System Technical Changes**

- Eliminate salary steps, and expand the ranges for Salary Schedule A. No fiscal impact.
- Modify some salary ranges of Schedule B to ensure proper range width. No fiscal impact.
- Eliminate dual versions of the salary schedules. Agencies will be asked to incur the fiscal impact over the next biennium.
- Reallocate job classes with salary ranges that are significantly behind the market. Estimated cost: \$472,000 for the biennium
- Make routine maintenance changes to the Position Classification Plan, such as deleting job classes with few or no incumbents. Estimated cost: \$185,000 for the biennium

### **Statutory Changes**

- Modify the current reallocation language to provide more flexibility to agencies in moving employees in the salary range.
- Increase maximum amount for employee awards to \$100.
- Grant additional authority to move employees' salaries within their salary ranges for reasons other than performance, such as market conditions.

## ***Proposed State Compensation Philosophy***

The State of Texas is committed to providing a total compensation package that enables the State to attract, motivate, and retain highly skilled and talented employees. A competitive total compensation package includes an effective salary administration program, a comprehensive benefits package, and an employee retirement system.

### **Salary**

- The State uses the Position Classification Plan (Plan) to pay employees performing similar jobs across agencies at similar rates. The Plan outlines specific job titles and occupational groups and establishes salary groups for each job title.
- The Legislature sets not-to-exceed rates for a limited number of high-level, executive positions, which are exempt from the Plan.
- The State uses three salary schedules, which define salary ranges for job titles:
  - ♦ **Schedule A** for administrative support, maintenance, technical, and paraprofessional jobs
  - ♦ **Schedule B** for professional and managerial jobs
  - ♦ **Schedule C** for law enforcement jobs at four agencies
- To the extent funds are available, the Legislature may increase the salary ranges of Salary Schedules A and B so that they fall within 10 percent of the market, based on the midpoints of the salary groups.
- To the extent funds are available, the Legislature may increase Salary Schedule C actual salaries so that they fall in line with the average salaries of Texas' city police departments.
- To the extent funds are available, the Legislature may fund across-the-board increases for employees in Salary Schedules A and B at not less than 75 percent of the Consumer Price Index for the preceding calendar year as reported by the United States Bureau of Labor. The increase will take effect on September 1 in the second year of each biennium.
- To the extent funds are available, the Legislature may set aside a pool of money to be used by agencies that meet certain performance levels as outlined in the General Appropriations Act. Qualifying agencies may use this money to grant lump-sum rewards to employees with outstanding performance that contributed to the agencies' success.
- To the extent funds are available, the Legislature may provide funding to agencies to encourage granting merit and one-time merit increases to employees with high performance in order to move employees' base pay throughout their salary ranges.
- To the extent funds are available, the Legislature may provide certain correctional positions at the Department of Criminal Justice and the Youth Commission with automatic salary increases based on the length of time worked in their positions.

### **Benefits**

- The State of Texas will offer a comprehensive benefits package, including an insurance program, deferred compensation system, and tax-deferred spending accounts.
- To the extent funds are available, the Legislature will fund 100 percent of employees' health insurance coverage and 50 percent of dependent coverage.

### **Retirement**

- The State will offer a defined benefit retirement program that provides an annuity to employees who have reached certain age and years-of-service requirements.
- The State will pay health insurance premiums for retirees and their dependents after the retiree has 10 years of state service.
- Employees are eligible for disability retirement if they become disabled while performing their work, regardless of age or length of service.
- Employees' beneficiaries may receive certain benefits if the employee dies before retirement.

# Contents

## ***Detailed Results***

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Chapter 1	
The State’s Compensation System .....	1
Chapter 2	
Employee Pay Increase Recommendations .....	5
Chapter 3	
Compensation System Technical Change Recommendations .....	9
Chapter 4	
The Legislature Should Formalize the State’s Compensation Philosophy .....	13

## ***Appendices***

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Appendix 1	
Objectives, Scope and Methodology.....	15
Appendix 2	
Proposed Salaries and Classifications for Salary Schedule C.....	19
Appendix 3	
Revised Salary Schedule A .....	23
Appendix 4	
Revised Salary Schedule B.....	25
Appendix 5	
Classification Plan Recommendations.....	27
Appendix 6	
Recommended Statutory Changes .....	37

# Detailed Results

Chapter 1

## The State's Compensation System

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The State's compensation system includes salary, benefits, and retirement. These compensation components allow the State to attract, retain, and motivate employees. Internal and external factors influence the mix of salary, benefits, and retirement programs. Internal factors may include the State's organizational culture and cost of implementation, while external factors include the labor market and competition for employees.

In fiscal year 2001, the State spent approximately:

- \$4.9 billion on employees' salaries.
- \$1.6 billion for employee benefit payments.
- \$865.4 million in retirement annuity payouts and \$277 million in contributions to the retirement fund for current employees.

The total amount represents approximately 21 percent of the State's \$37 billion in total expenditures (excluding expenditures for education and capital outlays).

This report focuses on the salary component of the State's compensation package, which includes the salary schedules, the Position Classification Plan (Plan), and salary administration policies.

Chapter 1-A

### Salary Schedules A and B Are Generally Competitive With the Market

Salary Schedules A and B provide salary ranges for the State's various job classes. They set the minimum and maximum amounts an agency can pay an employee in a certain position. The midpoint in a salary range is meant to correspond to the average pay in the job market. Salary ranges are typically developed around the midpoint to allow flexibility for pay variances based on employee experience, expertise, and performance.

**Benchmark job** refers to a job or group of jobs used for making pay comparisons, either within or outside the organization. Other jobs in a compensation system are slotted around the benchmark jobs.

Source: *World at Work*

The State Classification Office (SCO) considers a salary schedule generally competitive if the midpoints are within 10 percent of the job market on average. We analyzed several benchmark jobs in both schedules and compared these with the appropriate job markets. Our analysis of Salary Schedules A and B shows that both schedules are within this 10 percent acceptable range.

We believe that the competitiveness of the salary schedules has improved due to changes the Legislature made during the 77th Legislative Session to reallocate certain positions and to increase the maximums of certain Salary Schedule A and B ranges, which increased the midpoints.

Chapter 1-B

## Employees' Salaries Are Below Market Pay

While the State's salary ranges are competitive, on average state employees' salaries fall below market salaries for comparable work. We compared 88 benchmark jobs in state government with comparable benchmark jobs outside state government and found that, on average, state employees make 14 percent less than the market pay.

Table 1 contains specific examples.

How can the salary ranges of Salary Schedule A and B be competitive while state employees make considerably less than the market pay? The answer is that agencies are not using the full salary ranges to pay employees. About three-quarters of classified regular full-time employees in both of these schedules make less than the midpoints of their salary ranges.

Table 1

Examples of State Employees' and Non-State Employees' Salaries		
Position	Average Salaries for:	
	State Employees	Non-State Employees
Staff Accountant	\$34,719	\$40,917
Entry-Level Engineer	\$41,032	\$51,374
Entry-Level Data Entry Operator	\$18,794	\$20,845

So, why do agencies not use the full salary ranges to pay employees? There are probably many reasons, but the most logical are budgetary constraints and/or agency culture. Many agencies may not have sound salary administration guidelines, may not support merit increases within the agency, may use career ladders inappropriately, or may have a policy to always hire new employees at the minimum salaries.

Most agencies report that they do not have the budget to systematically provide merit increases. Merit increases help agencies make full use of the salary ranges by moving employees through the ranges. The SCO surveyed agency human resources directors about the State's merit increase system. Most of the respondents believe the system provides the needed flexibility; however, they do not believe that their agencies have the financial resources available to take full advantage of implementing merit increases (see Figures 1 and 2).



Figure 1

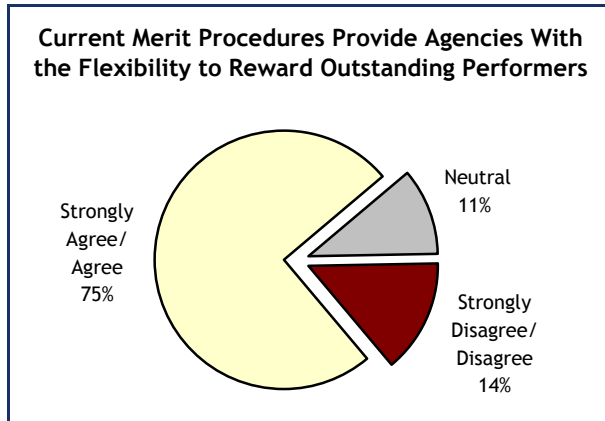
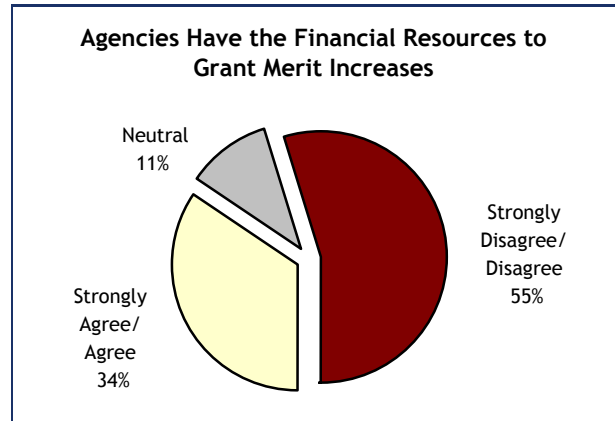


Figure 2



The most recent Survey of Organizational Excellence, conducted by The University of Texas School of Social Work, revealed that employees perceive their pay as non-competitive. Employees rated “Fair Pay” the lowest of all of the survey categories. Fair pay in the survey addresses how well the State’s compensation package “holds up” when employees compare it with compensation packages of similar jobs in their own communities.

Chapter 1-C

**Law Enforcement Officers’ Pay Is Not in Line With Texas’ City Police Department Pay**

Salary Schedule C covers commissioned law enforcement officers in four agencies, and it provides parity among the officers at these agencies. Troopers employed by the Department of Public Safety are the largest group of state law enforcement officers. Historically, the salaries of the other three agencies’ officers have been matched with trooper salaries. Based on this, we reviewed salary data for comparable positions at Texas’s city police departments. Given the role of the state trooper, we believe that trooper and officer salaries should be on par with Texas city police department salaries.

Our analysis found that the State pay was slightly less for trooper positions and that there was a greater lag with officer positions (Sergeant, Lieutenant, and Captain) than the police departments. In addition, most city police departments provide a variety of additional types of pay such as field-training officer pay, educational pay, and certification pay.

It should be noted that Salary Schedule C employees had far lower turnover rates (6 percent) than employees within Salary Schedules A (23 percent) and B (16 percent) in fiscal year 2001.

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## Employee Pay Increase Recommendations

We offer the following recommendations that together will help address the state employee pay issues identified in Chapter 1.

- Provide a cost-of-living increase for employees in Salary Schedules A and B.
- Increase Salary Schedule C.
- Create a performance award fund.
- Encourage merit and one-time merit increase programs.

There are several ways an organization can increase employees' pay. Generally, a salary program will have some mixture of the four methods described in Table 2.

Table 2

Characteristics of Four Types of Pay Increases	
<b>Salary Structure Increases</b>	<ul style="list-style-type: none"> <li>▪ Are used to keep salary ranges competitive with the market.</li> <li>▪ Move entire schedule forward by flat dollar amount or percentage.</li> <li>▪ Usually allow all employees to receive the increase and keep their relative positions within the salary structure.</li> </ul>
<b>Cost-of-Living Increases</b>	<ul style="list-style-type: none"> <li>▪ Are generally given to all employees or a group of employees.</li> <li>▪ Provide employees with base salary increases as a percentage of salary or a flat dollar amount.</li> <li>▪ Move employees up in their salary ranges. Employees at the maximum of their ranges would receive lump-sum awards.</li> <li>▪ Move employees' salaries closer to the midpoints or maximums of their salary ranges.</li> <li>▪ Help employees' pay maintain purchasing power in the face of inflation and are typically tied to the Consumer Price Index (CPI).</li> <li>▪ Do not change salary structure.</li> </ul>
<b>Time-Based Increases</b>	<ul style="list-style-type: none"> <li>▪ Are given to certain employees based on time worked in their positions.</li> <li>▪ Generally provide employees with base salary increases or supplements, such as longevity pay.</li> <li>▪ Are suitable for routine jobs in which performance level is difficult to distinguish between employees.</li> </ul>
<b>Pay-for-Performance Increases</b>	<ul style="list-style-type: none"> <li>▪ Are given only to those employees who demonstrate outstanding performance on the job.</li> <li>▪ Tie employee performance to organizational performance.</li> <li>▪ Require that the organizational performance assessment system must be sound.</li> </ul>

Historically, the Legislature has granted salary structure increases. This type of increase helps maintain the competitiveness of the salary schedules and provides an across-the-board increase to employees. In contrast, cost-of-living adjustments do not change the salary schedules, but rather move employees' salaries within the current ranges.

The State does provide time-based increases for some positions. The majority of these are correctional positions at the Department of Criminal Justice and the Youth Commission. Employees of these agencies receive automatic increases based on the length of time they have worked in their positions. The 77th Legislature provided approximately \$120 million to fund these programs for the fiscal year 2002–2003 biennium. The State also offers a longevity pay supplement to employees.

The State offers several options for agencies to compensate employees for outstanding performance. In addition to merit and one-time merit increases, agencies may also grant administrative leave, offer \$50 recognition awards, and provide performance rewards to employees if the agency meets certain performance standards.

#### Chapter 2-A

### **Provide a Cost-of-Living Increase**

We believe that employee pay needs to increase but that Salary Schedules A and B currently provide competitive ranges. A cost-of-living increase would address this issue, in part. The purpose of this increase is to move employees through their salary ranges and help them maintain their purchasing power in the face of inflation. This type of increase is intended solely as a salary maintenance tool, which facilitates movement through a salary range. Employees who are already at the maximum of their salary schedules would receive lump-sum awards.

Cost-of-living increases are typically tied to the Consumer Price Index (CPI). We recommend that state employees be given a 2.1 percent cost-of-living adjustment in the second year of the biennium. This increase equals 75 percent of the calendar year 2001 CPI increase, which was 2.8 percent. We estimate this increase would cost \$103 million, which does not include the cost to fund a similar increase for higher education employees.

We believe cost-of-living increases are important in maintaining base-line salary levels for all employees. However, we also understand the strict budget requirements placed on the State. The fiscal impact of this increase can be lowered if it is given only to employees with more than 12 months of service (\$95 million) or 24 months of service (\$82 million).

#### Chapter 2-B

### **Increase Salary Schedule C**

We recommend that Salary Schedule C be increased based on our analysis of state trooper salaries compared with those at Texas' city police departments. We recommend that this increase take place in the second year of the biennium. **See Appendix 2 for the proposed classifications and salaries for Salary Schedule C.** The total cost to implement these increases is \$6 million for the second year of the biennium.

Schedule C is designed based on actual pay rates rather than salary ranges for positions. Since Texas' police departments are a public sector market, we believe that Schedule C actual pay rates should be comparable to these. This is in contrast to

Schedules A and B, in which salary ranges are set around a midpoint. Since the market for Salary Schedules A and B includes both public and private sector pay, we believe it is appropriate for the midpoints to have a certain lag.

At some time in the future, the Legislature may also want to consider developing educational and certification incentives to provide additional pay for the acquisition of better skills.

Chapter 2-C

## Create a Performance Award Fund

The State currently has several mechanisms that agencies can use to reward employees for performance. We believe that the State could benefit from expanding the performance reward program it currently offers.

Since fiscal year 1998, agencies have participated in a performance reward program based on agency performance. The General Appropriations Act contains guidelines relating to these performance rewards. The purpose of these rewards is to recognize employees at agencies that achieve and maintain designated key performance target levels.

The Harvard Business School conducted a study of 207 companies. The study showed that companies with performance-enhancing cultures fared much better on financial and operational measures than those that did not have performance incentives.

Source: *Workspan*, February 2002, Volume 45, Number 2

In fiscal year 2001, only 10 agencies qualified to provide the reward by meeting their performance measure targets. Of these, only two agencies provided performance rewards to employees.

We believe this program could provide a valuable incentive to agencies if modified. We recommend that the Legislature provide some funding to this program to encourage more agencies to focus on achieving performance results. Qualifying agencies would receive a portion of the fund based on their overall payroll. These agencies would then be allowed to provide one-time performance awards to employees based on documentation that the employees' performance was linked to the agency's overall performance. Providing these awards as lump-sum payments does not increase an agency's overall base payroll. An agency would have to achieve its performance measure targets each year in order to reward its employees.

We recommend initial funding at \$14 million for the second year of the biennium, which is 5 percent of the payroll budgets of the 10 qualifying agencies in fiscal year 2001. As the funded incentive gains acceptance, agency performance may improve and more agencies may become eligible. The Legislature could then consider additional funding for this program.

The intent of this program is to drive agency performance. Therefore, the compensation incentive is only as good as the agency performance assessment system it is based on. Sound performance indicators that reflect agency results must be in place. If the Legislature continues to expand this program in the future, the agency performance assessment system will need even more attention.

## **Encourage Merit and One-Time Merit Increase Programs**

While funding the performance reward program will provide an incentive for more agencies to achieve their overall performance targets, it will not provide funding for agencies to give general merit increases to their employees. We believe the merit and one-time merit programs are vital to the health of state employees' pay, and both programs have their benefits. Merit increases raise employees' base salaries and move employees forward in their salary ranges, which makes the employees' pay more competitive with market pay. One-time merits provide a lump-sum increase without increasing employees' base pay, which helps hold down long-term payroll costs.

The State's merit system is the mechanism that should be used to reward individual employee performance. It is based on the assumption that agencies will develop job-based performance evaluation systems for all employees and that management will accurately assess employee performance. Of course, there will be cases in which poor management decisions are made. However, this does not negate the validity of a merit increase system.

We recommend the Legislature encourage agencies to use both of these programs. In addition, we recommend that the Legislature consider assisting agencies by providing some funding for merit increases. A General Appropriations Act, Article IX rider could show legislative intent. Should the Legislature decide to provide some funding to agencies to grant merit increases, this rider would grant the authority to do so without establishing a merit increase cap. We offer the following suggested language:

“It is the intent of the Legislature that agencies use merit increases and one-time merit increases to reward employees for outstanding performance. Any funds appropriated by the Legislature to an agency for merit increases shall not be considered a cap on these funds. Agencies may grant additional merit increases for documented employee performance out of other appropriated funds.”

## **Compensation System Technical Change Recommendations**

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We believe some technical changes need to be made to the State's compensation system to provide consistent salary schedules, to ensure that certain jobs maintain relative competitiveness with the market and appropriate alignment with other state jobs, to give agencies more flexibility, and to maintain a consistent Classification Plan.

### Chapter 3-A

#### **Modify Salary Schedule A**

To make Salary Schedule A easier for agencies to use, we recommend the following changes, for which there is no fiscal impact:

**1. Delete the defined salary steps in each salary range.**

Currently, the defined salary steps force agencies to choose from a limited number of salary amounts. Eliminating the steps within Salary Schedule A will give agencies increased flexibility to make hiring decisions and appropriate salary adjustments for merit increases and promotions. Removing the steps from Salary Schedule A will allow the creation of more uniform range widths.

**2. Expand the salary ranges to provide more uniform range widths.**

General compensation principles state that the difference between the minimum and maximum salaries in salary ranges for lower-level service, production, and maintenance jobs should be between 20 and 25 percent. The difference between the minimum and the maximum in salary ranges for clerical, technical, and paraprofessional jobs should be between 30 and 40 percent. Currently, Salary Schedule A ranges reflect differences from 20 to 33 percent between the minimum and maximum and therefore need to be expanded to stay in line with industry standards.

**Our recommendations for the revised Salary Schedule A are found in Appendix 3.**

### Chapter 3-B

#### **Modify Salary Schedule B**

We recommend a minor technical change to the lower salary ranges of Salary Schedule B. When the 4 percent/\$100 month pay raise was implemented during the 77th Legislative Session, an unintended salary range compression occurred in the first five salary groups of Salary Schedule B. We recommend increasing the maximum of these salary ranges so the full range will be consistent with a minimum 35 percent salary range spread, which was the original intent of Schedule B approved during the 77th Legislature. There is no cost to make this change. **See Appendix 4 for the suggested modifications to Schedule B.**

## Eliminate Dual Versions of the Salary Schedules

During the 77th Legislative Session, the Legislature approved a salary increase for employees with certain lengths of service. A technical result of this was the creation of dual salary schedules for A, B, and C. We believe that these dual schedules should be deleted for the next biennium. This deletion would mean that all state employees would need to be paid at the minimum of the salary schedules that include the 4 percent increase from the 77th session. Note that the 2002–2003 biennium General Appropriations Act, Article IX, Section 10.12 (j), indicated intent for all salary schedules to reflect the 4 percent salary increase as of September 1, 2003.

We estimate that 20,000 employees could be hired between September 1, 2002, and September 1, 2003, and some of these employees could be hired at salaries below the minimum of the proposed schedules. We recommend that these employees' salaries be brought to the minimum of the proposed schedules by the end of the next biennium (August 31, 2005). As a temporary measure, these employees would be "green-circled," which means that the rate paid to the employees would be below the established salary range minimums for their specific jobs. Agencies can gradually move green-circled employees to the minimum of the salary ranges during the biennium.

## Reallocate Job Classes With Salary Ranges That Are Significantly Behind the Market

The State's salary schedules define the salary ranges for specific jobs. We analyze how competitive the midpoints for specific jobs are in relation to the market. When a job's salary range falls significantly behind the external labor market, the job becomes out of alignment with other state jobs. Other factors such as employee turnover, use of the full salary range, and recruitment issues also factor into our analysis.

**Reallocation:** Changing a position from one salary group to a different salary group to bring positions with salary ranges that are significantly behind the market more in line with the market.

In cases in which the job's salary range appears to be out of alignment, we recommend that the job be reallocated to a higher salary group to maintain its relative position to other state jobs and to stay within an acceptable salary range in comparison with the job market. Employees in these job classes move to higher salary groups and may receive salary increases in order to get to the new minimum pay rate.

Based on our analysis, we recommend that 15 job classes be reallocated. The estimated cost is \$472,000 for the biennium. These reallocations will help ensure internal and external pay equity. **Our specific reallocation recommendations can be found in Appendix 5.**

We also recommend that the reallocation language be modified to provide more flexibility to agencies in moving employees in the salary range. Currently, the statute is very specific and allows an employee to receive only up to a 6.8 percent increase



for Salary Schedule B and no more than a two-step increase for Salary Schedule A. **Our specific statute change recommendations can be found in Appendix 6.**

Chapter 3-E

## Update the Classification Plan

According to the “Grading the States 1999: A Management Report Card” published by *Governing* magazine, the most commendable statewide human resource function for the State of Texas is the Position Classification Plan (Plan) due to the low number of job classes in the Plan. In addition to the high marks given to the Plan by *Governing*, a recent survey by the State Auditor’s Office indicated that agencies gave the Plan above-average scores for its flexibility, adaptability, and promotion of internal equity.

To ensure the continued success of the Plan, we recommend the following routine maintenance changes, which are further detailed in Appendix 5.

- Add 32 new job classes to the Plan to accommodate new duties and job functions. Although our aim has been to reduce the number of job classes within the Plan, these additions will provide greater consistency in pay across state agencies and ensure that the Plan better reflects the duties of the position, labor market, and needs of state agencies.
- Delete 43 job classes that are unused or underused or that have midpoints that are significantly below market pay. The estimated minimum cost for the biennium is approximately \$185,000. The majority of this cost is incurred from deleting the entry-level Programmer job class and reclassifying current incumbents upward to the next salary group for the series. The Legislature may consider funding these deletions or recommend that agencies absorb the cost for these changes. Deleting these job classes will further streamline the Plan. **See Appendix 5 for a breakdown of these costs.**
- Delete nine job classes because other job classes in the Plan will adequately cover the job duties. There are no direct costs associated with these deletions. Deleting these job classes will further streamline the Plan. Agencies may incur a cost for these changes depending on how they choose to reclassify employees affected by the deletions.
- Rename eight job class titles that are outdated in Salary Schedules A and B. In addition, rename 55 job class titles in Salary Schedule A and B in order to create title consistency within a job class series. There are no direct costs associated with the title changes, and the changes will make the Plan more adaptable for agencies.
- Reorganize Salary Schedule C to streamline the plan. This reorganization will consolidate the levels within the job class series and group the levels within the trooper, game warden, agent, and investigators of internal affairs job class series. This will result in the creation of 5 new job class titles and the deletion of 25 job class titles. In addition, rename five job class titles that are outdated. These changes are necessary because of the recommended revisions to Salary Schedule C and have no direct cost associated with them.

The cumulative effect of the recommended Plan changes would reduce the number of job classes in the Plan from 907 to 866. We believe agencies can accommodate most of these changes within their current budgets. The cost of implementing them will vary depending on how the agencies choose to reclassify their employees affected by the Plan changes. These decisions must be made by agencies based on the proper classification of positions, internal salary relationships, and budget constraints.

Chapter 3-F

### **Give Agencies Additional Flexibility**

We believe two additional statutory changes will assist agencies with employee pay issues. The first is to increase the amount agencies are authorized to give for employee rewards. Agencies may buy awards to present to employees for professional achievement or outstanding service. Currently, the maximum amount of these awards is \$50. We recommend that this amount be increased to \$100. **Our specific statute change recommendations can be found in Appendix 6.**

Secondly, we believe that agencies should be granted additional authority to move employees' salaries within their salary ranges for reasons other than performance. Market conditions can change quickly, and agencies need the flexibility to respond to those conditions and to more effectively recruit and retain employees. This new authority would allow agencies to move an employee's salary when the employee's skills are in great demand. A recent example of this was when computer programmers were in high demand. State agencies needed the flexibility to move employees' salaries to retain programmers. In addition, agencies needed to adjust current employees' salaries due to salary compression that occurred as a result of new hires being offered high salaries because of the tight market. Demand for certain jobs rises and falls, but this flexibility is an important tool agencies can use to address salary issues. **Our specific statute change recommendations can be found in Appendix 6.**

## **The Legislature Should Formalize the State's Compensation Philosophy**

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Maintaining a strong and competitive compensation system ensures that the State will be able to obtain and keep the workforce necessary to provide service to the citizens of Texas. By developing a specific compensation philosophy that lays out legislative intent, the Legislature will have set the specific framework of how to pay employees and will be able to focus on funding options.

We recommend that the Legislature adopt a formal philosophy that specifically addresses how the State will address the three components of total compensation—salary, benefits, and retirement. A concurrent resolution outlining the State's compensation philosophy could be used for this purpose. **Our complete recommendation for the compensation philosophy can be found on page iii of the report.**

### **Compensation Philosophy**

A compensation philosophy forms the foundation of a strong compensation system. It provides a framework for the Legislature to make decisions relating to state employee pay issues. It also helps communicate to agency management and employees how the compensation system works.

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# Appendices

Appendix 1

## **Objectives, Scope and Methodology**

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### **Objectives**

The objectives of this study were to determine whether:

- The State's salary structures are competitive with the appropriate labor market.
- Classified employees' salaries are competitive with those of employees in similar jobs in government and industry.
- The Position Classification Plan (Plan) requires any realignment, additions, or deletions of positions.
- Other aspects of the State's compensation system could be enhanced.

### **Scope**

The scope of this study included a review of current salary ranges, employee pay in relation to market pay, and placement of positions within the Plan. The State Classification Office (SCO) conducted this review in accordance with the Position Classification Act, Texas Government Code, Chapter 654, which requires the SCO to:

- Make periodic studies of salary rates in other governmental units and in industry for similar work performed in state government and to report those findings and recommendations for adjusting state salary ranges.
- Maintain and keep current the Plan.
- Make necessary and desirable recommendations to improve the Plan.

### **Methodology**

The SCO in the State Auditor's Office conducts periodic studies of salary rates and trends in private industry and other governmental agencies for work similar to that performed in state government. In addition, the SCO is responsible for reviewing the Plan and providing recommendations in order to ensure that the Plan effectively meets the needs of its users. Together, the salary structure and the Plan make up the State's compensation system. In developing our recommendations, the SCO analyzed the following:

- Consumer Price Index

- Salary Schedules A, B, and C, which reflect the four percent increase approved during the 77th Legislative Session
- Market salaries for benchmarked positions. These positions represent a broad spectrum of various jobs in the State’s pay schedules and occupational groups. Benchmark positions were compared with positions in the relevant labor market for the State of Texas by using the following surveys that captured wage data.
  - ♦ 2001 Central States Survey
  - ♦ 2001/2002 Watson Wyatt ECS Hospital and Health Care Professionals, Nursing and Allied Service Personnel Compensation Report – For Profit Data
  - ♦ 2001/2002 Watson Wyatt Geographic Reports on Compensation – For Profit Data
  - ♦ 2002 Hay Local Area Pay Survey – Austin Area
  - ♦ Compensation Data Texas, The 2001 Texas Wage and Salary Survey – Private Sector and Public Sector Data
  - ♦ Economic Research Institution – Geographic and Salary Assessor – Texas, February 2002 Data
  - ♦ Salaries for law enforcement officers in Texas municipalities, compiled from research conducted by the SCO, September 2002
  - ♦ Texas Association of Counties, Salary Survey, April 2002
  - ♦ Texas Municipal League’s Salary and Fringe Benefits Survey, April 2002
  - ♦ The Quorum Group, 2001 Texas Wage and Salary Survey
- Sources used to compile data for full-time classified state employees and their salaries:
  - ♦ Average salary for each job class/class series as of the first quarter of fiscal year 2002
  - ♦ Salary data for cost-of-living estimates as of the third quarter of fiscal year 2002
  - ♦ The number of incumbents in each job class/class series as of the first quarter of fiscal year 2002
  - ♦ Turnover data for each job class/class series as of the first quarter of fiscal year 2002
  - ♦ Use of the salary ranges as of the second quarter of fiscal year 2002
- Other survey sources and research were gathered from the following:

- ◆ Letters from individual agencies, which included research and recommendations
- ◆ Survey of agency human resources directors conducted by SCO
- ◆ Texas Government Code

The cost of implementing all of the recommendations to the Plan was approximated and annualized; however, the cost to the State for the biennium is provided because implementation costs are incurred for the entire biennium. The costs were estimated as follows:

- To determine the cost of implementing the recommendations for reallocations and deletions to job classes within the Plan, we used the number of full-time classified employees in each of the affected classes as of the end of the second quarter of fiscal year 2002. We extracted this information from the Comptroller of Public Accounts Human Resource Information System and Uniform Statewide Payroll/Personnel System.
- The minimum estimated costs for implementing the reallocations were calculated by moving the affected incumbents to the same salary rate within the appropriate salary group of the new or revised class, or to the minimum rate of the higher salary group, whichever was higher.
- The cost for implementing the cost-of-living salary adjustments was calculated by multiplying the total payroll of eligible employees by 75 percent of the Consumer Price Index (CPI) using third quarter data from fiscal year 2002.

The following members of the State Auditor's staff conducted this review in accordance with the Position Classification Act, Texas Government Code, Chapter 654:

- Stacey Robbins McClure, PHR (Project Manager)
- Sharon Schneider, PHR (Project Manager)
- Christine Bailey, CCP
- Steve Pearson, PHR, IPMA-CP
- Floyd Quinn, M.Ed., PHR
- Juliette Torres, CCP, PHR
- Tony Garrant, PHR (Assistant State Classification Officer)
- Kelli Vito, CCP, PHR (State Classification Officer)

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## ***Proposed Salaries and Classifications for Salary Schedule C***

The SCO recommends reorganizing Salary Schedule C to streamline the Plan. This reorganization would consolidate levels C2 through C6 of the existing structure and group the levels within the trooper, game warden, agent, and investigators of internal affairs job class series. The SCO recommends that Salary Schedule C salary groups be renumbered to reflect the proposed modifications.

Table 3 - Fiscal Year 2004 Salary Schedule C Reorganization

Salary Group	Salary Rates				
	Less Than 4 Years of Service	≥ 4 Years of Service	≥ 8 Years of Service	≥ 12 Years of Service	≥ 16 Years of Service
C1	\$30,200				
C2	\$33,280				
C3	\$36,400	\$38,896	\$41,392	\$43,888	\$46,384
C4		\$45,136	\$47,632	\$50,128	\$52,624
C5		\$51,376	\$53,872	\$56,368	\$58,864
C6		\$57,616	\$60,112	\$62,608	\$65,104
C7		\$69,264	\$69,264	\$69,264	\$69,264
C8		\$73,424	\$73,424	\$73,424	\$73,424

Table 4 - Fiscal Year 2005 Salary Schedule C Reorganization

Salary Group	Salary Rates				
	Less Than 4 Years of Service	≥ 4 Years of Service	≥ 8 Years of Service	≥ 12 Years of Service	≥ 16 Years of Service
C1	\$30,996				
C2	\$34,080				
C3	\$37,200	\$39,696	\$42,192	\$44,688	\$47,184
C4		\$48,000	\$50,496	\$52,992	\$55,488
C5		\$54,240	\$56,736	\$59,232	\$61,728
C6		\$60,480	\$62,976	\$65,472	\$67,968
C7		\$72,120	\$72,120	\$72,120	\$72,120
C8		\$76,272	\$76,272	\$76,272	\$76,272

Table 5 - Salary Schedule C Group Renumbering

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<b>ALCOHOLIC BEVERAGE COMMISSION</b>			
C1	Agent Trainee	<b>C2</b>	Agent Trainee
C2	Agent I		<b>Delete</b>
C3	Agent II		<b>Delete</b>
C4	Agent III		<b>Delete</b>
C5	Agent IV		<b>Delete</b>
C6	Agent V		<b>Delete</b>
		<b>C3</b>	<b>Agent</b>
<p><b>Justification:</b> Change the salary group for the Agent Trainee to reflect the new salary group for Salary Schedule C. Delete the entire Agent job class series (Levels I-V) and create a new general Agent job class. This new job class (C3) will provide a broad salary range similar to that provided by the deleted levels and will have the longevity-based steps built into the new C3 level.</p>			
C7	Sergeant, Alcoholic Beverage	<b>C4</b>	Sergeant, Alcoholic Beverage
C8	Lieutenant, Alcoholic Beverage	<b>C5</b>	Lieutenant, Alcoholic Beverage
C9	Captain, Alcoholic Beverage	<b>C6</b>	Captain, Alcoholic Beverage
C10	Major, Alcoholic Beverage	<b>C8</b>	Major, Alcoholic Beverage
<p><b>Justification:</b> Renumber the salary groups for the officer job class series to reflect the new salary groups for Salary Schedule C.</p>			
<b>DEPARTMENT OF CRIMINAL JUSTICE</b>			
C1	Internal Affairs Investigator Trainee	<b>C1</b>	<b>Investigator Trainee - Office of the Inspector General</b>
C2	Internal Affairs Investigator I		<b>Delete</b>
C3	Internal Affairs Investigator II		<b>Delete</b>
C4	Internal Affairs Investigator III		<b>Delete</b>
C5	Internal Affairs Investigator IV		<b>Delete</b>
C6	Internal Affairs Investigator V		<b>Delete</b>
		<b>C3</b>	<b>Investigator - Office of the Inspector General</b>
<p><b>Justification:</b> Rename the job class to reflect the new name of the division that uses it. Delete the entire Internal Affairs Investigator job class series (Levels I-V) and create a new general Investigator - Office of Inspector General job class. This new job class (C3) will provide a broad salary range similar to that provided by the deleted levels and will have the longevity-based steps built into it.</p>			
C7	Internal Affairs Regional Supervisor	<b>C4</b>	<b>Sergeant, Inspector - Office of the Inspector General</b>
C8	Internal Affairs Regional Manager	<b>C5</b>	<b>Lieutenant, Inspector - Office of the Inspector General</b>
C9	Internal Affairs Multi-Regional Administrator	<b>C6</b>	<b>Captain, Inspector - Office of the Inspector General</b>
C10	Internal Affairs Deputy Division Director	<b>C8</b>	<b>Chief Inspector, Office of the Inspector General</b>
<p><b>Justification:</b> Rename the job class series to reflect the new name of the division using it. Renumber the salary groups for the officer job class series to reflect the new salary groups for Salary Schedule C.</p>			
<p>*Bold text designates a recommended change.</p>			

Table 5 - Salary Schedule C Group Renumbering

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<b>DEPARTMENT OF PUBLIC SAFETY</b>			
C1	Trooper Trainee	C1	Trooper Trainee
C1	Probationary Trooper	<b>C2</b>	Probationary Trooper
C2	Trooper I		<b>Delete</b>
C3	Trooper II		<b>Delete</b>
C4	Trooper III		<b>Delete</b>
C5	Trooper IV		<b>Delete</b>
C6	Trooper V		<b>Delete</b>
		<b>C3</b>	<b>Trooper</b>
<p><b>Justification:</b> Change the salary group for the Probationary Trooper to reflect the new salary group for Salary Schedule C. Delete the entire Trooper job class series (Levels I-V) and create a new general Trooper job class. This new job class (C3) will provide a broad salary range similar to that provided by the deleted levels and will have the longevity-based steps built into it.</p>			
C2	Corporal I		<b>Delete</b>
C3	Corporal II		<b>Delete</b>
C4	Corporal III		<b>Delete</b>
C5	Corporal IV		<b>Delete</b>
C6	Corporal V		<b>Delete</b>
		<b>C3</b>	<b>Corporal</b>
<p><b>Justification:</b> Delete the entire Corporal job class series (Levels I-V) and create a new general Corporal job class. This new job class (C3) will provide a broad salary range similar to that provided by the deleted levels and will have the longevity-based steps built into it.</p>			
C7	Sergeant, Public Safety	C4	Sergeant, Public Safety
C8	Lieutenant, Public Safety	C5	Lieutenant, Public Safety
C9	Captain, Public Safety	C6	Captain, Public Safety
C10	Assistant Commander, Public Safety	C7	Assistant Commander, Public Safety
C10	Commander, Public Safety	C8	Commander, Public Safety
C10	Major, Public Safety	C8	Major, Public Safety
<p><b>Justification:</b> Renumber the salary groups for the officer job class series to reflect the new salary groups for Salary Schedule C.</p>			
C7	Pilot Investigator I	C4	Pilot Investigator I
C8	Pilot Investigator II	C5	Pilot Investigator II
C9	Pilot Investigator III	C6	Pilot Investigator III
C10	Pilot Investigator IV	C7	Pilot Investigator IV
<p><b>Justification:</b> Renumber the salary groups for the pilot investigator job class series to reflect the new salary groups for Salary Schedule C.</p>			
C8	Public Safety Inspector I	C5	Public Safety Inspector I
C9	Public Safety Inspector II	C6	Public Safety Inspector II
<p><b>Justification:</b> Renumber the salary groups for the public safety inspector job class series to reflect the new salary groups for Salary Schedule C.</p>			
<p>*Bold text designates a recommended change.</p>			

Table 5 - Salary Schedule C Group Renumbering

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<b>PARKS AND WILDLIFE DEPARTMENT</b>			
C1	Game Warden Trainee	C1	Game Warden Trainee
C1	Probationary Game Warden	<b>C2</b>	<b>Probationary Game Warden</b>
C2	Game Warden I		<b>Delete</b>
C3	Game Warden II		<b>Delete</b>
C4	Game Warden III		<b>Delete</b>
C5	Game Warden IV		<b>Delete</b>
C6	Game Warden V		<b>Delete</b>
		<b>C3</b>	<b>Game Warden</b>
<p><b>Justification:</b> Change the salary group for the Probationary Game Warden to reflect the new salary group for Salary Schedule C. Delete the entire Game Warden job class series (Levels I-V) and create a new general Game Warden job class. This new job class (C3) will provide a salary range similar to that provided by the deleted levels and will have the longevity-based steps built into it.</p>			
C7	Sergeant, Game Warden	<b>C4</b>	Sergeant, Game Warden
C8	Lieutenant, Game Warden	<b>C5</b>	Lieutenant, Game Warden
C9	Captain, Game Warden	<b>C6</b>	Captain, Game Warden
C10	Assistant Commander, Game Warden	<b>C7</b>	Assistant Commander, Game Warden
C10	Commander, Game Warden	<b>C8</b>	Commander, Game Warden
C10	Major, Game Warden	<b>C8</b>	Major, Game Warden
<p><b>Justification:</b> Change the salary groups for the officer job class series to reflect the new salary groups for Salary Schedule C.</p>			
<p>*Bold text designates a recommended change.</p>			

## Revised Salary Schedule A

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Salary Group	Current Salary Group Ranges			Proposed Salary Group Ranges		
	Minimum	Maximum	Range Width	Minimum	Maximum	Range Width
A02	\$15,576	\$18,732	20%	\$15,576	\$19,476	25%
A03	\$16,308	\$19,644	20%	\$16,308	\$20,376	25%
A04	\$17,064	\$20,652	21%	\$17,064	\$21,336	25%
A05	\$17,856	\$21,792	22%	\$17,856	\$22,320	25%
A06	\$18,732	\$22,944	22%	\$18,732	\$23,412	25%
A07	\$19,644	\$24,252	23%	\$19,644	\$24,552	25%
A08	\$20,652	\$25,632	24%	\$20,652	\$25,812	25%
A09	\$21,792	\$27,132	25%	\$21,792	\$27,240	25%
A10	\$22,944	\$28,740	25%	\$22,944	\$30,972	35%
A11	\$24,252	\$30,432	25%	\$24,252	\$32,736	35%
A12	\$25,632	\$33,024	29%	\$25,632	\$34,608	35%
A13	\$27,132	\$34,836	28%	\$27,132	\$36,624	35%
A14	\$28,740	\$37,548	31%	\$28,740	\$38,796	35%
A15	\$30,432	\$39,864	31%	\$30,432	\$41,088	35%
A16	\$32,316	\$42,864	33%	\$32,316	\$43,620	35%
A17	\$34,308	\$45,780	33%	\$34,308	\$46,320	35%
A18	\$36,504	\$48,420	33%	\$36,504	\$49,284	35%

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**Revised Salary Schedule B**

Salary Group	Current Salary Group Ranges			Proposed Salary Group Ranges		
	Minimum	Maximum	Range Width	Minimum	Maximum	Range Width
B1	\$21,792	\$29,004	33%	\$21,792	\$29,424	35%
B2	\$22,944	\$30,552	33%	\$22,944	\$30,972	35%
B3	\$24,252	\$32,364	33%	\$24,252	\$32,736	35%
B4	\$25,632	\$34,308	34%	\$25,632	\$34,608	35%
B5	\$27,132	\$36,408	34%	\$27,132	\$36,624	35%
B6	\$28,740	\$38,664	35%	\$28,740	\$38,664	35%
B7	\$30,432	\$41,052	35%	\$30,432	\$41,052	35%
B8	\$32,316	\$43,620	35%	\$32,316	\$43,620	35%
B9	\$34,308	\$46,320	35%	\$34,308	\$46,320	35%
B10	\$36,504	\$52,932	45%	\$36,504	\$52,932	45%
B11	\$38,832	\$56,304	45%	\$38,832	\$56,304	45%
B12	\$41,304	\$59,880	45%	\$41,304	\$59,880	45%
B13	\$43,908	\$63,672	45%	\$43,908	\$63,672	45%
B14	\$46,728	\$67,764	45%	\$46,728	\$67,764	45%
B15	\$49,740	\$77,100	55%	\$49,740	\$77,100	55%
B16	\$52,992	\$82,140	55%	\$52,992	\$82,140	55%
B17	\$56,436	\$87,480	55%	\$56,436	\$87,480	55%
B18	\$60,132	\$93,204	55%	\$60,132	\$93,204	55%
B19	\$67,968	\$105,348	55%	\$67,968	\$105,348	55%
B20	\$76,884	\$119,160	55%	\$76,884	\$119,160	55%
B21	\$97,104	\$150,504	55%	\$97,104	\$150,504	55%
B22	\$122,820	\$190,380	55%	\$122,820	\$190,380	55%

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## Classification Plan Recommendations

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
B11	Actuary I		Delete
B13	Actuary II		Actuary I
B15	Actuary III		Actuary II
B17	Actuary IV		Actuary III
B19	Actuary V		Actuary IV
B21	Actuary VI		Actuary V
B22	Chief Actuary		
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A8	Administrative Technician I		Administrative Assistant I
A11	Administrative Technician II		Administrative Assistant II
A13	Administrative Technician III		Administrative Assistant III
A15	Administrative Technician IV		Administrative Assistant IV
<p><b>Justification:</b> Change the title of Administrative Technician to Administrative Assistant to be consistent with industry standards.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B6	Appellate Court Peace Officer		Delete
<p><b>Justification:</b> Delete the Appellate Court Peace Officer because it is not used.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B5	Archeologist I	<b>B7</b>	
B7	Archeologist II	<b>B9</b>	
B9	Archeologist III	<b>B11</b>	
		<b>B13</b>	Archeologist IV
<p><b>Justification:</b> Move series up by two salary groups and add a level to accommodate higher-level job duties and employee skills. These adjustments will bring the series more in line with the market and will promote consistency within the Plan.</p> <p><b>Approximate Biennium Cost:</b> \$64,272</p>			
B9	Architect I		Delete
B10	Architect II		Architect I
B11	Architect III		Architect II
B12	Architect IV		Architect III
B13	Architect V		Architect IV
		<b>B15</b>	Architect V
<p><b>Justification:</b> Delete the first level because it is not used. Add a level to accommodate higher-level job duties and employee skills, bring series more in line with the market, and promote consistency within the Plan. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
B9	Assistant Attorney General I	<b>B10</b>	
B11	Assistant Attorney General II		
B13	Assistant Attorney General III		
B15	Assistant Attorney General IV		
B17	Assistant Attorney General V		
B19	Assistant Attorney General VI		
B20	Assistant Attorney General VII		
B21	First Assistant Attorney General		
<p><b>Justification:</b> Move the first level up by one salary group to bring the job class more in line with the market.  <b>Approximate Biennium Cost:</b> \$74,050</p>			
B9	Attorney I	<b>B10</b>	
B11	Attorney II		
B13	Attorney III		
B15	Attorney IV		
B17	Attorney V		
B19	Attorney VI		
<p><b>Justification:</b> Move the first level up by one salary group to bring the job class more in line with the market.  <b>Approximate Biennium Cost:</b> \$70,312</p>			
B5	Auditor I	<b>B6</b>	
B7	Auditor II		
B9	Auditor III		
B11	Auditor IV		
B13	Auditor V		
B15	Auditor VI		
<p><b>Justification:</b> Move the first level up by one salary group to bring the job class more in line with the market.  <b>Approximate Biennium Cost:</b> \$62,449</p>			
B10	Benefit Review Officer I		<b>Delete</b>
B12	Benefit Review Officer II		<b>Benefit Review Officer</b>
<p><b>Justification:</b> Delete the first level because it is not used. Change the title of the remaining job class to accommodate the deletion.  <b>Approximate Biennium Cost:</b> \$0</p>			
		<b>B13</b>	<b>Business Continuity Coordinator I</b>
		<b>B15</b>	<b>Business Continuity Coordinator II</b>
		<b>B17</b>	<b>Business Continuity Coordinator III</b>
<p><b>Justification:</b> Create a new Business Continuity Coordinator series to accommodate the work performed.  <b>Approximate Biennium Cost:</b> \$0</p>			
		<b>B22</b>	<b>Chief Investment Officer</b>
<p><b>Justification:</b> Reinstate job class to accommodate work performed.  <b>Approximate Biennium Cost:</b> \$0</p>			
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
B1	Child Development Specialist I		Delete
B3	Child Development Specialist II		Delete
B5	Child Development Specialist III		Delete
B7	Child Development Specialist IV		Delete
B9	Child Development Specialist V		Delete
<p><b>Justification:</b> Delete the entire series because of low use. The Rehabilitation Teacher series can accommodate the duties performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B6	Crime Scene Photographer I		Delete
B7	Crime Scene Photographer II		Crime Scene Photographer I
B9	Crime Scene Photographer III		Crime Scene Photographer II
B11	Crime Scene Photographer IV		Crime Scene Photographer III
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B8	Data Base Administrator I		
B10	Data Base Administrator II		
B12	Data Base Administrator III		
B14	Data Base Administrator IV		
B16	Data Base Administrator V		
		<b>B18</b>	<b>Data Base Administrator VI</b>
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. This adjustment will bring the series more in line with the market and promote consistency within the Plan.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B16	Dentist I	<b>B17</b>	
B18	Dentist II	<b>B19</b>	
		<b>B21</b>	<b>Dentist III</b>
<p><b>Justification:</b> Move the series up by one salary group to bring the series more in line with the market. Create an additional level to accommodate higher-level job duties and employee skills.</p> <p><b>Approximate Cost:</b> \$1,550</p>			
B21	Deputy Executive Director, Texas Procurement Commission		Delete
<p><b>Justification:</b> Delete job class due to overlap in job duties within the Plan. The general Director series or Deputy Director job class can be used to accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B5	Deputy State Fire Marshal I		Delete
B7	Deputy State Fire Marshal II		Delete
B9	Deputy State Fire Marshal III		Delete
B11	Deputy State Fire Marshal IV		Delete
<p><b>Justification:</b> Delete entire series because it is not used.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
B3	Dietitian I		Delete
B5	Dietitian II		Delete
B7	Dietitian III		Dietitian
<p><b>Justification:</b> Delete the first two levels because they are not used. Change the title of the remaining job class to accommodate the deletions.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A8	Drafting Technician I		Delete
A11	Drafting Technician II		Drafting Technician I
A13	Drafting Technician III		Drafting Technician II
A15	Drafting Technician IV		Drafting Technician III
A17	Drafting Technician V		Drafting Technician IV
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A11	Electrical and Air Conditioning Mechanic I		Delete
A12	Electrical and Air Conditioning Mechanic II		Delete
A14	Electrical and Air Conditioning Mechanic III		Delete
A16	Electrical and Air Conditioning Mechanic IV		Delete
<p><b>Justification:</b> Delete entire series. Create two new series (see entries for Electrician and HVAC Mechanic) to accommodate the electrician and air conditioning mechanic job duties separately.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
		A12	Electrician I
		A14	Electrician II
		A16	Electrician III
		A18	Electrician IV
<p><b>Justification:</b> Add series to better accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B5	Evidence/CODIS/DNA Technician		Crime Lab Evidence Technician
<p><b>Justification:</b> Change title to clarify the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A8	Fish and Wildlife Technician I		
A10	Fish and Wildlife Technician II		
A13	Fish and Wildlife Technician III		
A15	Fish and Wildlife Technician IV		
		A17	Fish and Wildlife Technician V
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. This adjustment brings the series more in line with the market and promotes consistency within the plan.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
A9	Food Service Manager I		
		<b>A11</b>	<b>Food Service Manager II</b>
A13	Food Service Manager II	<b>A14</b>	<b>Food Service Manager III</b>
A16	Food Service Manager III		<b>Food Service Manager IV</b>
<p><b>Justification:</b> Create a level and move the current Food Service Manager II job class up by one salary group. Both of these adjustments will ensure consistency in the Plan with the Laundry Manager series. Change the titles to accommodate the addition.</p> <p><b>Approximate Biennium Cost:</b> \$64,464</p>			
B9	Geologist I		
B10	Geologist II		
B11	Geologist III		
B12	Geologist IV		
B13	Geologist V		
		<b>B15</b>	<b>Geologist VI</b>
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. The adjustment brings the series more in line with the market and promotes consistency within the Plan.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B15	Governor's Advisor I		<b>Delete</b>
B18	Governor's Advisor II		<b>Delete</b>
B20	Governor's Advisor III		<b>Delete</b>
B21	Governor's Advisor IV		<b>Delete</b>
<p><b>Justification:</b> Exempt the series from the Plan and set a not-to-exceed rate to give Governor authority to set appropriate salary ranges. We recommend a not-to-exceed rate of \$150,504.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A2	Human Services Technician I		<b>Delete</b>
A4	Human Services Technician II		<b>Human Services Technician I</b>
A6	Human Services Technician III		<b>Human Services Technician II</b>
A7	Human Services Technician IV		<b>Human Services Technician III</b>
A9	Human Services Technician V		<b>Human Services Technician IV</b>
<p><b>Justification:</b> Delete the first level because of low use. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$1,512</p>			
		<b>A11</b>	<b>HVAC Mechanic I</b>
		<b>A12</b>	<b>HVAC Mechanic II</b>
		<b>A14</b>	<b>HVAC Mechanic III</b>
		<b>A16</b>	<b>HVAC Mechanic IV</b>
<p><b>Justification:</b> Create a new series to better accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B6	Hydrologist Assistant I		<b>Delete</b>
B7	Hydrologist Assistant II		<b>Delete</b>
B8	Hydrologist Assistant III		<b>Hydrologist Assistant</b>
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<p><b>Justification:</b> Delete the first two levels because they are not used. Change the title of the remaining job class to accommodate the deletions.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B9	Hydrologist I		
B10	Hydrologist II		
B11	Hydrologist III		
B12	Hydrologist IV		
B13	Hydrologist V		
		<b>B15</b>	<b>Hydrologist VI</b>
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. This adjustment will bring the series more in line with the market and promote consistency within the Plan.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B3	Interpreter I		Delete
B6	Interpreter II		Interpreter I
B8	Interpreter III		Interpreter II
B10	Interpreter IV		Interpreter III
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A9	Licensed Vocational Nurse I		
A11	Licensed Vocational Nurse II		
		<b>A13</b>	<b>Licensed Vocational Nurse III</b>
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A3	Maintenance Assistant	<b>A4</b>	
<p><b>Justification:</b> Move job class up by one salary group to bring the job class more in line with the market.</p> <p><b>Approximate Biennium Cost:</b> \$18,120</p>			
B15	Manager of External Money Managers I		Delete
B17	Manager of External Money Managers II		Delete
B19	Manager of External Money Managers III		Delete
<p><b>Justification:</b> Delete the entire series because it is not used.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B6	Nurse I		
B8	Nurse II		
B10	Nurse III		
B12	Nurse IV		
B13	Nurse V		
		<b>B15</b>	<b>Nurse Practitioner</b>
<p><b>Justification:</b> Create a Nurse Practitioner job class to accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
B6	Park Manager I		<b>Park Specialist I</b>
B8	Park Manager II		<b>Park Specialist II</b>
B10	Park Manager III		<b>Park Specialist III</b>
<p><b>Justification:</b> Change title to reflect the work performed.  <b>Approximate Biennium Cost:</b> \$0</p>			
B12	Pharmacist I		<b>Delete</b>
B14	Pharmacist II	<b>B15</b>	<b>Pharmacist I</b>
B16	Pharmacist III		<b>Pharmacist II</b>
<p><b>Justification:</b> Delete the first level because of low use. Change the titles of the remaining classes to accommodate the deletion. Move the new Pharmacist I up by one salary group to bring the job class more in line with the market.  <b>Approximate Biennium Cost:</b> \$64,379</p>			
B15	Pharmacologist I		<b>Delete</b>
B16	Pharmacologist II		<b>Delete</b>
<p><b>Justification:</b> Delete the entire series because of low use. The Pharmacist series can be used to accommodate the work performed.  <b>Approximate Biennium Cost:</b> \$0</p>			
		<b>B10</b>	<b>Resident Physician</b>
B19	Physician I		<b>Delete</b>
B20	Physician II		<b>Physician I</b>
B21	Physician III		<b>Physician II</b>
B22	Physician IV		<b>Physician III</b>
<p><b>Justification:</b> Create a new job class to accommodate the work performed. Delete the first level of the current series because it is not used. This adjustment will bring the job series more in line with the market.  <b>Approximate Biennium Cost:</b> \$0</p>			
B9	Program Administrator I		
B10	Program Administrator II		
B11	Program Administrator III		
B12	Program Administrator IV		
B13	Program Administrator V		
		<b>B15</b>	<b>Program Administrator VI</b>
<p><b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. This adjustment will bring the series more in line with the market and promote consistency within the Plan.  <b>Approximate Biennium Cost:</b> \$0</p>			
B6	Programmer I		<b>Delete</b>
B8	Programmer II		<b>Programmer I</b>
B10	Programmer III		<b>Programmer II</b>
B12	Programmer IV		<b>Programmer III</b>
B14	Programmer V		<b>Programmer IV</b>
B16	Programmer VI		<b>Programmer V</b>
		<b>B18</b>	<b>Programmer VI</b>
<p>*Bold text designates a recommended change.</p>			

Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<p><b>Justification:</b> Delete the first level because of low use. Create a level to accommodate higher-level job duties and employee skills. Both changes will bring the series more in line with the market. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$146,247</p>			
		<b>B8</b>	Property Manager I
		<b>B10</b>	Property Manager III
		<b>B12</b>	Property Manager III
<p><b>Justification:</b> Create a new series to accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B19	Psychiatrist I		Delete
B20	Psychiatrist II		Psychiatrist I
B21	Psychiatrist III		Psychiatrist II
B22	Psychiatrist IV		Psychiatrist III
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B3	Sanitarian I		Delete
B5	Sanitarian II		Sanitarian I
B7	Sanitarian III		Sanitarian II
B9	Sanitarian IV		Sanitarian III
B11	Sanitarian V		Sanitarian IV
B13	Sanitarian VI		Sanitarian V
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A5	Secretary I		Delete
A6	Secretary II		Delete
A8	Secretary III		Delete
A10	Secretary IV		Delete
<p><b>Justification:</b> Delete the entire series to reduce the overlap in job duties within the Plan. The Clerk or Administrative Assistant series can be used to accommodate the work performed.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
A8	Seed Technician I		Delete
A10	Seed Technician II		Seed Technician I
A12	Seed Technician III		Seed Technician II
A14	Seed Technician IV		Seed Technician III
A16	Seed Technician V		Seed Technician IV
<p><b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion.</p> <p><b>Approximate Biennium Cost:</b> \$0</p>			
B7	Social Service Supervisor I		Delete
B8	Social Service Supervisor II		Delete
<p>*Bold text designates a recommended change.</p>			



Current		Recommended	
Salary Group	Classification Title	Salary Group*	Classification Title*
<b>Justification:</b> Delete entire series because it is not used. <b>Approximate Biennium Cost:</b> \$0			
B3	Social Service Worker I		Delete
B4	Social Service Worker II		Delete
B5	Social Service Worker III		Delete
<b>Justification:</b> Delete entire series because it is not used. <b>Approximate Biennium Cost:</b> \$0			
B1	Statistician I		Delete
B4	Statistician II	<b>B5</b>	<b>Statistician I</b>
B7	Statistician III	<b>B8</b>	<b>Statistician II</b>
B9	Statistician IV	<b>B10</b>	<b>Statistician III</b>
<b>Justification:</b> Delete the first level within the series. We find the Statistician I job duties to be more administrative in nature. Employees within this job class can be appropriately classified within the Clerk or Administrative Assistant series. Move the remaining Statistician job classes up one salary group to bring the series more in line with the market. <b>Approximate Biennium Cost:</b> \$68,232			
B8	Systems Analyst I		
B10	Systems Analyst II		
B12	Systems Analyst III		
B14	Systems Analyst IV		
B16	Systems Analyst V		
		<b>B18</b>	<b>Systems Analyst VI</b>
<b>Justification:</b> Create a level to accommodate higher-level job duties and employee skills. This adjustment will bring the series more in line with the market and promote consistency within the Plan. <b>Approximate Biennium Cost:</b> \$0			
B12	Trader I		Delete
B16	Trader II		Trader I
B19	Trader III		Trader II
<b>Justification:</b> Delete the first level because it is not used. Change the titles of the remaining job classes to accommodate the deletion. <b>Approximate Biennium Cost:</b> \$0			
A2	Vehicle Driver I	<b>A3</b>	
A5	Vehicle Driver II		
A7	Vehicle Driver III		
A9	Vehicle Driver IV		
<b>Justification:</b> Move the first level up by one salary group to bring the job class more in line with the market. <b>Approximate Biennium Cost:</b> \$21,240			
		<b>B10</b>	<b>Web Administrator I</b>
		<b>B11</b>	<b>Web Administrator II</b>
		<b>B13</b>	<b>Web Administrator III</b>
<b>Justification:</b> Create a new series to accommodate the work performed. <b>Approximate Biennium Cost:</b> \$0			
*Bold text designates a recommended change.			

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## Recommended Statutory Changes

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Government Code Section 659.254. REALLOCATION OR RECLASSIFICATION OF A CLASSIFIED POSITION ~~[REALLOCATED OR RECLASSIFIED TO A DIFFERENT SALARY GROUP]~~

(a) This section applies only to positions classified under the state's position classification plan.

(b) In this section:

(1) "higher salary group" means a salary group with a higher minimum salary rate; ~~and~~

(2) "lower salary group" means a salary group with a lower minimum salary rate~~[-]; and~~

(3) "same salary group" means a salary group with the same minimum salary rate.

(c) An employee whose classified position is reallocated by the General Appropriations Act or reclassified under Chapter 654 to a higher salary group will be paid at the minimum salary rate in the higher salary group or at the salary rate the employee would have received without the reallocation or reclassification, whichever rate is higher, except to maintain desirable salary relationships among employees in the affected positions, the salary may be adjusted up to ~~not more than:~~

~~(1) two steps higher, if the employee's salary group is divided into steps by the General Appropriations Act; or~~

~~(2) 6.8 percent higher, if the employee's salary group is not divided into steps by the General Appropriations Act.~~

a percentage above the minimum of the new salary rate in the new salary group equivalent to the corresponding percentage of the salary rate held by the employee before the reallocation or the reclassification.

(d) An employee whose classified position is reallocated by the General Appropriations Act or reclassified under Chapter 654 to a lower salary group will be paid at the salary rate that the employee would have received had the position not been reallocated or reclassified, not to exceed the maximum rate of the lower salary group.

(e) To maintain desirable salary relationships among employees in the affected positions, an employee whose classified position is reclassified to another position in the same salary group may be paid at any rate within the salary group range.

Government Code Section 2113.201 **EMPLOYEE AWARDS**

(a) A state agency may use appropriated money to purchase service awards, safety awards, and other similar awards to be presented to its employees for professional achievement or outstanding service under policies adopted by the agency.

(b) The cost of awards purchased under this section may not exceed ~~[\$50]~~ \$100 for an individual employee.

Government Code Section 659.2591 **SALARY ADJUSTMENTS**

(a) This section applies only to positions classified under the state's position classification plan.

(b) Notwithstanding other provisions of this subchapter, agencies are authorized to adjust a position's salary rate within the salary range of the applicable salary group for the purpose of maintaining:

(1) equitable internal relationships; or

(2) equitable salary rates in the job market.

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