

- If you are reporting more than 1,000 FTEs and the number you are reporting differs **by more than 50 FTEs** (either higher or lower) compared to the number you reported for the corresponding quarter in the previous year.

Previous-year data for corresponding quarters is automatically populated in the FTE System.

In the comment box labeled as Question 16, you must provide an explanation regarding a variance of 1 or more total FTEs between Question 5 (5A + 5B + 5C) and Question 14 (14A + 14B + 14C).

Section V: Additional FTE Information (Certain Agencies Only)

Certain agencies are required to provide information on FTEs that are exempted from the FTE limitations through agency-specific riders in the GAA. Those FTEs may include FTEs associated with specific strategies, initiatives, or programs, such as certain contractors, interns, trooper trainees, or game warden cadets. Each agency should review its GAA bill pattern every biennium to determine whether it has FTEs exempted from the FTE limitations through agency-specific riders.

In the “**Additional FTE Information**” section:

- Indicate the types of positions that are exempted from the FTE limitation; and
- Provide the appropriate GAA citation for the limitation exemption.

Question 13

Report the total number of FTEs paid for positions that are exempted from the FTE limitation through agency-specific riders in the GAA. For some agencies this may include interns and law enforcement academy trainees. Those FTEs also should be reported in Section II, Question 5A. The SAO will back them out when calculating the number of FTEs that are subject to the FTE limitation for the FTE reports that the SAO publishes.

Question 14

Report the total number of employees (headcount) as of the last working day of the quarter who are working in positions that are exempted from the FTE limitation through agency-specific riders in the GAA. For some agencies this may include interns and law enforcement academy trainees. Those headcounts also should be reported in Section II, Questions 6, 7, and 8, as applicable.

Note: Not all agencies will see this particular section because it does not apply to them. Only certain agencies that have exempted FTEs to report will see this separate Section V when they report FTEs.

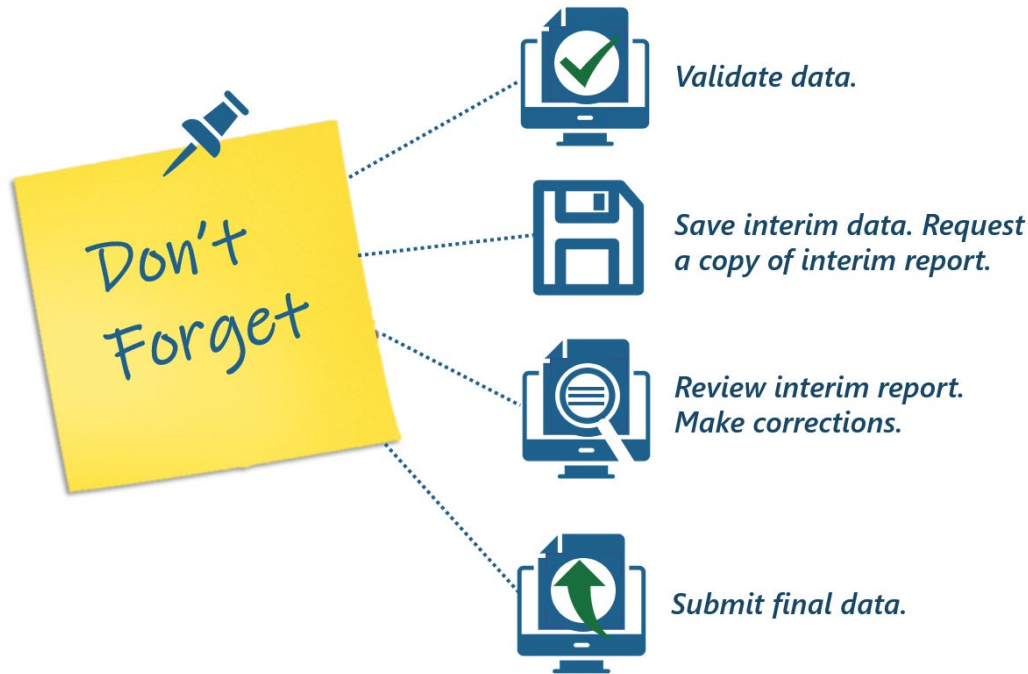
Final Submission Process

Prior to submitting your FTE data, you can use the “Validate My Entries” button to test the data you have entered against the FTE System’s predefined edits. Any errors will be noted, allowing you to make the necessary corrections. Please check all data thoroughly, because this information is reported in an annual FTE report that the SAO publishes.

After you have entered all of your FTE data, reviewed the data, and made any corrections, select the “**Submit Final Data**” button to complete the final step in the FTE reporting process.

To transmit your data to the SAO, you **MUST** click the “**Submit Final Data**” button. That will save your data to the online entry files. The FTE System will send an email, along with a copy of the report confirming your entries, to your FTE coordinator. That report will summarize the data you have entered. You do not need to submit hard copies to the SAO.

Note: Selecting the “**Save Interim Data**” button or **requesting a copy of the saved report** be sent to you as an email attachment **does not** complete your quarterly FTE report submission. Only the “**Submit Final Data**” option completes the reporting process.



Making Corrections After You Have Submitted Data

You can make corrections online through the FTE System while the FTE System is open for reporting. Corrections must be entered **before** the data submission due date and can be made **only** for the current reporting quarter. Data can be entered and edited as many times as needed during the current reporting period.

If your agency or higher education institution needs to correct data after the FTE System has been closed or for previous quarters, please complete the FTE change worksheet found on [the SAO's FTE System page](#). Then email the FTE change worksheet to FTEChanges@sao.texas.gov (see Question #5 of the Frequently Asked Questions in [Appendix 1](#) for additional details).

For questions on corrections, please contact Juan Sanchez or Taylor Sams with the SAO's State Classification Team at (512) 936-9500, or email the SAO's FTE coordinator at ftecoordinator@sao.texas.gov.

Appendix I

Frequently Asked Questions

The following is a list of frequently asked questions regarding full-time equivalents (FTEs) and the reporting process.

General Questions

1. The FTE System asks for total number of FTEs paid in a quarter. If we only have hours paid, how can I convert those to FTEs?

The State Auditor's Office (SAO) provides worksheets to assist agencies and higher education institutions in converting the total hours paid in a quarter into FTEs. The worksheets are located on the [FTE Worksheets](#) page. The SAO updates the FTE worksheets each reporting quarter to ensure that the work hours in the quarter and formulas for converting hours paid into FTEs are correct. Therefore, please ensure that you download and use the FTE worksheet for the current reporting quarter to ensure accurate FTE reporting.

2. I forgot my password. How do I get another one?

New passwords are generated each quarter and sent via email to the FTE coordinator for each entity. That email is sent on the first day of the FTE reporting period. If you did not receive that email, or if you need the email resent, please contact Lillie Reese at the SAO at (512) 936-9500 or ftecoordinator@sao.texas.gov.

3. Who enters the data into the FTE System?

Each entity is responsible for appointing an FTE coordinator who is responsible for entering data into the FTE System. FTE coordinators at agencies and higher education institutions are responsible for accurately reporting FTE data into the FTE System. The SAO publishes an annual FTE report for the Legislature; therefore, FTE coordinators may want to perform a quality control check prior to submitting their data.

4. How do you get added to the FTE coordinator list?

Provide the following information to Lillie Reese at (512) 936-9500 or ftecoordinator@sao.texas.gov: the coordinator's name, title, phone number, and email address; and your agency's or higher education institution's number.

5. I just realized that we submitted the wrong FTE numbers. How do we correct them?

Corrections can be made online through the FTE System during the quarterly reporting period. Corrections must be made **before** the data submission due date and can be made **only for the current quarter**. If changes to that quarter need to be made after the data submission due date, or if you need to correct information from a previous quarter, you must use the SAO's FTE change worksheet to request those changes. The FTE change worksheet is found on [the SAO's FTE System page](#). After that change worksheet is completed, it must be submitted as an attachment to the following email address: FTEchanges@sao.texas.gov. Upon receipt of that worksheet, a classification analyst at the SAO will contact you with any questions. After the classification analyst has made the changes in the FTE System, a copy of those changes will be sent to you via email. When you receive a copy of the changes, it is your responsibility to verify that all changes have been made correctly. After you have verified the changes, you will need to reply to the email and confirm that the information is as you requested it. If you do not receive a copy of the changes within seven working days, please contact Juan Sanchez or Taylor Sams with the SAO's State Classification Team at (512) 936-9500, or email the FTE coordinator at ftecoordinator@sao.texas.gov; otherwise, your changes may not be made in the FTE System. Corrections to previous quarters are allowed only for the current and previous fiscal year.

6. How do I know whether my data submission for the current reporting period was successful?

After you have submitted the FTE data, the FTE coordinator for your agency or higher education institution will receive a confirmation email, along with a copy of the report confirming the agency's or institution's entries. If that email is received, there is no need to send additional information or hard copies to the SAO. (See [Final Submission Process](#).)

7. Is it appropriate for an employee to be counted as two FTEs because the employee is considered as a full-time FTE in two different divisions?

One employee cannot be considered two FTEs unless that employee works 80 hours in every single week (40 hours in each division per week).

8. How is the total number of FTEs subject to the limitation on state employment levels determined?

The SAO determines the total number of FTEs subject to the FTE limitation according to the following formula:

$$\begin{aligned}
 & \left(\begin{array}{l} \textit{Total FTEs paid from appropriated funds} \\ + \\ \textit{Total contract worker FTEs paid from appropriated funds} \end{array} \right) \text{TX} \\
 - & \left(\begin{array}{l} \textit{100\% federally funded FTEs not included in the entity's bill pattern} \\ + \\ \textit{FTEs exempted from the entity's FTE limitation through} \\ \textit{entity-specific riders in the GAA} \end{array} \right) \\
 = & \text{Icon of 3 people} \textit{ FTEs Subject to the FTE Limitation}
 \end{aligned}$$

9. How is the total number of FTEs determined?

The SAO determines the total number of FTEs according to the following formula:

$$\begin{aligned}
 & \textit{Total FTEs paid from appropriated funds} \text{TX} \\
 + & \textit{Total FTEs paid from non-appropriated funds} \\
 + & \textit{Total contract worker FTEs paid from appropriated funds} \\
 = & \text{Icon of 3 people} \textit{ Total Number of FTEs}
 \end{aligned}$$

Management-to-staff Ratio

1. What if my agency has a concern about the management-to-staff ratio?

A state agency that believes that its statutory management-to-staff ratio is inappropriate may appeal to the Legislative Budget Board (LBB). The LBB has analysts assigned to each state agency and higher education institution who are available for questions.

2. How many employees must a manager supervise to be counted as a “manager” within the FTE System?

In general, a supervisor or a manager is any employee with at least one direct report.

3. Should vacant positions be counted when calculating the management-to-staff ratio based on either FTEs or headcount?

No. Vacant positions should not be counted.





4. Are any state job classifications automatically counted as supervisory or manager positions?

Employees in some job classifications should supervise other employees and therefore should be counted as a supervisor or manager. Those include employees classified within the State’s Position Classification Plan as managers, directors, or program supervisors.

5. The FTE System requires that I enter a value in the Executive Director box. What if the agency executive position is vacant?

Even during periods when an agency head or executive director position is vacant, someone within the agency is typically designated to handle the duties of that position. Because the executive head should also be included in the counts for supervisor or manager, that position would be backed out when computing the management-to-staff ratio and should not result in a significant variance from the calculation that would be made if all positions were filled.

The following formula is used to calculate the management-to-staff ratio using FTEs:

Management-to-staff Ratio = $[N + (S - 1)] / S$

N = number of non-supervisory FTEs

S = combined supervisor and manager FTEs

NOTE: “S minus 1” excludes the top executive from being considered as a supervised employee. For entities that are directed by more than one top executive, “S minus 1” will be replaced with “S minus the number of top executives.”

Contract Workers

1. Does outsourcing count as part of the FTE calculation?

Outsourcing is the strategic use of outside resources, rather than state employees, to perform the services of an entire facility, department, or ongoing function. Positions associated with outsourcing of entire functions do not count as part of the FTE calculation. Positions associated with transitional outsourcing, however, would count as part of the FTE calculation if the positions were filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the reporting quarter.

2. Will functions that are outsourced by legislative mandate count as part of an entity’s FTEs?

If the Legislature has explicitly mandated that a function be outsourced, then any position within the function will not be included as part of the FTE calculation.

3. What happens when a temporary or contract worker moves to another position within the same agency or higher education institution?

The worker's hours in the new position would count toward the FTE limitation only if the new position had been filled by temporary or contract workers for more than half the workdays of the year preceding the final day of the reporting quarter.

4. What is meant by "for more than half the workdays of the year"?

The determining factor of whether work time is counted toward the FTE limitation is days worked, rather than hours worked. Because there are 261 workdays in a year, any position that is filled by a temporary or contract worker for more than 130 days (261/2) will count toward the FTE limitation beginning with any hours worked on day 131. A temporary or contract worker who fills a part-time position for more than half the workdays of the year is included in the FTE calculation.

5. How are hours worked by staff under interagency contracts and memoranda of understanding used in calculating FTEs?

Employees of entities under interagency contracts or memoranda of understanding count as part of the FTE total at the performing agency (the agency at which they are actually employed) rather than at the receiving agency (the agency at which the employees are providing services).

6. Because the FTE System creates a one-year "look back," and because FTE reporting is done every 90 days, should a contract worker's hours be added to the FTE total from previous quarters after that individual has been employed for more than half the workdays?

No, an agency is given a six-month grace period before the hours for that position count toward the FTE limitation.

7. Does it matter whether a contract is deliverables-based as opposed to time-and-materials-based?

No. The manner in which a contract is structured is not relevant to the inclusion of associated positions in the FTE calculation. If a position has been filled by temporary or contract workers for more than half of the workdays of the year preceding the final day of the reporting quarter and the position is not part of an outsourced contract, the hours worked should be included as part of the FTE count.

8. What is meant by “positions customarily filled by state employees”?

“Positions customarily filled by state employees” is entity- and situation-specific. For example, an entity that does not employ state employees for janitorial services would not include janitorial contractors in its FTE calculation. However, an entity that regularly employs state employees as janitorial staff would include janitorial contractors in its FTE calculation.

9. Can I report contractor FTEs but not report contractor headcounts?

Yes, you can enter contractor FTEs without entering contractor headcounts; however, the FTE System will prompt you to ensure that the entry is correct. Because FTEs reported cover the full three months of each reporting cycle and contractor headcounts are reported as of the last working day of the quarter, it is possible that contractor headcounts will not be entered for a quarter for which contractor FTEs were reported because contracts were terminated prior to the last working day. In addition, because contract FTEs are reported only after a six-month period, an entity could report contractor headcounts but not contractor FTEs. In the FTE System, a warning message asks the entity to confirm that those conditions exist.

10. Should the reported headcount and FTEs for contract workers include only contractors who work on the premises?

No, whether the contractor works on or off of the premises does not matter for the purpose of determining which positions should be reported.

11. For higher education institutions, should contract workers be included in Section V, question 14C?

Yes, contract workers are considered “Other Staff” and should be included in Section V, question 14C, if they are not reported as administrators or faculty in questions 14A and 14B.

Appendix 2

Additional Contract Worker Information

Who Gets Counted as a Contract Worker?

To be counted toward an entity's full-time equivalent (FTE) limitation, a contract worker must be one of the following:

- **Temporary Workers** - Individuals who are employed by a private temporary services company and usually are assigned for a specified period of time.
- **Independent Contractors** - Individuals who have a contract directly with a state agency or higher education institution.
- **Contract Company Workers** - Individuals who work for a contract company.

Note: Individuals who provide consulting services as defined by Texas Government Code, Section 2254.021, are specifically excluded from FTE calculations.

To be counted in Section II, question 5C, of the FTE System and toward an entity's FTE limitation, a contract worker must meet the following four criteria:

1. Must support or supplement an entity's existing workforce (that is, cover employee absences, temporary shortages, periods of peak workload, and special assignments).
2. Must perform duties customarily accomplished by entity staff.
3. Must work for more than half the workdays of the 12-month period preceding the final day of the reporting quarter.
4. Must be paid with appropriated funds.

Situations in Which Positions Would Not Count Toward the FTE Limitation

- When entire functions are outsourced, they are not counted toward the FTE limitation. Whether contractors work at the entity's facilities or the contractor's facility is not relevant. Some examples are listed below.

- An agency contracts for the management and operation of entire prisons or jail facilities.
- An agency is building a new parking garage and contracts for the construction.
- A university outsources its entire student loan function.
- An agency awards a six-year, outsourced services contract for help desk support, network management and operations, hardware maintenance, software maintenance, computer operations, and disaster recovery planning. Although the majority of the contractor's staff is stationed at the contractor's premises, some individuals are stationed at the agency's premises to enhance communication and increase the quality of services.
- A university hires an architectural firm to design one or more buildings. Because the types of positions associated with an architectural firm are not customarily filled by university employees, those positions would not be counted toward the FTE limitation.
- An agency contracts with private consultants to identify potential sites for radioactive waste disposal. Because the consultants are studying possible options and advising the agency on the most feasible options (activities characterized as consulting), they would not be counted toward the FTE limitation.
- A university has a contract with a fast food company that it pays with non-appropriated funds to provide food in the student union. The university also employs food service employees who work in the student union. Because the contracted food service employees are paid from non-appropriated funds, those positions do not count toward the FTE limitation.
- An agency contracts for special education hearing officers (lawyers) to carry out hearings involving school districts and parents of special education children. Federal law requires hearing officers for those hearings, and federal funds pay for this contracted service. Most hearing officers will work more than six months a year. Because those positions are not customarily filled by an agency employee (the law stipulates that hearings officers must be non-agency contractors, and they are paid with federal funds), hearings officers are not counted toward the FTE limitation, even if they work more than six months a year.

- An agency contracts for prison inmate medical services with a higher education institution. Because it is an interagency contract (and the work has not been customarily performed by agency employees), the FTEs would count toward the FTE limitations at the higher education institution (the performing agency) rather than the FTE limitation at the agency that issued the contract (the receiving agency).
- An agency has a 20-year history of hiring temporary data entry clerks to enter public information reports (PIRs). The workload is seasonal. During the regular workweek, there are office space restrictions, a limited number of available computer terminals or workstations, and limited supervisory staff. Consequently, the agency has hired temporary PIR data entry clerks to work on Saturdays and Sundays when regular full-time employees are not working and office space and computer resources are not being used. The positions are seasonal and temporary; therefore, they will not count toward the FTE limitation because the temporary data entry clerks will not have filled a position “for more than half of the workdays of the year preceding the final day of the reporting period.” The restrictions on office space and the contractors’ work schedule are irrelevant in determining whether the positions count toward the FTE limitation.
- An agency hires an office assistant through a temporary agency to fill in for two months while an administrative assistant is on extended leave. That would not count toward the FTE limitation because the temporary worker fills the position for only two months. A position must be filled for more than half of the workdays of the year preceding the final day of the reporting period to count toward the FTE limitation.

Appendix 3

FTE System Definitions

Administrators: Article III, Special Provisions Relating Only to State Agencies of Higher Education, General Appropriations Act, specifies that a “high-ranking administrative position” includes the following positions:

- (1) Chancellor.
- (2) Vice chancellor.
- (3) Associate chancellor.
- (4) Assistant chancellor.
- (5) President.
- (6) Vice president.
- (7) Associate vice president.
- (8) Assistant vice president.
- (9) Dean.
- (10) Associate dean.
- (11) Assistant dean.
- (12) Any other administrative position having similar responsibilities to the other positions listed in this subsection.

For example, if an administrator also has faculty duties, the individual should be counted as an administrator when determining headcount.

Appropriated Funds: Monies appropriated by the General Appropriations Act or another act of the Texas Legislature that create an appropriation (as opposed to outside funding sources).

Contract Workers: Contract workers are individuals who filled a position for more than half of the workdays of the year preceding the final day of the reporting quarter. Only contract workers who worked after the half-year limitation are included in the full-time equivalent (FTE) calculation. Contract workers are defined as:

- **Temporary Workers:** Individuals who are employed by a private temporary services company and usually are assigned for a specified period of time.

- **Independent Contractors:** Individuals who have a contract directly with a state agency or higher education institution.
- **Contract Company Workers:** Individuals who work for a contract company.

NOTE: Individuals who provide consulting services as defined by Texas Government Code, Section 2254.021, are specifically excluded from FTE calculations.

To be counted in Section II, question 5C, of the FTE System, a contract worker **must** meet the following four criteria:

1. Must support or supplement an entity's existing workforce (that is, cover employee absences, temporary shortages, periods of peak workload, and special assignments).
2. Must perform duties customarily accomplished by entity staff.
3. Must work for more than half the workdays of the 12-month period preceding the final day of the reporting quarter.
4. Must be paid with appropriated funds.

If all those criteria are met, then contract workers will count toward an entity's FTE limitation.

Executive Director: Employees who serve as the administrative heads for state agencies and higher education institutions and hold titles such as executive director, superintendent, commissioner, and president.

Faculty: Positions with the purpose of conducting instruction, research, or public service as a principal activity. Individuals appointed to those positions may hold academic rank titles of professor, associate professor, assistant professor, instructor, lecturer, or the equivalent of any of those academic ranks. Adjunct faculty are included in this category. This does **NOT** include graduate assistants, instruction assistants, or research assistants.

Full-time Equivalent (FTE) Employee: A ratio that represents the number of hours that an employee works compared to 40 hours per week. Full-time employment is generally considered to be 40 hours per week. An FTE is any combination of employees whose work hours total 40 hours a week. The number of FTE employees does not necessarily equate to headcount. For example, two half-time (20 hours per week) workers together equal one FTE. FTEs are calculated by dividing the total number of paid hours in a quarter by

the number of work hours in the quarter (Texas Government Code, Section 2052.102).

Full-time Equivalent (FTE) Limitation: A number of FTEs provided for a state agency or higher education institution in the agency's or higher education institution's General Appropriations Act bill pattern. The FTE limitation is sometimes referred to as an "FTE cap." It is a limit that the Texas Legislature establishes for state employment levels. Legislative agencies, courts, and several state agencies are not subject to FTE limitations, but they are still required to report their FTE numbers. For agencies with designated FTE limitations on state employment levels, only FTEs paid from appropriated funds and certain contract worker FTEs count toward the limitation.

FTE Coordinator: The designated representative from each entity who is responsible for submitting FTE data through the FTE System on a quarterly basis. FTE coordinator changes can be made by contacting the SAO.

Non-appropriated Funds: Any monies at the disposal of the state agency or higher education institution, including institutional funds or grant monies, that are not appropriated.

Management-to-staff Ratio: A ratio used to determine the management span of control within an entity. *Span of control* refers to the number of employees who report directly to a single manager or supervisor. This ratio considers the number of managers and supervisors compared with the number of non-supervisory staff. The statutory target ratio is 1:11 (Texas Government Code, Section 651.004).

Manager: Managers must actually manage people, not merely manage or oversee a function. A manager must have at least one direct report. A project manager who is assigned to an interim project, distributes work assignments, evaluates staff for the duration of the project, does not grant leave requests, and does not make hiring or general staffing decisions should be considered non-supervisory staff.

Non-supervisory staff: A non-supervisory staff position should not have any direct reports. A team leader who serves as a resource for difficult questions and problems from less experienced co-workers, presents project updates to a manager, and is responsible only for providing performance data toward the evaluation of team members should be considered non-supervisory staff.

Other Staff: Employees at a higher education institution in positions not reported as administrators or faculty. Includes graduate assistants, student

assistants, and individuals who meet the reporting criteria of “contract worker” found in [Appendix 2](#).

Supervisor: Supervisors must actually supervise people, not merely oversee a function. A supervisor must have at least one direct report. Supervisors who assign duties, hire and formally evaluate employees, and also spend time performing non-supervisory duties should be considered supervisory employees if other employees report directly to them.

Total number of Full-time Employees (Headcount) as of the Last Working Day of Quarter: Employees scheduled to work the number of hours that represents regular full-time employment (usually 40 hours per week) in accordance with Texas Government Code, Chapter 658, on the last working day of the quarter. Includes full-time employees in a paid leave, holiday, or compensatory time taken status; students; and temporary or seasonal employees (on the State’s payroll) who are employed to work the number of hours that represents full-time employment. For reporting, include those employees only if they are employed on the last working day of the quarter.

Total number of Part-time Employees (Headcount) as of the Last Working Day of Quarter: Employees scheduled to work fewer than the number of hours that represents regular full-time employment (usually 40 hours per week) in accordance with Texas Government Code, Chapter 658, on the last working day of the quarter. Includes part-time employees in a paid leave, holiday, or compensatory time taken status; students; and temporary or seasonal employees (on the State’s payroll) who are employed to work a number of hours that represents part-time employment. For reporting, include those employees only if they are employed on the last working day of the quarter.

Appendix 4

FTE Quarterly Reporting Timeline

AUGUST
NOVEMBER
FEBRUARY
MAY



State Classification Team sends email to FTE coordinators to confirm their contacts and email addresses.

SEPTEMBER
DECEMBER
MARCH
JUNE



State Classification Team receives FTE limitations from the Legislative Budget Board.



State Classification Team sends passwords to FTE coordinators.



FTE system is open to FTE coordinators to enter FTE data.

OCTOBER
JANUARY
APRIL
JULY



State Classification Team verifies entities have submitted data to the FTE System.



FTE System reporting is closed.



State Classification Team reviews FTE data.



Current FTE System data is made available online.