
OVERVIEW OF STATE AGENCY AND EMPLOYEE USE OF CERTAIN NONMONETARY BENEFITS

Nonmonetary benefits, including wellness programs, flexible scheduling and telecommuting, and employer-sponsored training and professional development, enhance the package of direct and indirect compensation offered to state employees in Texas. Various sections of the Texas Government Code authorize agencies to offer a range of these benefits.

Legislative Budget Board staff collected information from 13 state agencies that collectively employed approximately 56.3 percent of all state employees during fiscal year 2017. The data collected showed how often agencies offer statutorily authorized nonmonetary benefits, how the implementation of benefits varies among agencies, and which benefits employees use the most.

Most of the agencies responding to the information request have adopted nonmonetary benefits authorized by statute. Seven made use of most or all of the wellness benefits pursuant to the Texas Government Code, Chapter 664. Most of the 13 responding agencies authorize some degree of telecommuting or flexible scheduling pursuant to the Texas Government Code, Chapter 658. Agencies have used the authorization in the Texas Government Code, Chapter 656, to offer a range of training and educational support to employees.

The nonmonetary benefits authorized in the Texas Government Code are similar to those offered in private sector and other public sector employment. Typically, state agencies have used these authorizations to adapt benefits to their cultures and workforces and have adopted policies that limit potential abuse.

FACTS AND FINDINGS

- ◆ Throughout the United States economy, employee compensation packages have evolved to include nonmonetary benefits as a standard part.
- ◆ The ability to report participation rates in wellness activities varied among agencies, especially at those in which wellness, telecommuting, and flexible scheduling participation is tracked and managed at the employee-supervisor level.
- ◆ Of the agencies contacted, most offered at least some of the wellness benefits pursuant to the Texas

Government Code, Chapter 664. Seven agencies made use of most or all of the benefits, and two agencies did not offer any of these benefits.

- ◆ Most responding agencies authorized telecommuting or flexible scheduling. More than half the employees at four agencies either telecommuted or worked an alternate schedule.
- ◆ All responding agencies provide some degree of staff development training. Eight agencies offer tuition reimbursement for employees seeking a general equivalency diploma (GED) or taking college or graduate courses related to their jobs, and five offer assistance to employees in maintaining job-related professional licenses or certifications.

DISCUSSION

Since the middle of the twentieth century, U.S. employee compensation packages typically have consisted of salaries and packages of benefits that provide indirect compensation, including retirement and health benefits. Recently, the costs of providing health insurance have risen faster than the costs of wages and salaries, resulting in more cost sharing between employers and employees. A similar concern about costs has driven a shift away from defined-benefit retirement plans and toward defined-contribution plans. At the same time, employee compensation packages increasingly include as a standard part some degree of nonmonetary benefit, such as family-friendly and career-related benefits.

The Employees Retirement System (ERS) provides benefits to Texas state employees, retirees, and eligible family members. ERS retirement benefits continue to be defined-benefit, although state employee salaries typically have lagged private-sector salaries and some federal employee salaries. When the state economy does well, turnover among state employees increases. Among workers younger than age 50 who left state employment during fiscal year 2017, the most common reason was better pay and benefits.

The State Auditor's Office's (SAO) biennial report *State Employee Benefits as a Percentage of Total Compensation* includes the estimated average value of the compensation package provided to state employees. For fiscal year 2017, the SAO estimated the average value of a classified, full-time

employee's compensation package at \$72,205, of which annual direct compensation accounted for \$46,475, or 64.4 percent, and benefits made up \$25,730, or 35.6 percent. SAO estimated average values for the following benefits:

- federally required payroll expenses, including those for Social Security, Medicare, unemployment compensation, and workers' compensation;
- paid time off, including for holidays, vacation, and sick leave;
- health insurance;
- retirement contributions; and
- longevity pay.

SAO excluded from its analysis state compensatory time and certain types of conditional or situational leave, including court-appointed special advocates volunteer leave, educational activities leave, military leave, and emergency leave. The agency also excluded from its calculations benefits set forth in various sections of the Texas Government Code that agencies are authorized, although not required, to provide their employees, but whose value may be difficult to quantify. These benefits include wellness policies, alternative work sites and schedules, and state-sponsored professional development.

Although some private employers offer a wider range of benefits, including on-site recreation, consumer services, and dog-friendly policies, the nonmonetary benefits authorized in the Texas Government Code are similar to those offered by the private sector and by the City of Austin.

STATE AGENCY BENEFITS IMPLEMENTATION

Legislative Budget Board (LBB) staff collected information from 13 state agencies that together had an average fiscal year 2017 headcount of 92,233.8 employees, representing approximately 56.3 percent of all state employees that year, excluding those in higher education institutions. The following responding agencies are diverse in function, size, average employee salary, turnover rates, and geographic distribution of employees:

- Comptroller of Public Accounts (CPA);
- Department of Family and Protective Services (DFPS);
- Department of Information Resources (DIR);

- Health and Human Services Commission (HHSC);
- State Preservation Board (SPB);
- Texas Department of Agriculture (TDA);
- Texas Department of Criminal Justice (TDCJ);
- Texas Department of Housing and Community Affairs (TDHCA);
- Texas Department of Licensing and Regulation (TDLR);
- Texas Department of Transportation (TxDOT);
- Texas School for the Blind and Visually Impaired (TSBVI);
- Texas Veterans Commission (TVC); and
- Texas Workforce Commission (TWC).

In an effort to better understand how often agencies offer statutorily authorized nonmonetary benefits, how the implementation of benefits varies among agencies, and which benefits employees use most, the LBB asked for the following information:

- whether the agency had implemented any of the wellness policies pursuant to the Texas Government Code, Section 664.061;
- whether the agency offered telecommuting, flexible scheduling, or compressed work week options pursuant to the Texas Government Code, Chapter 658;
- whether the agency provided employee training or education benefits pursuant to the Texas Government Code, Chapter 656; and
- other questions related to the agency's participation rates, rules or policies governing the benefit, and relevant expenditure codes.

WELLNESS

The goal of workplace wellness programs is to help individuals reduce health risk and prevent disease. Wellness programs typically include a health-screening component to identify risks and interventions to reduce risks and promote healthy lifestyles. These employee benefits are increasingly common in compensation packages. A 2012 RAND Corporation survey of 3,000 public-sector and private-sector entities estimated that 80.0 percent of all U.S. employers with more

than 1,000 employees offered a wellness program. Additionally, a 2011 survey of employers by the management consulting firm Aon Hewitt found that almost half of employers without a wellness program planned to add one within three years to five years. The RAND survey found that wellness programs are associated with a decrease of health risks but were unlikely to decrease healthcare costs.

In its 2013 response to the RAND report, however, the Society for Human Resource Management (SHRM) stated that the cost effectiveness and return on investment of wellness programs is contingent on their design and implementation. SHRM's report cites several studies by nonpartisan coalitions of industry leaders, consultants, and health policy advocates that describe factors that contribute to successful workplace wellness programs, including:

- a program customized to suit the culture and situation of a particular workplace;
- the extent to which senior leadership supports the program and sets an example;
- effective, ongoing communication from either dedicated staff or informal wellness program advocates; and
- a program structure that offers activities that appeal to the individual needs and preferences of employees within a diverse workforce.

One of the studies also notes that no single industry standard estimates the return on investment for a wellness program. The Texas Government Code, Chapter 664, authorizes state agencies to designate an employee to serve as a wellness liaison and to implement a wellness program consisting of the benefits described in statute or other benefits determined by the agency. The statutory language is consistent with the best practices outlined above.

The Texas Government Code, Section 664.061, authorizes state agencies to offer the following wellness-related benefits for state employees:

- 30 minutes during normal working hours for exercise three times a week;
- attending onsite wellness seminars, when available;
- 8.0 hours of additional leave time each year for employees who receive physical examinations and complete an online health risk assessment tool;

- financial incentives for participating in a wellness program developed by the Department of State Health Services (DSHS);
- onsite clinic or pharmacy services; and
- additional wellness policies, as determined by the agency.

The Texas Government Code, Chapter 664, grants agencies discretion regarding whether or to what degree they implement employee wellness programs. This discretion enables each agency to adopt policies that would be practical and appealing for its workforce. Authorizing agencies to customize their programs is consistent with the principles of a successful workplace wellness program defined by SHRM.

Additional wellness benefits are available to state employees through state health insurance plans, including HealthSelect, Consumer Directed HealthSelect, or regional health maintenance organizations. These wellness programs generally complement, rather than duplicate, the options authorized in the Texas Government Code, Chapter 664. Depending on the plan, these additional benefits may include interactive online courses on nutrition, tobacco cessation, and stress management; health or activity trackers; a nurse call line; and discounts at certain fitness centers. The wellness benefits offered as part of a state employee's health plan are available for employees of all agencies and are subject to change.

WELLNESS INFORMATION REQUEST RESULTS

Most of the responding agencies indicated that they offer some combination of authorized wellness benefits. Seven agencies (DFPS, DIR, TDCJ, TDLR, TVC, TWC, and TxDOT) offer most or all of the wellness benefits authorized in statute. The benefit most frequently offered was an incentive for participating in a statewide wellness program developed by DSHS. All agencies offering that benefit cited participation in the annual Get Fit Texas! State Agency Challenge. The incentive for completing an agency-sponsored or agency-endorsed fitness challenge was additional hours of leave time, ranging from 4.0 at TWC to 16.0 at TDHCA and TVC. Most agencies surveyed also offer employees three periods of 30 minutes each week for exercise and award additional leave time to employees who complete a physical examination and health assessment. Five agencies (DFPS, DIR, TDA, TDCJ, and TDLR) use the authorization for onsite clinic or pharmacy services to provide flu shot clinics for their employees. **Figure 1** shows agency responses about

FIGURE 1
WELLNESS BENEFITS AUTHORIZED BY THE TEXAS GOVERNMENT CODE, SECTION 664.061, BY AGENCY
FISCAL YEAR 2017

AGENCY	30 MINUTES FOR EXERCISE, THREE TIMES PER WEEK	ATTENDING ONSITE SEMINARS	ADDITIONAL LEAVE HOURS FOR PHYSICAL EXAMINATION AND RISK ASSESSMENT	INCENTIVES FOR PARTICIPATING IN A STATEWIDE WELLNESS PROGRAM	ONSITE CLINIC OR PHARMACY SERVICES	ADDITIONAL WELLNESS POLICIES, DETERMINED BY AGENCY
Comptroller of Public Accounts	X		X	X		
Department of Family and Protective Services	X	X	X	X	X	X
Department of Information Resources	X	X	X	X	X	
Health and Human Services Commission	X	X				X
State Preservation Board						X
Texas Department of Agriculture		X		X	X	X
Texas Department of Criminal Justice	X	X	X	X	X	X
Texas Department of Housing and Community Affairs	X		X	X		
Texas Department of Licensing and Regulation		X		X	X	X
Texas Department of Transportation	X	X	X	X		X
Texas School for the Blind and Visually Impaired						
Texas Veterans Commission	X	X	X	X		
Texas Workforce Commission		X	X	X		X

SOURCE: Legislative Budget Board information request to agencies.

wellness benefits offered to employees pursuant to the Texas Government Code, Section 664.061.

Some agencies were unable to provide participation rates for their wellness programs, typically because an employee’s use of a particular benefit was managed by supervisors or because the agency does not maintain that information. Nevertheless, some agencies were able to estimate the portions of their workforce that participated in their wellness programs overall, and others calculated rates of participation for individual wellness benefits. **Figure 2** shows overall wellness program participation reported by three agencies as of February 2018.

Figure 3 shows fiscal year 2017 participation rates at another group of three agencies for certain individual wellness initiatives, as reported by the agencies.

Several agencies identified additional wellness-related benefits they had implemented. DFPS provides critical incident stress debriefings to help staff cope with work-related trauma or stress. In addition to the statewide challenge, TDCJ and DFPS coordinate their own fitness challenges throughout the year. Although an employee assistance program (EAP) is not exclusively a wellness program, DFPS, HHSC, SPB, and TWC each referenced its EAP in its response. Agencies identified the following additional benefits and policies:

- critical incident stress debriefings – DFPS;
- employee assistance program – DFPS, HHSC, SPB, TWC;
- employee walk time during the last Friday of each month – DFPS;

**FIGURE 2
OVERALL WELLNESS PROGRAM PARTICIPATION AT SELECT TEXAS AGENCIES
AS OF FEBRUARY 2018**

AGENCY	OVERALL WELLNESS PROGRAM PARTICIPATION RATE
Department of Information Resources	28.0%
Texas Department of Housing and Community Affairs	35.0%
Texas Workforce Commission	51.0%

SOURCE: Legislative Budget Board information request to agencies.

- agencywide fitness challenges – DFPS, TDCJ;
- fee-based onsite yoga and massage therapy – TDLR;
- smoking cessation services – HHSC;
- mother-friendly workplace policies – HHSC; and
- biometric health screenings – TxDOT.

WORKING HOURS AND LOCATION

Telecommuting and flexible scheduling also are increasingly common benefits in the private and public sectors. Flexible scheduling can include authorizing employees to vary the beginning and end of their working hours; for example, from 7:00 AM to 4:00 PM, rather than the 8:00 AM to 5:00 PM workday prescribed by the Texas Government Code, Section 658.005. An employee with a flexible schedule also might work a compressed work week; for example, working four 10.0-hour workdays instead of five 8.0-hour workdays. A 2017 Gallup report, *State of the American Workplace*, found that the number of people working remotely increased from 39.0 percent to 43.0 percent since 2012, and that the time

**FIGURE 3
WELLNESS PARTICIPATION RATES BY BENEFIT AMONG EMPLOYEES AT CERTAIN TEXAS AGENCIES, FISCAL YEAR 2017**

AGENCY	30 MINUTES FOR EXERCISE, THREE TIMES PER WEEK	ATTENDING ONSITE SEMINARS	ADDITIONAL LEAVE HOURS FOR PHYSICAL EXAMINATION AND RISK ASSESSMENT	INCENTIVES FOR PARTICIPATING IN A STATEWIDE WELLNESS PROGRAM	ONSITE CLINIC OR PHARMACY SERVICES	ADDITIONAL WELLNESS POLICIES, DETERMINED BY AGENCY
Comptroller of Public Accounts	21.5%		27.9%			
Texas Department of Agriculture				20.0%		
Texas Veterans Commission			4.9%	18.4%		

SOURCE: Legislative Budget Board information request to agencies.

they spent working remotely also increased. The U.S. Bureau of Labor Statistics published similar findings in 2007, noting that the proportion of the U.S. wage and salary workers with flexible schedules more than doubled, to about 30.0 percent, from 1985 to 2004.

The Texas Government Code, Chapter 658, authorizes state agencies to offer alternative work schedules, including compressed workweeks and flexible schedules, and alternative work locations via telecommuting. The statute authorizes the administrative head of an agency to use discretion in implementing policies for alternative work schedules and locations. This discretion is demonstrated in the agency responses, which described a range of policies and participation rates across agencies.

TELECOMMUTING AND FLEXIBLE SCHEDULING INFORMATION REQUEST RESULTS

All responding agencies indicated that they offered some degree of telecommuting or alternate work scheduling. Some agencies could not provide participation rates, typically because an employee’s use of the benefit was managed at the supervisor level.

Statute does not specify how often state employees may telecommute during a work week, but agencies minimize abuse of the policy and maintain network security in several ways. For instance, eligibility is linked to outcomes on performance evaluations at TDHCA, TDLR and TWC. HHSC requires employees to complete telework training successfully to become eligible for the agency’s telework program. DIR prohibits its telecommuting employees from using a public wireless network to access the agency’s network. All responding agencies authorize managers and supervisors to use discretion to alter or revoke telecommuting agreements.

Rates of participation in telecommuting varied from 0.5 percent at TDA to 27.4 percent at CPA. However, the LBB did not ask agencies to estimate the portions of their workforces eligible to telecommute or work alternate schedules. TSBVI and TDA offer telecommuting options they characterized as being “very limited” or reserved for “extraordinary circumstances.” Among the agencies that reported alternate work schedule participation rates, all reported at least half their employees working hours other than 8:00 AM to 5:00 PM. In calculating their alternate work schedule participation rates, several agencies did not distinguish between employees working a compressed work

week and those working atypical hours during a five-day work week.

Figure 4 shows employee participation rates in telecommuting or alternate work schedules, as reported by the responding agencies.

EDUCATION AND TRAINING

The Texas Labor Code, Section 21.010, requires state agencies to provide employment discrimination training to all employees within 30 days of hiring. In addition, the Texas Government Code, Chapter 656, Subchapter C, authorizes state agencies to provide training and education for their administrators and employees. As with the previous benefits, an agency has discretion in how it structures its training and education program. An agency’s training and education policies may include the following objectives:

- preparing for technological and legal developments;
- increasing work capabilities;
- increasing the number of qualified employees in certain areas; and
- increasing the competence of state employees.

Agencies also have discretion to determine how to train or educate their employees. The statute authorizes an agency to require attendance at a training and to reimburse employees for training or education provided by an institution of higher education.

The Texas Government Code, Section 656.047, authorizes agencies to spend public funds to pay the salary, tuition and other fees, expense of education materials, and other expenses related to being an instructor, student, or other participant in a training or education program. These expenses include reimbursing the costs to administrators and employees who seek relevant education or training at an accredited institution of higher education.

EDUCATION AND TRAINING INFORMATION REQUEST RESULTS

All responding agencies provide staff development training, and three agencies—CPA, TxDOT, and TWC—provide mandatory annual training regarding certain topics specific to the agency’s operations or mission. For instance, CPA requires employees to attend trainings related to ethics, open records, and information security. Its employees also must attend a minimum amount of continued training each fiscal

**FIGURE 4
TELECOMMUTING AND ALTERNATE WORK SCHEDULE PARTICIPATION RATES BY AGENCY, FISCAL YEAR 2017**

AGENCY	TELECOMMUTING	COMPRESSED WORK WEEK	FLEXIBLE SCHEDULING
Comptroller of Public Accounts	27.4%	Offered (1)	Offered (1)
Department of Information Resources	64.0% combined rate for all three categories		
State Preservation Board		Offered (1)	Offered (1)
Texas Veterans Commission	10.0%		
Texas Department of Family and Protective Services	3.8%	Offered (1)	Offered (1)
Health and Human Services Commission	3.9%	Offered (1)	Offered (1)
Texas School for the Blind and Visually Impaired	Offered (1)		
Texas Department of Criminal Justice			Offered (1)
Texas Department of Agriculture	0.5%	8.0%	37.0%
Texas Department of Housing and Community Affairs	17.5%		62.0% (3)
Texas Department of Transportation	7.0%	21.0%	Offered (1)
Texas Workforce Commission	24.0% (2)		52.0% (3)
Texas Department of Licensing and Regulation	13.0%		56.0% (3)

NOTES:

- (1) Agencies responded that the benefit is offered but did not have participation rates available
- (2) The Texas Workforce Commission’s telecommuting participation rate includes 13.0 percent of its employees who telecommute occasionally and 11.0 percent who participate on a scheduled basis.
- (3) The Texas Department of Housing and Community Affairs, Department of Licensing and Regulation, and Texas Workforce Commission provided combined rates for compressed work week and flexible scheduling options.

SOURCE: Legislative Budget Board information request to agencies.

year. TWC requires all employees to attend training regarding customer complaint resolution and fraud detection and prevention, among other topics. TWC employees also attend additional trainings related to topics that include hazardous chemicals and migrant and seasonal farmworkers.

Eight of the responding agencies (CPA, DIR, HHSC, TDA, TDCJ, TDHCA, TDLR, and TWC) provide access to external or web-based training in addition to onsite or on-the-job training. Five agencies (DIR, SPB, TDHCA, TDLR, and TxDOT) support or include continuing education for certification related to a professional license.

Eight agencies (CPA, DFPS, DIR, HHSC, TDHCA, TDLR, TxDOT, and TWC) have policies related to tuition reimbursement for employees seeking GEDs or enrolling in job-related college or graduate courses. For example, HHSC provides an academic stipend to employees attending courses to be licensed or certified in certain critical shortage occupations. These policies establish criteria for eligibility and define successful completion of the coursework. They also limit the amount of the benefit that a single employee may realize or that the agency will offer. Limits on the amount an employee may receive range from \$500 to \$5,000

per year, depending on the agency. Agencies that impose program limits include TxDOT, which offers a competitive program capped at 10 slots per year, and TWC, which requires employees seeking the benefit to continue in employment with the agency for at least six months.

Senate Bill 255, Eighty-fifth Legislature, Regular Session, 2017, amended the Texas Government Code to require state agencies and institutions of higher education to report spending on educational courses and professional trainings that exceeds \$5,000 per state employee or administrator.

Figure 5 shows agency responses regarding their training and education policies. The LBB also asked agencies which Comptroller of Public Accounts object codes they used to record their employee training and education expenditures. **Figure 6** shows All Funds agency spending in the three most commonly cited object codes by responding agencies and by all state agencies for the 2012–13, 2014–15, and 2016–17 biennia.

**FIGURE 5
STATE EMPLOYEE EDUCATION AND TRAINING POLICIES BY AGENCY, FISCAL YEAR 2017**

AGENCY	STAFF/ PROFESSIONAL/ LEADERSHIP DEVELOPMENT	MANDATORY ANNUAL TRAINING	EXTERNAL OR WEB-BASED TRAINING	CONTINUING EDUCATION, PROFESSIONAL LICENSE, OR CERTIFICATION SUPPORT	EDUCATIONAL LEAVE	ACADEMIC STIPEND	TUITION
Comptroller of Public Accounts	X	X	X				X
Department of Family and Protective Services	X				X		X
Department of Information Resources	X		X	X			X
Health and Human Services Commission	X		X		X	X	X
State Preservation Board	X			X			
Texas Department of Agriculture	X		X				
Texas Department of Criminal Justice	X		X				
Texas Department of Housing and Community Affairs	X		X	X			X
Texas Department of Licensing and Regulation	X		X	X			X
Texas Department of Transportation	X	X		X			X
Texas School for the Blind and Visually Impaired	X						
Texas Veterans Commission	X						
Texas Workforce Commission	X	X	X				X

SOURCE: Legislative Budget Board information request to agencies.

FIGURE 6
EMPLOYEE TRAINING AND EDUCATION-RELATED SPENDING IN ALL FUNDS BY COMPTROLLER OF PUBLIC ACCOUNTS OBJECT CODE
2012–13 TO 2016–2017 BIENNIA

(IN MILLIONS)	2012–13		2014–15		2016–17	
	INFORMATION REQUEST AGENCIES	ALL STATE AGENCIES	INFORMATION REQUEST AGENCIES	ALL STATE AGENCIES	INFORMATION REQUEST AGENCIES	ALL STATE AGENCIES
7202 – Tuition – Employee Training	\$2.1	\$4.0	\$1.1	\$2.8	\$0.8	\$2.8
7203 – Registration Fees – Employee Attendance at Seminars and Conferences	\$6.5	\$26.5	\$6.7	\$27.3	\$9.7	\$33.2
7243 – Educational/ Training Services	\$12.4	\$27.9	\$16.1	\$28.8	\$24.6	\$45.9
Total	\$21.1	\$58.5	\$23.9	\$58.9	\$34.1	\$81.9

NOTE: Totals may not sum because of rounding.

SOURCES: Legislative Budget Board information request to agencies; Comptroller of Public Accounts' Cash Drilldown and Manual of Accounts.