

SUBJECT: Lifting cap on compensation and allowances for certain county auditors

COMMITTEE: County Affairs — committee substitute recommended

VOTE: 6 ayes — Lewis, W. Smith, Casteel, Chisum, Flynn, Quintanilla

0 nays

3 absent — Farabee, Farrar, Olivo

WITNESSES: For — Gerald Daugherty, Travis County Commissioners Court; Donald Lee, Texas Conference of Urban Counties; Susan A. Spataro, Travis County Auditor and Travis County District Judges

Against — None

On — Seth Mitchell, Bexar County Commissioners Court

BACKGROUND: Local Government Code, sec. 152.032 places certain limits on a county auditor's compensation and allowances. In all counties except Bexar County, a county auditor's compensation and allowances may not exceed the total compensation and allowances of the highest paid nonjudicial elected county officer, whose salary and allowances are set by commissioner's court. In Bexar County, the county auditor may not be compensated more than the county budget officer.

Local Government Code, sec. 84.021 allows county judges to set the salaries of assistant auditors and to certify those salary recommendations to the commissioners court, which must order the salaries to be paid and appropriate an adequate amount of money for them.

DIGEST: CSHB 1681 would remove the cap on compensation and allowances for county auditors in certain counties, allowing district judges to set the amount with final approval by the commissioners court. The bill would apply only to counties with a population of more than 800,000 that used automated systems to enhance internal controls of county finances through automated checks of their purchasing and payroll systems. Bexar County would be exempt.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS
SAY:**

By allowing Dallas, Harris, Tarrant, and Travis counties to exceed the general salary cap for county auditors, CSHB 1681 would give district judges a tool they need to recruit qualified financial professionals for the county auditor position. The county auditor is the chief financial officer with auditing and reporting responsibilities for the entire county government. Recent changes in accounting rules and financial statutes have made the county auditor's job more complex than ever. Counties need as much flexibility and negotiating power as possible when seeking the best public officials to serve.

Because other nonelected positions in county government do not have similar salary limitations, CSHB 1681 essentially would address a fairness issue. For example, because assistant auditors are not under a similar salary cap, some assistant auditors make more money than the county auditor. This not only is counterintuitive, it also creates a disincentive for assistant auditors to apply for the top job when it becomes available, because taking on added responsibility could mean a pay cut.

CSHB 1681 would preserve accountability in government by making the final salary of the county auditor subject to the approval of county commissioners. This would create a necessary check on spending to assure that district judges did not overspend when appointing a county auditor. County commissioners are responsible for approving the county's budget and levying the taxes that support that budget, so it is important that they retain oversight and final approval on this issue.

**OPPONENTS
SAY:**

If assistant auditors are being paid more than county auditors, an alternative solution would be not to lift the salary cap for certain county auditors but to impose one on assistant auditors. County costs are driven by salaries. In times when local governments need to exercise fiscal restraint, removing a salary cap, even with county commissioners' approval, could lead to overspending.

County government is a highly political environment. Creating a situation in which district judges ostensibly have more control over salaries and then placing limits on that control could lead to conflicts that do not exist now. The

bill would give county commissioners a leverage point that could divide county government even further.

NOTES:

The committee substitute would change the bill as filed by adding a requirement that county commissioners approve the final compensation package of a county auditor. The substitute also would exempt Bexar County from the bill, so that compensation for the Bexar County auditor still would be set in accordance with Local Government Code, sec. 152.032(b).