

Working Paper

Comparing Personnel Compensation Across Texas' Largest Cities

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Overview

This survey calculates the average budgeted personnel cost per employee for Texas' five largest cities and, to the extent the demarcation of departments was consistent, between comparable departments. The survey uses the latest budgetary data offered from each city, with Houston having recently published its FY 27 budget and all other cities, Austin, Dallas, Fort Worth, and San Antonio, using FY 26 budgets, due to these cities having later budget cycles. The numbers show that the average budgeted personnel cost for all municipal workers varied by more than \$25,000 between the five cities. Adjusting for localized purchasing power differences ultimately reorders which cities offer the highest actual compensation. This survey also shows the public safety departments, defined as police and fire departments, to be at or near the highest average levels of personnel costs, despite wide variance between cities.

Methodology

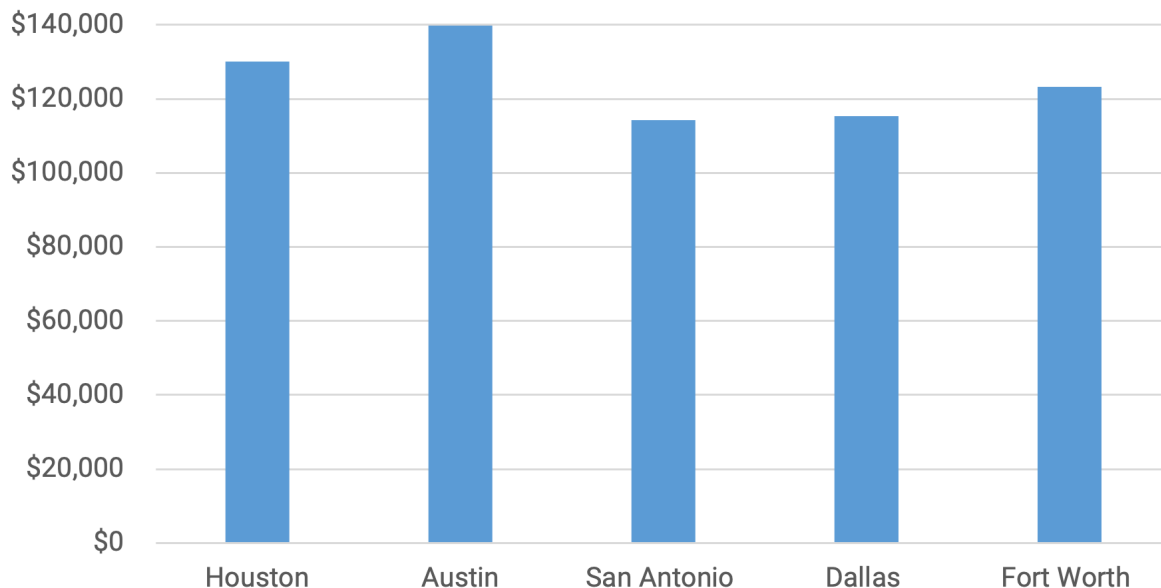
The survey is based on the most recent available budgets for Houston, Dallas, Fort Worth, San Antonio, and Austin. Houston is the only city from the survey to have published its FY27 budget; all other calculations are based on cities' FY 26 numbers. In each case, the total budgeted personnel cost was divided by the total number of employees. Personnel numbers are based on each department's stated number of budgeted full-time employees and personnel line items, which could potentially include vacant positions.

Total personnel cost across the five sampled cities includes the following expenses: base salaries and wages, standard employer tax and workers' compensation contributions, the respective city's portions of premiums for employee health insurance plans (including medical, dental, and vision), life and disability insurance, employer contributions to the city's independent pension/retirement funds, and contributions to certain employee assistance programs that include wellness initiatives and personal well-being support. Base salaries and wages include budgeted overtime costs, but overtime exceeding a department's budget is not included. Benefits vary between cities; however, the focus of this survey is to determine the total cost of salaries and all benefits, rather than to compare what benefits each offer. See "Data Note: Regional Price Parity Adjustments" for details regarding purchasing power adjustments.

All Employee Average

Figure 1 shows the average budgeted personnel cost per employee across the five cities for all departments. Austin has the highest personnel cost for municipal workers, averaging \$139,872 per employee in FY 26, while San Antonio has the lowest at \$114,307. Houston, followed by Fort Worth and then Dallas, range between these figures.

Figure 1 – Average Total Personnel Costs: All Employees



Source: FY 26 and FY 27 budgets of each city and authors' calculation.

Since the five cities have varying costs of living, Table 1 shows the average personnel costs with adjustments made for purchasing power differences. With the adjusted costs, Austin remains at the top of personnel expenses with an average cost per employee of \$142,630, while Dallas moves down to the bottom with personnel expenses, averaging \$111,785 per municipal employee. Houston remains in second place, with San Antonio moving up to third and Fort Worth moving down to fourth, around \$8,000 above Dallas per employee. The gap between city spending on personnel costs shifts from \$25,565 to \$30,845, a \$5,000 increase in the purchasing power adjusted compensation differential. Dallas and Fort Worth hold the highest regional price parity indexes of 103.1, but both spend the least on their municipal employees in purchasing power adjusted budgets.

Table 1 – Municipal Personnel Costs (All Departments) With Purchasing Power Adjustments

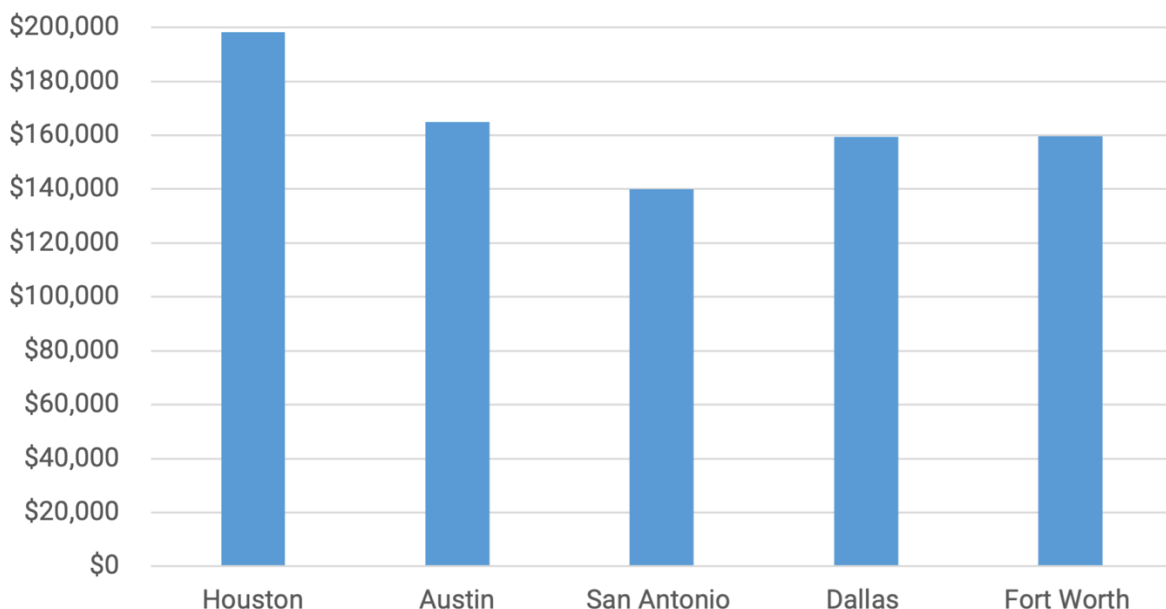
City	Budgeted Personnel Cost per Employee	Regional Price Parity Index	Purchasing Power Adjusted Budgeted Cost per Employee
Austin	\$139,872	98.1	\$142,630
Dallas	\$115,239	103.1	\$111,785
Fort Worth	\$123,326	103.1	\$119,630
Houston	\$129,996	98.6	\$131,803
San Antonio	\$114,307	94.7	\$120,684

Source: Data series from Bureau of Economic Analysis, FY 26 and FY 27 budgets of each city, and authors' calculation.

Public Safety Departments

Figure 2 shows the average budgeted personnel cost per employee for each city's police department. Total personnel for the police department include both uniformed officers and civilian employees, as clear breakdowns of personnel cost differences between uniformed officers and civilian employees, if such differences exist, were not included in the five cities' budget documents.

Figure 2 – Average Total Personnel Costs: Police Departments



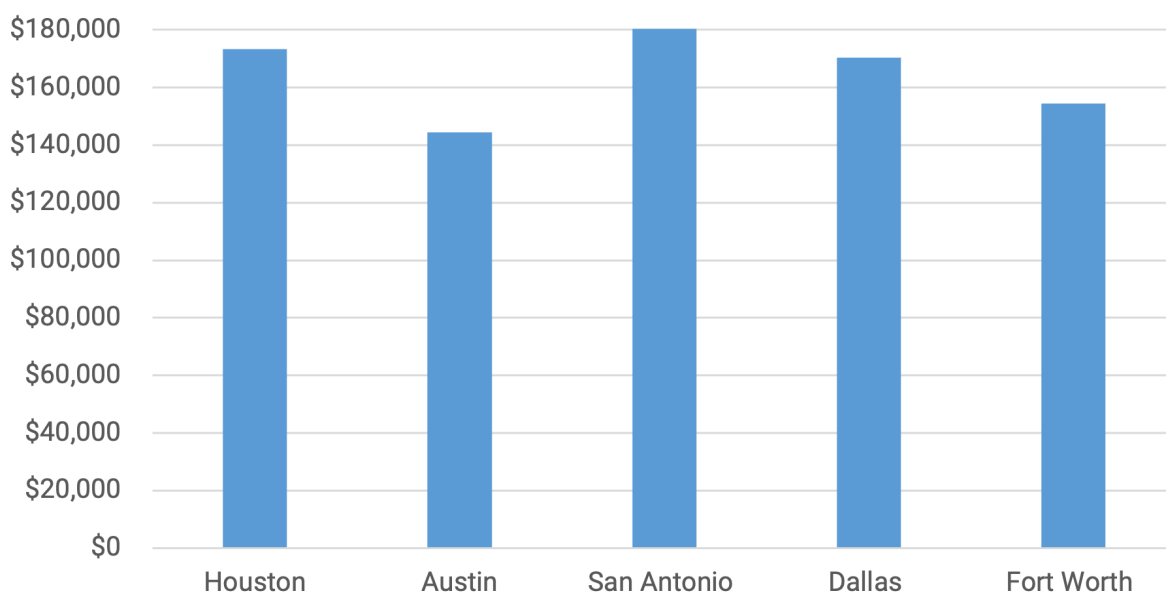
Source: FY 26 and FY 27 budgets of each city and authors' calculation.

Houston spends the most, with budgeted personnel costs per employee coming in at \$198,277. San Antonio has the lowest budgeted police personnel costs at \$140,054.

Across the five cities, a variance of over \$50,000 per worker and a variance of over \$30,000 between Houston, the highest in police personnel costs, and the next highest city (Austin with \$164,879) is significant.

Figure 3 shows the average personnel cost per employee for each city's fire department. Once again, uniformed officers and civilian employees are both included. San Antonio spends the most on its fire department personnel, with costs coming out to \$180,491 per employee. Austin spends the least on its fire department personnel costs, at \$144,332 per employee, which is over \$35,000 less than San Antonio.

Figure 3 – Average Total Personnel Costs: Fire Departments



Source: FY 26 and FY 27 budgets of each city and authors' calculation.

While Houston spends the most on personnel costs for its police department, over \$30,000 per employee more than the next city, it spends around \$25,000 less per employee on fire department personnel when compared with the highest fire personnel cost city, San Antonio. Overall, Houston ranks second place for fire department personnel costs compared to other cities.

Austin and Fort Worth also both spend more on budgeted personnel costs for their police departments compared to their fire departments. Austin spends around \$20,000 more per employee on its police compared to fire. Fort Worth is the closest in costs between the two departments, spending only around \$5,000 more per employee on police personnel compared to fire.

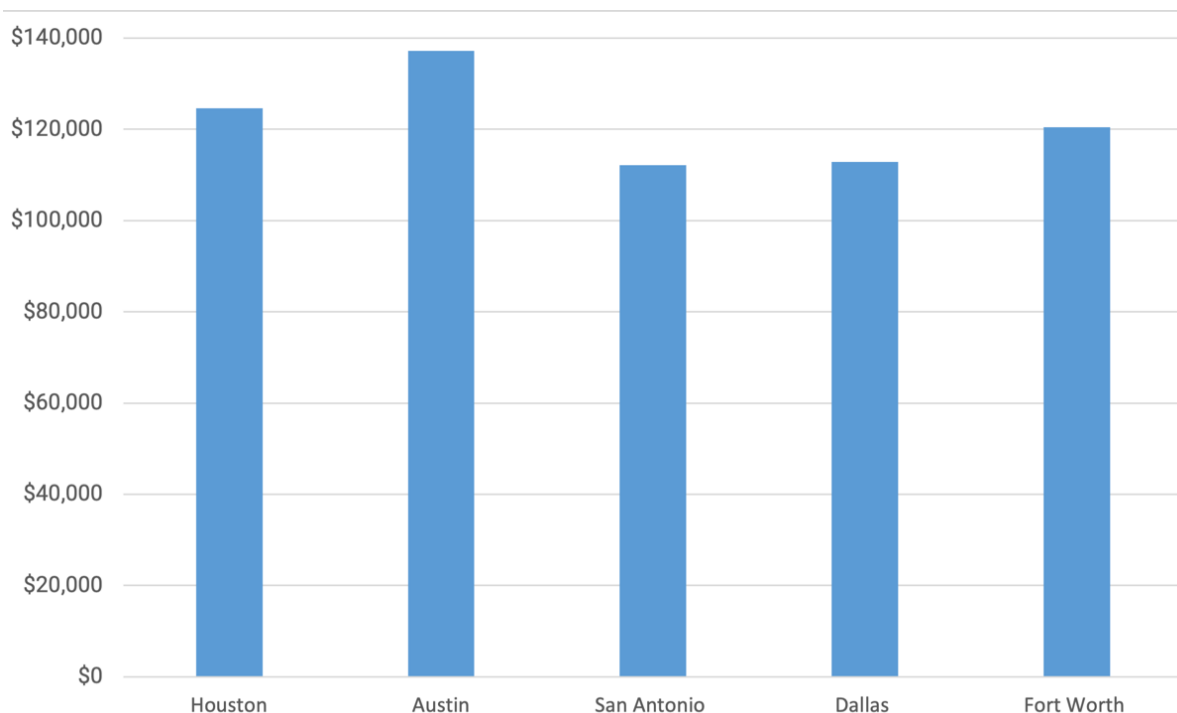
San Antonio spends an average of \$40,000 more per employee on its fire department personnel compared to the police department, and Dallas also spends over \$20,000 more on fire department personnel compared to police. These differences can be due to

a variety of factors, including union negotiations between individual police and fire departments and the respective cities. When such union negotiations lead to significant wage increases, such as in [2024 for San Antonio Fire Department](#) and in [2025 for Houston Police Department](#), competitive wages of nearby cities are often cited as an underlying factor in needing the increases.

All Employee Minus Public Safety Average

Public safety departments (police and fire departments) are unique functions of city governments, and their personnel costs are generally high relative to other departments. Figure 4 shows average total personnel cost without police and fire departments. Without these departments, the average total personnel costs for Austin, the city spending the most per employee in the sample, decreases by \$2,672 to an average of \$137,199. The average total personnel costs for San Antonio, the city which spends the least in annual average total personnel costs, decreases by \$2,189 to an average of \$112,118. Houston pays the highest premium for public safety and therefore experiences the highest decrease in average total personnel costs when police and fire departments are removed, decreasing by over \$5,316 to an average of \$124,680 per municipal employee.

Figure 4 — Average Total Personnel Costs Without Police and Fire Departments



Source: FY 26 and FY 27 budgets of each city and authors' calculation.

Table 2 shows average personnel costs, not including public safety departments, with adjustments made for purchasing power differences. With the purchasing power

adjustments, Austin remains the top spender on municipal employees, with an average of \$139,905, a \$2,725 decrease from the similarly adjusted purchasing power average that included public safety departments.

Table 2 – Municipal Personnel Costs (All Departments Except Fire and Police) With Purchasing Power Adjustments

City	Budgeted Personnel Cost per Employee	Regional Price Parity Index	Purchasing Power Adjusted Budgeted Cost per Employee
Austin	\$137,199	98.1	\$139,905
Dallas	\$112,821	103.1	\$109,439
Fort Worth	\$120,523	103.1	\$116,910
Houston	\$124,680	98.6	\$126,413
San Antonio	\$112,117	94.7	\$118,372

Source: Data series from Bureau of Economic Analysis, FY 26 and FY 27 budgets of each city, and authors' calculation.

Dallas again is the city spending the least per municipal employee, with an average of \$109,439, a \$2,346 decrease from an adjusted purchasing power average that included police and fire. The middle rankings remain consistent with public safety departments included for purchasing power adjusted costs – Houston stays second, San Antonio rises to third, and Fort Worth drops to fourth, with a nearly \$7,500 difference between Fort Worth and Dallas. The difference between city spending per employee without public safety departments shifts from \$25,082 to \$30,466, similar to gaps before and after factoring in purchasing power adjustments with public safety included.

Houston Efficiency Study

In 2024, the city of Houston commissioned [a citywide efficiency study](#) prepared by Ernst & Young LLP (EY). One of the key results found by EY was that the Houston police department had 11 layers of organization, making the department highly complex with too much distance between the executive level and the bottom-line delivery. The firm recommended six to seven layers to create optimal hierarchy for all departments surveyed. In short, it found that the police department had an excessive number of middle managers whose primary goal was to translate organizational goals rather than deliver services directly. Given that Houston has the highest average police personnel costs among the five cities surveyed, this raises questions about the department's efficiency and whether those higher costs translate into better public safety outcomes. The fire department, in the [same survey](#), had "orphan positions and inaccurate reporting lines," making it impossible for EY to accurately survey their layering of positions and management.

The study also highlighted promotion issues within the police department, noting that some salary raises were given without increasing people management responsibilities.

This led to 403 managers with only one to three reporting personnel beneath them, including 292 leadership titles with no direct reports. A similar comparison was not possible for the fire department because of inconsistencies in its reporting structure.

Conclusion

Across the state of Texas, personnel costs in the five largest cities vary greatly, especially when considered through the adjusted lens of regional purchasing power. The average personnel costs for municipal employees across all five cities, adjusted using the regional price index, is \$125,306. Cities prioritize costs of personnel from public safety departments, but within each city, discrepancies up to \$40,000 between average personnel costs for fire and police departments are evident. This may be due to individual union negotiations between the city and department personnel.

As the Houston efficiency study notes, departments with the highest average personnel costs are not necessarily the most efficient. Instead, excessive middle management can hinder their ability to achieve departmental goals and serve taxpayers. As cities evaluate their budgets and how to best allocate tax dollars, municipal personnel costs remain a crucial part of the equation.

Data Note: Regional Price Parity Adjustments

The Bureau of Economic Analysis (BEA) provides the Regional Price Parity (RPP) to reflect the regional variations of purchasing power. This measure estimates the price level of various goods and services (tangible products, housing, utilities, and other services) across state and local areas. The index is expressed relative to the national average of 100. Therefore, RPP provides a reference when benchmarking the purchasing power of a typical individual across different locations. When combined with nominal per-capita personnel cost, the RPP can be used to approximate the real purchasing power of compensation in different cities. Specifically, BEA's Regional Price Parities data series, [MARPP Regional price parities by MSA](#), is used. The most recent data is from 2024, which means there is a two- to three-year gap between the time of reported RPP data and the personnel costs from the five cities.