



# HB3 in 30: Teacher Compensation

June 21, 2019





## Minimum Salary Schedule (MSS)

- Overview and where to find it in statute
- Next Steps For Districts



## Calculation of the “30 Percent”

- Overview and where to find it in statute
- Next Steps For Districts



## Examples & Scenarios

- House Bill 3 resources

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**Need to Know:**  
**Minimum Salary  
Schedule Increase**  
(and TRS Implications)

# Minimum Salary Schedule Increases

- **Basic Allotment increased from \$5,140 to \$6,160**
  - Results in noticeable increases to each step of the minimum salary schedule (MSS)
    - Providing these increases is not optional – it is mandatory
    - MSS-related increases are not dependent on the amount of the HB3 “gain”
  - These increases along with the repeal of the Cost of Education Index (CEI) impact TRS Contributions (State vs. Local Share)
- ***To the Administrator Addressed: Minimum Salary Schedule Increase pursuant to House Bill 3 (HB3) – June 11, 2019***

## In Statute:

Texas Education Code, Section 21.402 – (HB3, Enrolled – Page 254)



# New Minimum Salary Schedule

Years of Experience	Annual Salary (10-Months)
0	\$33,660
1	\$34,390
2	\$35,100
3	\$35,830
4	\$37,350
5	\$38,880
6	\$40,410
7	\$41,830
8	\$43,170
9	\$44,440

Years of Experience	Annual Salary (10-Months)
10	\$45,630
11	\$46,770
12	\$47,850
13	\$48,850
14	\$49,810
15	\$50,710
16	\$51,570
17	\$52,370
18	\$53,140
19	\$53,860
20+	\$54,540



# Minimum Salary Schedule Increases

Years of Experience	Increase over FY2019 MSS
0	\$ 5,580
1	\$ 5,700
2	\$ 5,810
3	\$ 5,940
4	\$ 6,180
5	\$ 6,440
6	\$ 6,690
7	\$ 6,930
8	\$ 7,150
9	\$ 7,360

Years of Experience	Increase over FY2019 MSS
10	\$ 7,550
11	\$ 7,750
12	\$ 7,920
13	\$ 8,090
14	\$ 8,250
15	\$ 8,400
16	\$ 8,540
17	\$ 8,670
18	\$ 8,800
19	\$ 8,920
20+	\$ 9,030



# TRS Contributions for Charters and Districts of Innovation

- **HB3 created uniformity in TRS Contributions above the MSS**
  - Charter schools are now required to pay the state contribution on the portion of a member's salary that exceeds the statutory minimum
  - Similarly, the bill clarified that districts of innovation (DOIs) that exempt themselves from the minimum salary schedule cannot exempt themselves from paying the state contribution on the portion of a member's salary that exceeds the statutory minimum.
- ***To the Administrator Addressed: Minimum Salary Schedule Increase pursuant to House Bill 3 (HB3) – June 11, 2019***

## **In Statute:**

Government Code, Section 825.405(a) – (HB3, Enrolled – Page 167)

## Traditional School Districts (Example)

- Teacher with 0 years experience makes \$40,000
- This is greater than the prior state minimum salary of \$28,080
- The State pays the TRS contribution (6.8%) on the salary up to the MSS level as multiplied by the district's CEI (assumed at 1.12). So:  
 $\$28,080 \times 1.12 \times 6.8\% =$  resulting in a TRS contribution of \$2,138.57 paid by the state.
- The district must pay the remaining TRS Contribution of \$581.43 (6.8%) above MSS x CEI.
- Total TRS Contribution = \$2,720 ( $\$40,000 \times 6.8\%$ )

## Charter Schools and Districts of Innovation (DOI) (Example)

- Teacher with 0 years experience makes \$40,000
- This is greater than the prior state minimum salary of \$28,080
- The State pays the TRS contribution (6.8%) up to the full salary of the teacher
- Total TRS Contribution = \$2,720 ( $\$40,000 \times 6.8\%$ )



## All School Districts and Charter Schools

- Teacher with 0 years experience makes \$40,000
- This is greater than the new state minimum salary of \$33,660
- The State pays the TRS contribution (**7.5%**) on the salary up to the MSS level (\$33,660) resulting in a TRS contribution of \$2,524.50 paid by the state.
- The district or charter school must pay the TRS Contribution of \$475.50 (**7.5%**) for the salary above the MSS.
- Total TRS Contribution = \$3,000 ( $\$40,000 \times 7.5\%$ )

# Frequently Asked Questions

## **Frequently Asked Question:**

Do districts have to increase salaries up to the minimum salary schedule if \_\_\_\_?

## **Answer:**

Yes, unless exempted from MSS via a DOI plan.

## **Key Point:**

House Bill 3 did not change or relax district requirement to comply with the MSS.

# Frequently Asked Questions

## **Frequently Asked Question:**

When are the new salary rates effective?

## **Answer:**

The new salary rates are effective for the 2019-2020 school year. The first paycheck for impacted employees that reflects days worked under their new contract should reflect the increased rates of pay.

## **Key Point:**

Consult with TRS and/or district attorneys when making compensation decisions.

## District Next Steps

- Districts must ensure that local salary schedules comply with the new minimum salary schedule for all relevant employees subject to Chapter 21 of the TEC for the 2019-2020 school year
- Districts must confirm with TRS the appropriate month to switch to the new minimum salary schedule (this will depend on when teacher contracts begin and end – examples will follow later in the presentation)
- Districts of innovation and charter schools must ensure that they are remitting the appropriate amount of TRS contributions related to salaries above the MSS

# **Additional Information:** Calculation of the *30 Percent* for compensation increases

# Calculation of the 30 Percent

- **HB3 created a new spending requirement related to compensation increases for school years **when the basic allotment increases****
  - 30 percent of any year-over-year entitlement gains:
    - 75 percent for compensation increases to classroom teachers, librarians, nurses and counselors, with increased compensation for veteran teachers.
    - 25 percent may be used for other employee categories except administrators
- ***To the Administrator Addressed: House Bill 3 (HB3)***  
**Implementation: Salary Increases– June 11, 2019**

## **In Statute:**

Texas Education Code, Section 48.051(c) – (HB3, Enrolled – Page 37)

# 30 Percent Breakdown

- Compensation increases are for full-time employees other than administrators
- This requirement applies for future school years where the basic allotment is increased.
- **75 Percent (of the 30 Percent)**
  - Must be used to increase compensation paid to classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time nurses
  - Districts and charter schools must prioritize [differentiated compensation \(which includes benefits such as insurance premiums\)](#) for classroom teachers with more than five years of experience
- **25 Percent (of the 30 Percent)**
  - May be used as determined locally to increase compensation paid to full-time district employees, except administrators
  - This category may also include the categories of employees captured under the 75 percent

## **In Statute:**

Texas Education Code, Section 48.051(c) – (HB3, Enrolled – Page 37)

# Calculation of the 30 Percent

1. Calculate 2018-2019 M&O Funding per ADA (Chapter 42 State Aid + Local M&O Taxes – Recapture)
2. Calculate 2019-2020 M&O Funding per ADA (Chapter 48 State Aid + Local M&O Taxes – Excess Local Revenue)
3. If #2 > #1, then multiply the “gain per ADA” by the projected 2019-2020 ADA to arrive at the “total gain” from HB3
4. Multiply the result from #3 by 30%.

- The compensation increase amount is **not** computed by multiplying the basic allotment increase by 30%.
- Hardship Grants from HB21, Formula Transition Grants from HB3 and ASF should all be included.



# Frequently Asked Questions

## **Frequently Asked Question:**

Can my district utilize across the board pay raises and still meet the *30 Percent* requirement?

**Answer:** The legislation specifically uses the phrase “prioritizing differentiated compensation...” for experienced teachers. House Bill 3 establishes an expectation that compensation increases given to experienced teachers would be higher than other compensation changes planned for the new school year, and equal compensation increases to all educators would seem inconsistent with this statutory language.

**Key Point:** All districts are required under HB3 (Article 5, Section 5.008) to report to the legislature on each salary increase by employee’s position and amount. Expect future guidance on this reporting requirement.

# Increasing Rates of Pay vs. Hiring More Staff

- ***Increasing rates of pay for existing employees***
  - Funds used to increase rates of pay for existing teachers, or increased rates of pay for teachers employed during the year, would count toward the 30 percent requirement
- ***Increasing numbers of teaching staff***
  - While hiring additional teaching staff would result in additional expenditures, only spending associated with compensation **rate** increases count toward the 30 percent requirement.
  - Money spent on newly created positions up to prior pay levels would not count toward the 30 percent requirement.

# Frequently Asked Questions

## **Frequently Asked Question:**

Can my district utilize “one-time” stipends to avoid a recurring payroll obligation and still meet the *30 Percent* requirement?

**Answer:** This provision was intended to provide permanent increases in teacher pay. Also, for chapter 21 positions, pay may not be characterized as supplemental for duty that isn’t supplemental solely in order to avoid the statutory requirements to maintain rates of pay across a contract term. Consult with your district’s attorney whether decisions comply with House Bill 3 and with the prohibition on providing gifts of public funds for contracted employees.

**Key Point:** All districts are required under HB3 (Article 5, Section 5.008) to report to the legislature on each salary increase by employee’s position and amount. Expect future guidance on this reporting requirement.

# Frequently Asked Questions

## **Frequently Asked Question:**

Will there be settle-up on compensation increases provided under the *30 Percent*?

**Answer:** Similar to other spending requirements, the statute does not differentiate between allocating funds for compensation increases based on budgeted vs actual amounts. Consult with your district's attorney whether decisions comply with House Bill 3. Please note the prohibition on providing gifts of public funds.

## **Key Point:**

Agency enforcement of spending requirements, when districts attempted them in good faith but when the efforts were found insufficient when accounting for actual funds, has typically involved requiring a cure in the following year.

# Interplay of the MSS with the 30 Percent

## ***House Bill 3 contains two requirements related to compensation***

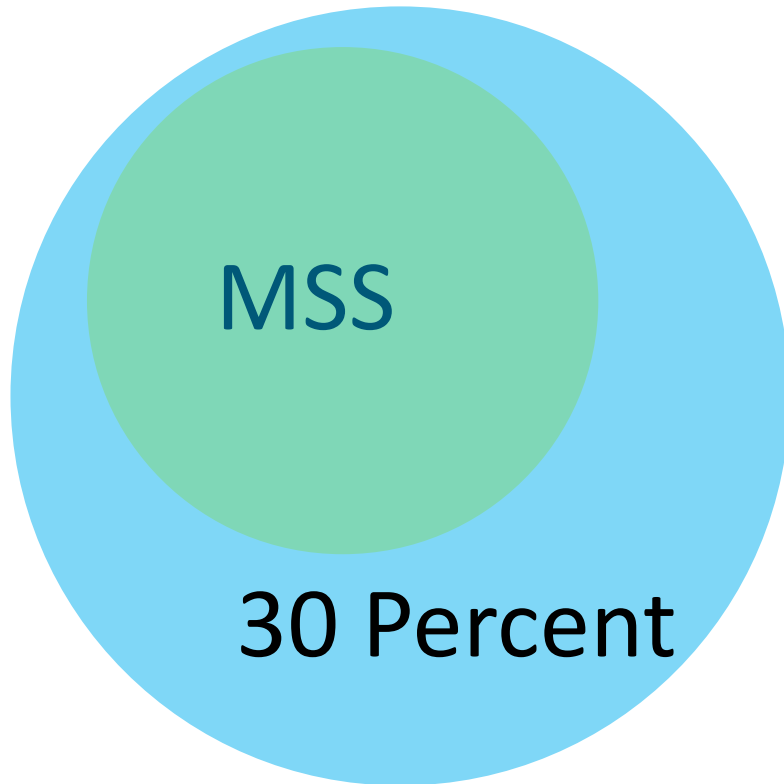
- Minimum Salary Schedule
- 30 Percent

## ***District compliance with the MSS increases can be used to count toward the 30 Percent requirement, and vice versa, but please note:***

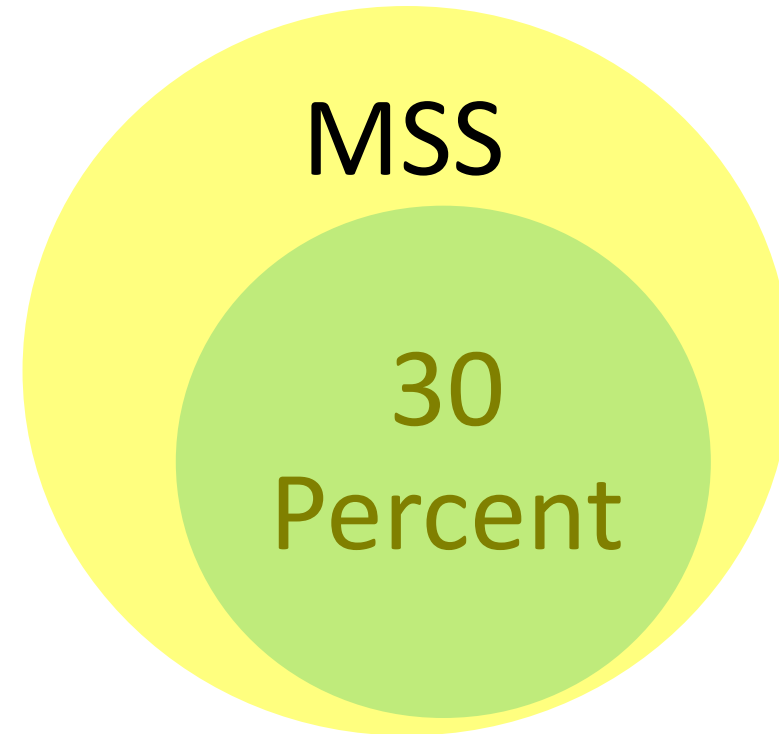
- Districts must fully comply with both requirements
- The 30 Percent has differentiated compensation as a requirement that may not be addressed solely by compliance with the new MSS.
- If a district's gain is negative or zero, the district must still comply with the MSS increases.

# Districts must comply with both MSS & 30%

**Example A:** A district's increase in the MSS costs less than what must be spent for the 30% requirement. So, compensation increases occur in addition to the MSS.



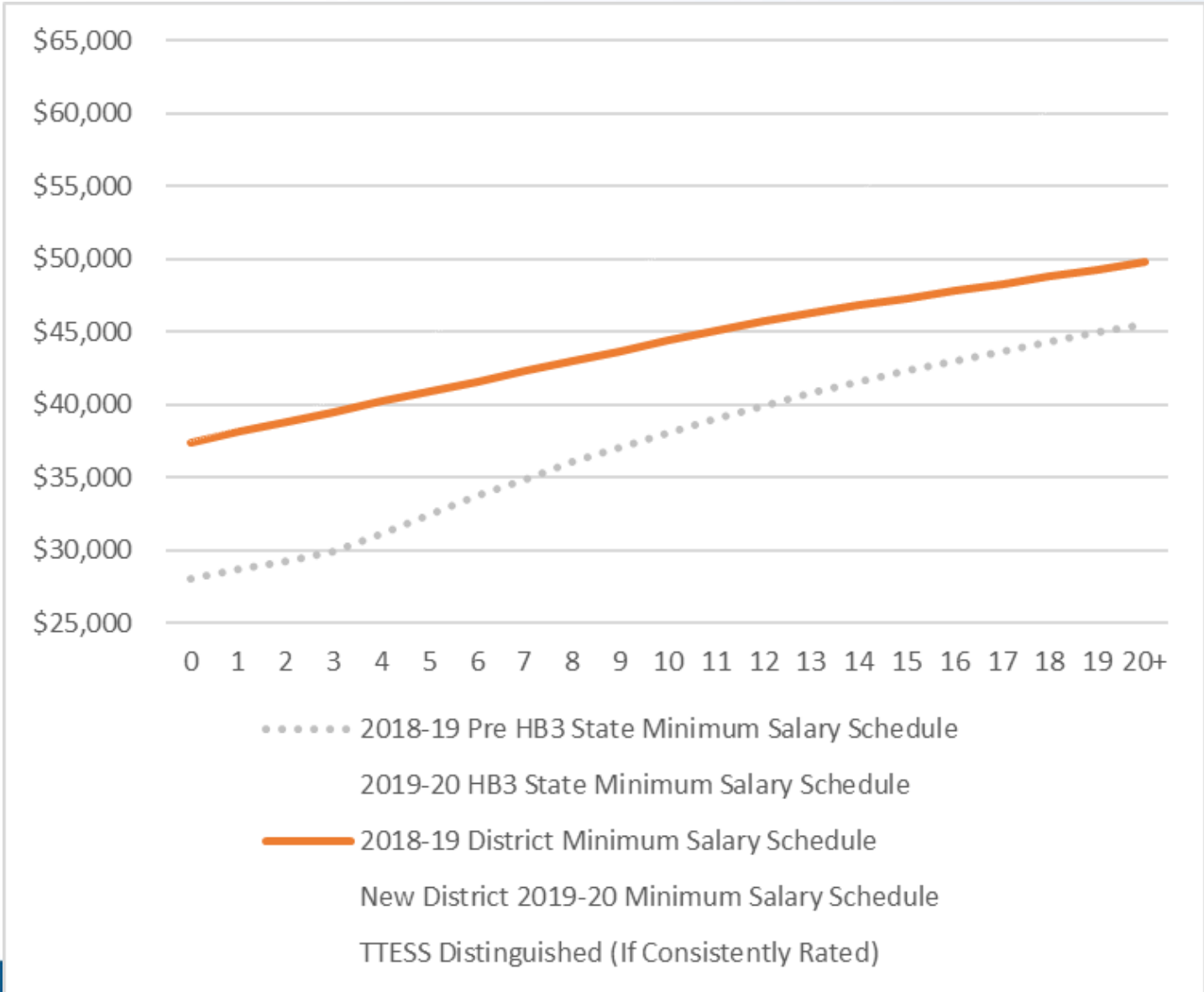
**Example B:** A district's increase in the MSS costs more than what must be spent for the 30% requirement. So, the district must allocate more new money for MSS raises.



## *Assume the following*

- The district projects a per ADA increase of \$635 over 2018-19.
- The district projects an ADA of 3000 for 2019-20.
- The 30% of budget increase totals \$571,500.
  - 75% = \$428,625
  - 25% = \$142,875
- **With regard to employees targeted with the 75% funding:**
  - The district employs 194 teachers full time, of which 107 are projected to have more than 5 years experience in 2019-20.
  - The district employs another 11 individuals as full time librarians, counselors, or nurses.

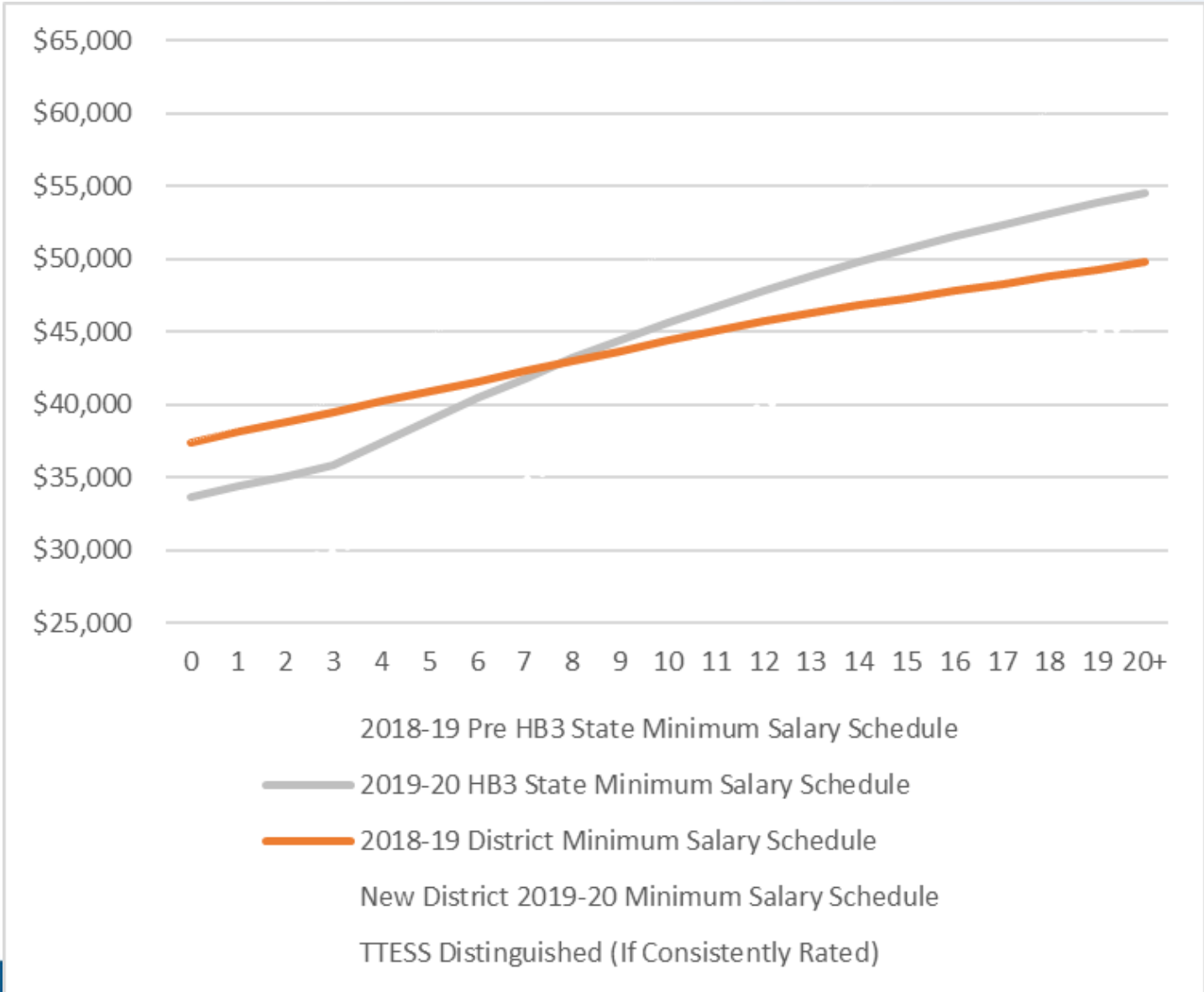
# An Example - Continued



- The district previously had a minimum salary schedule based on creditable years of service above the previous state minimum salary schedule. (Each year after 20 years of experience, pay is increased by \$300 per year).

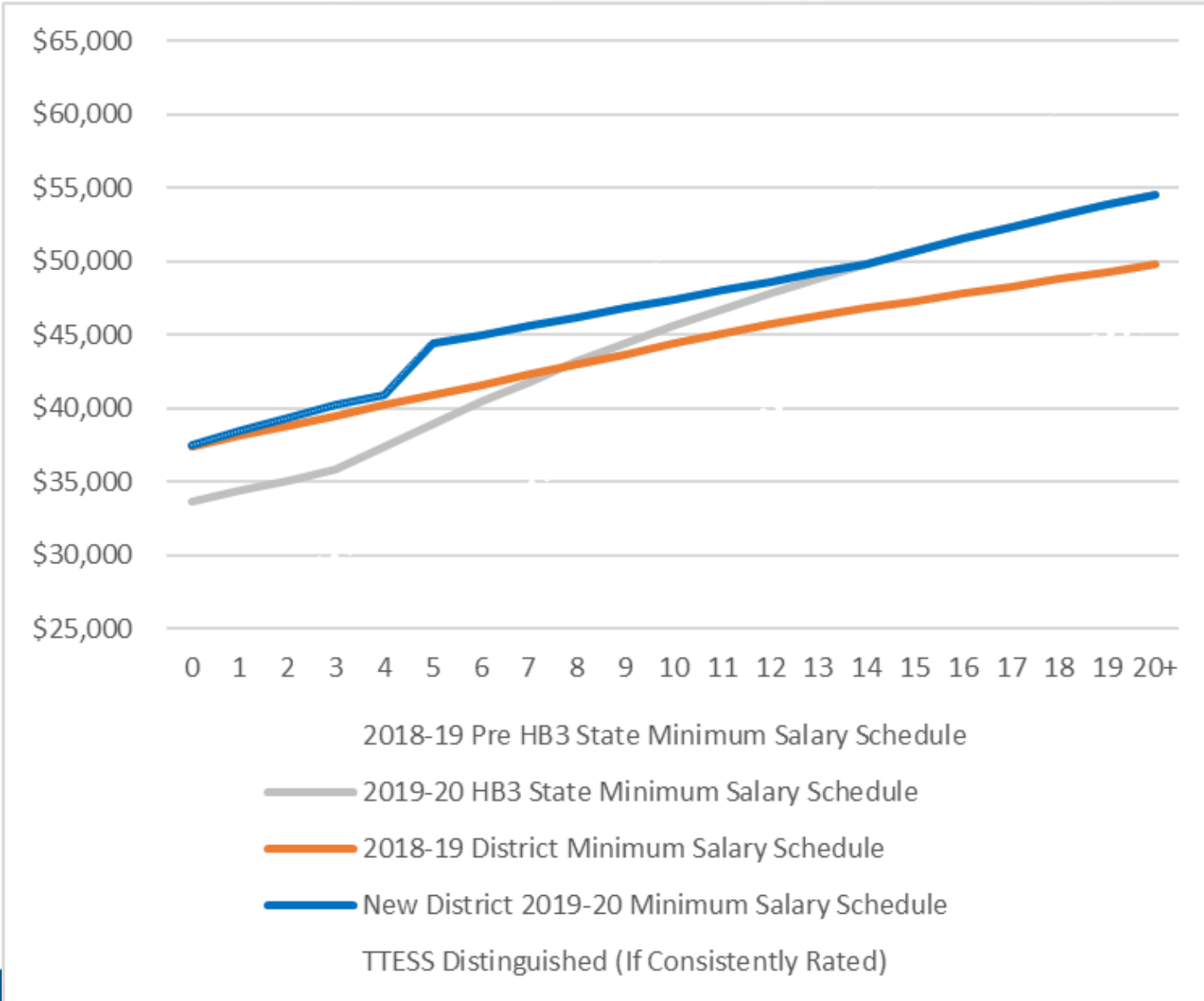


# An Example - Continued



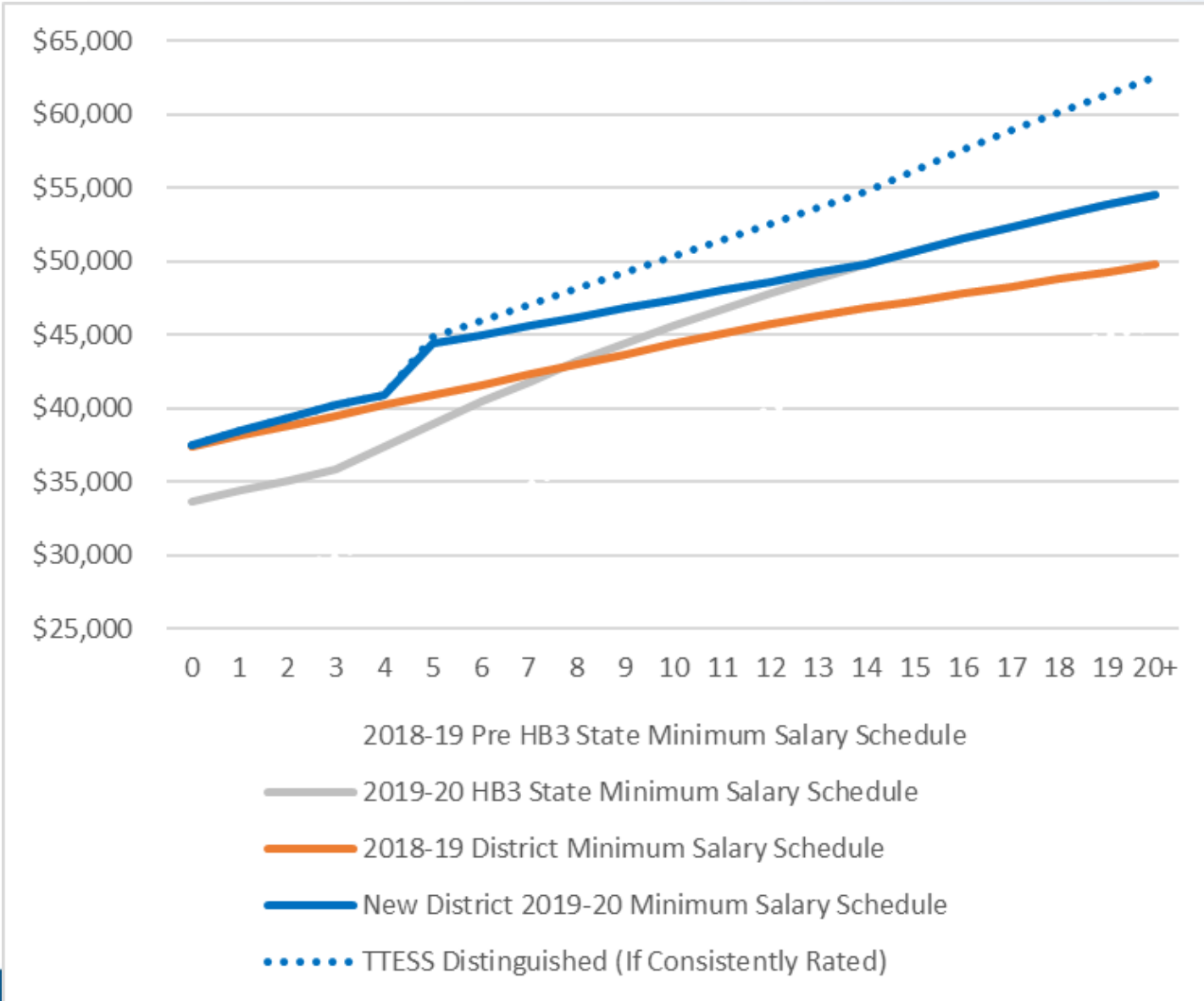
- The district previously had a minimum salary schedule based on creditable years of service above the previous state minimum salary schedule. (Each year after 20 years of experience, pay is increased by \$300 per year).
- The new state minimum salary schedule is above the district's prior schedule, but only at certain years of service.

# An Example - Continued



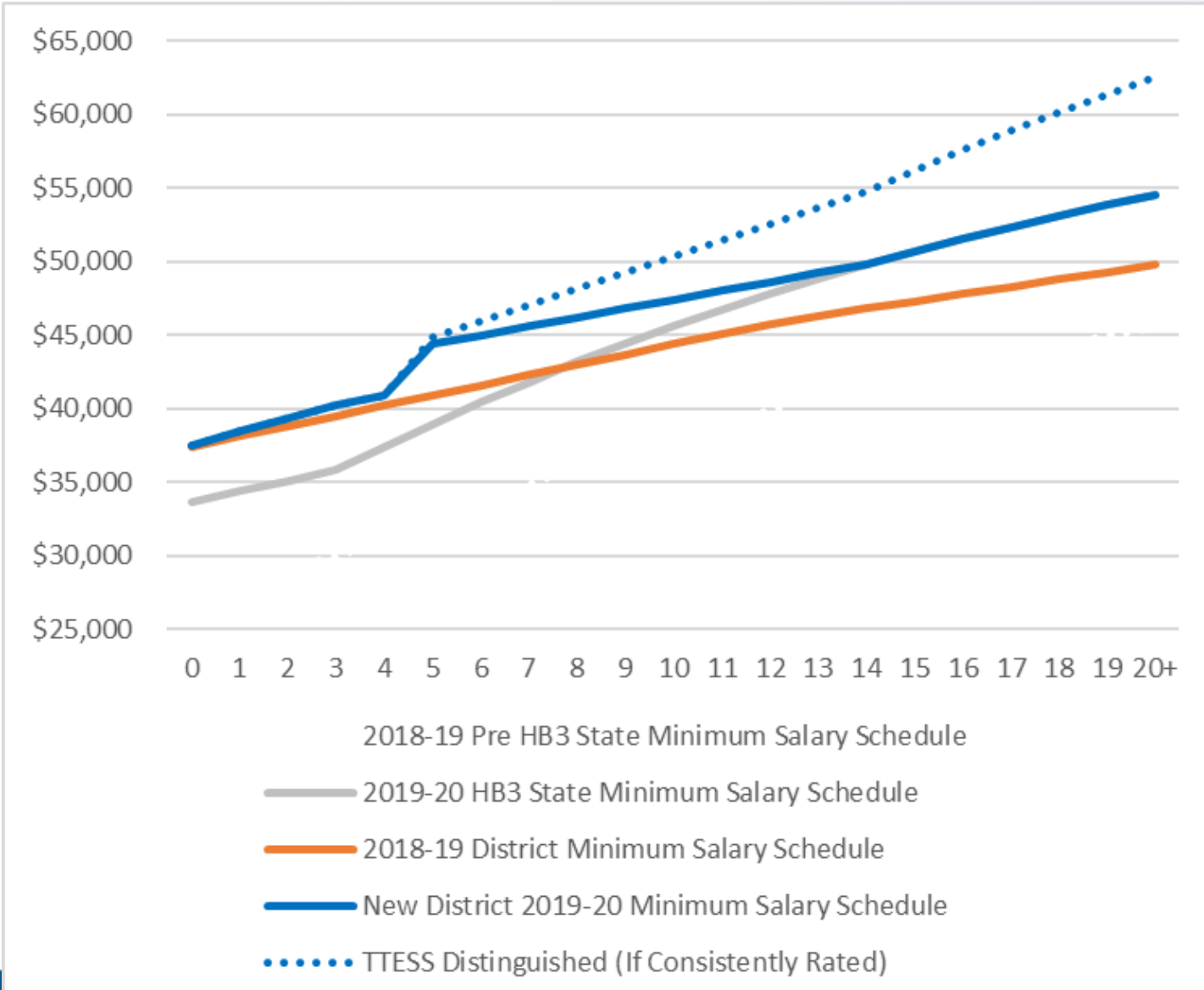
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- The new state minimum salary schedule is above the district's prior schedule, but only at certain years of service.
- The district raised its minimum salary schedule, but not evenly across the board.

# An Example - Continued



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- The new state minimum salary schedule is above the district's prior schedule, but only at certain years of service.
- The district raised its minimum salary schedule, but not evenly across the board.
- For teachers with more than 5 years experience, if they are rated Distinguished under TTESS, the district adds \$500 to the amount the teacher would have otherwise received from the step increase raise.

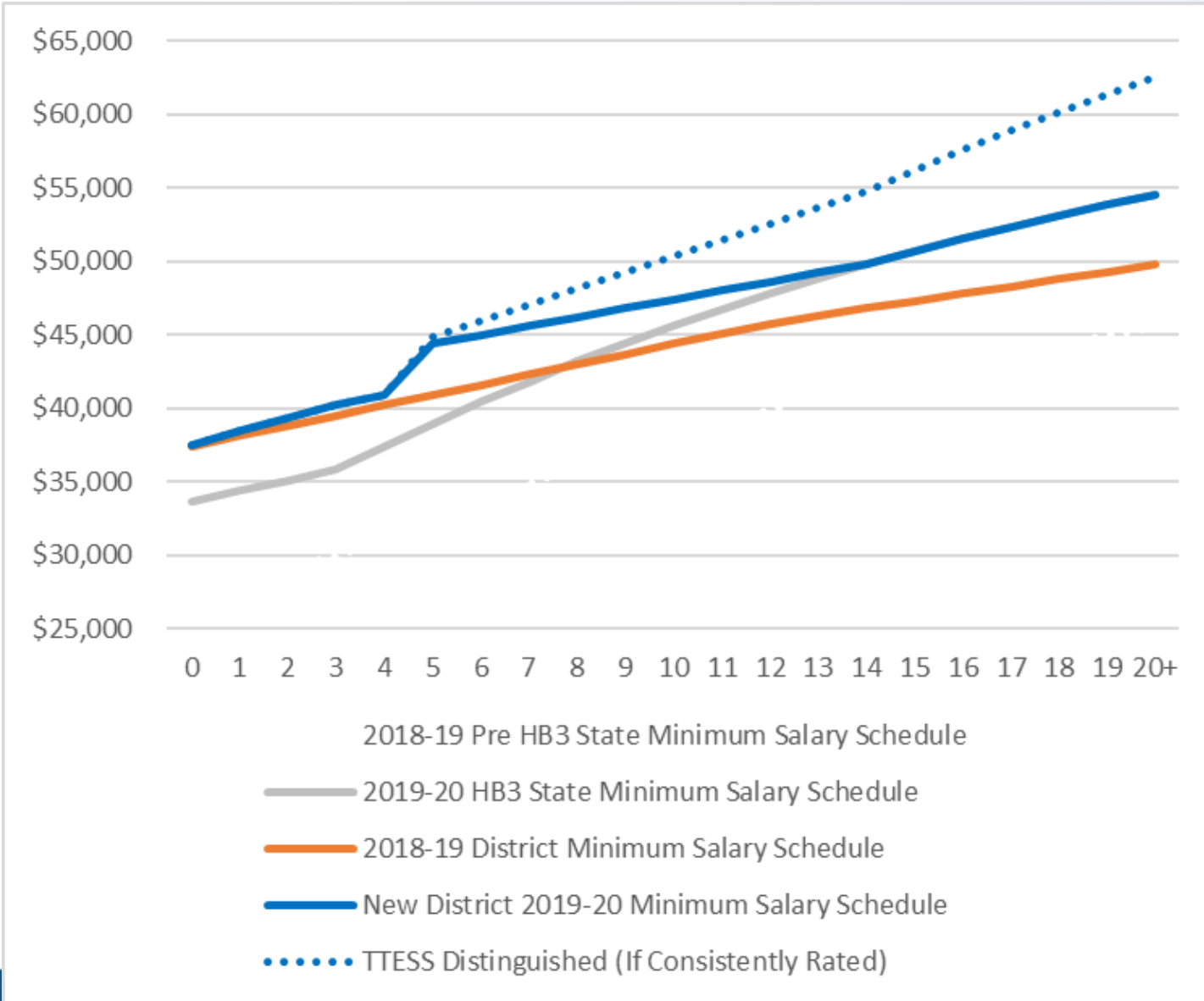
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- This district does not advance teachers on it's local salary scale step if the teacher's rating is Needs Improvement in TTESS (but still ensures all teachers make the state minimum).

# An Example - Continued

**Results in an average \$3738 salary increase per veteran educator (before TRS increase)**



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- This district does not advance teachers on its local salary scale step if the teacher's rating is Needs Improvement in TTESS (but still ensures all teachers make the state minimum).

# Frequently Asked Questions

## **Frequently Asked Question:**

If our district has already adopted a particular salary schedule in an attempt to comply with the 30 percent requirement, can we amend it?

**Answer:** Consult with your local attorneys for particular situations. In general, districts operating under Chapter 21 contracts can increase teacher compensation schedules as long as the contract start date has not yet been reached and may not decrease once the teacher may no longer unilaterally resign from the contract. Other situations allow changes after the start date of the contract pending the specifics of district contract language and the nature of the compensation changes. Please note the prohibition on providing gifts of public funds.

# Next Steps (TEA and District)

## TEA Next Steps

- TEA will gather questions submitted and post responses at [www.tea.texas.gov/hb3](http://www.tea.texas.gov/hb3)
- TEA will post the School Finance Excel Template to the TEA Website by July 1

## District Next Steps

- Districts should download the TEA school finance template to help them estimate their 2019-2020 revenue per ADA
- Districts should consult with attorneys before making decisions related to compensation increases and/or TRS contributions



# House Bill 3 Resources

- **Contact us** with any questions:  
[HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov)
  - In the subject line, please include the HB3-related topic
- Visit TEA's website ([tea.texas.gov/HB3](http://tea.texas.gov/HB3)) for the **most recent information** from the agency on HB 3 implementation



A photograph of a classroom scene. A teacher in a white shirt is standing and has both hands raised. Several young students are seated at a table, also with their hands raised. The background shows a blue storage cabinet with various supplies, a bookshelf, and a red pennant hanging on the wall. A semi-transparent white box with blue text is overlaid on the center of the image.

# Thank you!

Additional questions: Email [HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov)  
(include the topic name in the subject line)