HB3 in 30: Teacher Compensation

June 21, 2019

Agenda and Introductions

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

Need to Know:

Minimum Salary Schedule Increase (and TRS Implications)

New Minimum Salary Schedule

Minimum Salary Schedule Increases

Years of Experience	Increase over FY2019 MS
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 MS
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

TRS Contributions After HB3 & SB12

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 x 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.

MSS - Next Steps (Districts)

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.