

DATE:	June 11, 2019
SUBJECT:	House Bill 3 (HB3) Implementation: Salary Increases
CATEGORY:	Funding Implications
NEXT STEPS:	Share with business and finance staff

House Bill 3, as passed by the 86th Legislature, was signed into law today by Governor Abbott. Today you are receiving the first three implementation notices sent to districts. Over the next several months, the agency will be releasing more To the Administrator Addressed (TAA) correspondence with additional information, as it becomes available. All TAA correspondence will be posted to our website at tea.texas.gov/HB3. If you have any general inquiries on HB3 please email HB3info@tea.texas.gov.

This letter is to inform you about the salary increases required under HB3.

Requirements

1. For the 2019–2020 school year, school districts and open enrollment charter schools will be required to increase salaries for certain staff as prescribed under Section 48.051(c), Education Code, which states *“a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district’s funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time employees other than administrators.”*
2. The statute also requires prioritizing differentiated compensation for classroom teachers with more than five years of experience as prescribed under Section 48.051(c)(1), Education Code, which states *“75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of experience.”* 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.
3. In making the compensation increases, the statute requires a comparison of funding available to the school district or open enrollment charter school between the 2018–2019 and 2019–2020 school years. The methodologies are detailed below.

Methodologies

1. **2018–2019:** In determining the funding per student in average daily attendance for the 2018–2019 school year, a school district should include total state aid provided under

Chapter 42, and total maintenance and operations (M&O) taxes collected during that school year, less any recapture amounts owed under Chapter 41 for that school year.

Estimates for these amounts can be found on the latest Summary of Finances and Cost of Recapture reports on the agency's website.

2. **2019–2020:** In determining the funding per student in average daily attendance for the 2019–2020 school year, a school district should include total state aid estimated to be provided under Chapter 48, and total M&O taxes estimated to be collected during that school year, less any local revenue amounts in excess of entitlement owed under Chapter 48 for that school year.

In making determinations of funding for the 2019–2020 school year, school districts and charter schools should make good faith efforts to estimate funding under HB3 using any readily available data. In order to assist school districts and charter schools with making these determinations, attached to this letter are proxies for counts of educationally disadvantaged students in each of the five tiers described under Section 48.104(d), Education Code, for each district, as well as the preliminary list of school districts currently projected to receive the Fast Growth Allotment under Section 48.111, Education Code. Official estimates as calculated by the Legislative Budget Board should reflect similar data. This information should be considered a proxy and does not reflect the final formulas as rules have yet to be adopted. School districts and charter schools are not required to use this information in estimating their funding under HB3.

3. Although the agency is providing proxies, the legal responsibility for determining accurate revenue estimates rests with each individual school district and charter school, which should consult with their attorneys when making their own estimates of the revenue provided under the bill.

Questions

If you have any questions related to this TAA on the salary increases required under House Bill 3, please contact the Division of State Funding by phone at (512) 463-9238 or by email at HB3info@tea.texas.gov.

Sincerely,

Leo Lopez, RTSBA

Associate Commissioner for School Finance & Chief School Finance Officer

Attachments: [Fast Growth Districts 2019 SEC Data](#)