



HB3: The who, what, where, when and why

1. Who: The Texas Education Agency is responsible for calculating the state aid granted to each school district. The primary source of state funding for Texas school districts is the Foundation School Program (FSP).
2. What: \$11.6 billion
 - a. Current year property values will be used to calculate state aid but the tax rate is compressed.
 - b. The Summary of Finances (SOF) document sent from TEA to each school district details the Foundation School Program funding. One should periodically check to see if a more recent SOF is posted as the SOF is updated throughout the year.
 - c. A district must use 30% of the increase in the FSP allotment for compensation increases.
 - d. 75% of the 30% must go to teachers, librarians, counselors and nurses.
 - e. It is up to the district how the monies are distributed. Teachers with more than 5 years experience are expected to receive more. District may tie some part of an increase to merit pay.
 - f. The other 25% of the 30% may be used for other employee compensation (at-will employees).
 - g. There is no allowance for administration from the 30%.
 - h. Districts must increase salaries up the Minimum Salary Schedule (MSS) unless it has exempted itself from MSS via a DOI.
 - i. Creates uniformity in TRS contributions above the MSS.
 - j. Charter schools will be required to pay the state contribution on the portion of a member's salary that exceeds the statutory minimum.
 - k. HB3 requires salary increase to existing staff. Districts cannot meet requirement by using money to hire new employees instead of increasing salaries.
 - l. One time stipends cannot be used to meet HB3 requirement in order to avoid permanent salary increase.
 - m. Benefits such as insurance premiums may be included as compensation;
 - n. Compensation must include
 - (1) Hardship grants from HB 21.
 - (2) Formula Transition Grants from HB3.
 - (3) ASF available school fund.
3. Where: HB3 must be applied individually to each district.
 - a. The number of students in average daily attendance (ADA) and weighted average daily attendance.
 - b. Special education students.
 - c. Property values.
 - d. Tax rates
 - e. Tax collections
 - f. Tier 1 (basic) entitlement.
 - g. Tier II allotment (supplemental funding).
 - h. District can use own internal estimates
4. When: The compensation plan should be adopted before the first payroll in 2019-2020.
5. Why: There will be a reduction in the outgoing Robin Hood monies.
 - a. Changes include weighted funding changes pertaining to:
 - b. educationally disadvantaged students;
 - c. Early education;
 - d. Dyslexia;
 - e. Bilingual
 - f. Career and technology;
 - g. Gifted and talented.
 - h. Districts with high enrollment of educationally disadvantaged students should benefit.
 - i. This program ensures that all school districts, regardless of property wealth, receive substantially equal access to similar revenue per student at similar tax effort.