

**Guidance on Teacher Pay Raises Under HB 3646**  
**June 10, 2009**

HB 3646 includes requirements for a minimum pay raise to those employees who are eligible for the state minimum salary schedule and full-time speech pathologists. This requirement is contingent upon the commissioner’s determination that teacher pay raises are an allowable use of the federal ARRA stabilization funds appropriated through the Foundation School Program. This communication explains the requirements of HB3646 and provides answers to frequently asked questions.

Minimum Pay Raise for 2009-10

Section 8 of HB 3646 requires a monthly pay raise for each classroom teacher, full-time speech pathologist, full-time librarian, full-time counselor, and full-time school nurse employed by the district for the 2009-10 school year. The **monthly** pay raise must be the greater of:

1. \$80; **or**
2. the maximum uniform amount that may be provided by using an amount equal to the product of \$60 per WADA for 2009-10, inclusive of any resulting increase in district contributions for TRS or social security; **plus**
3. any step increment for experience on the district’s 2008-09 salary schedule.

(Note: the formula of \$60 per WADA is estimated to result in an average pay raise of \$1,000, a greater amount than the minimum required increase of \$800 for 10 months.)

<b>Example - A district with 15,500 WADA for 2009-10 and 1,000 eligible employees:</b>
1. Calculate the total amount to be spent: $\$60 \times 15,500 \text{ WADA} = \$930,000$
2. Subtract the cost of the resulting increase in district contributions to TRS or social security <i>(Note: this step is optional and the amount must be estimated by each district)</i>
3. Calculate the dollar amount per eligible employee and compare to the \$80 per month minimum: $\$930,000 \div 1,000 \text{ employees} = \$930$
4. Add the experience increment from the 2008-09 district salary schedule to calculate the required salary for each employee $\$930 \text{ state increase} + \$700 \text{ local step} = \$1,630$
<i>Note: Figures will be estimated by the district for 2009-10. The resulting pay raise can be converted to a monthly rate or a daily rate to adjust for varying duty schedules.</i> $\$1,630 \div 187 = \$8.72 \text{ daily increase}$ $\$1,630 \div 10 = \$163.00 \text{ monthly increase}$

Funding for Pay Raises

Unlike years past, funding for pay raises is not a dedicated formula allotment calculated as a dollar amount for each employee. This time, the Legislature intended that teacher pay raises be funded with federal stimulus money. Section 95 of HB 3646 is a contingency provision which specifies that the pay raise requirements will not take effect unless the commissioner determines that the pay increases are an allowable use of federal stimulus funds under the American Recovery and Reinvestment Act of 2009 (ARRA). The commissioner may not make this determination until the state’s application to spend funds under the ARRA has been approved by the United States government.

## FAQ's

### **1. What will happen if the commissioner determines that teacher pay raises are not an allowable use of federal stimulus funds?**

The consequences of this determination are not clear. If the commissioner determines that the state cannot require districts to give the pay raises described in HB 3646, then districts could choose to give the same pay raises anyway using other funds, or districts could give employees different pay raises.

### **2. Can we wait until the commissioner determines that the pay raise legislation is binding before we adopt a salary schedule?**

As a practical matter, districts will need to move forward on budget planning and, at least develop contingent salary schedules. The statute allows districts to enter into an employment agreement that is contingent on the commissioner's determination. **If your district feels that the pay raise required in HB 3646 would not be affordable without the use of federal stimulus funds, then you should adopt a contingent salary schedule.**

### **3. What is a contingent employment agreement and why do we need it?**

A contingent agreement allows the district to adjust the salary schedule if and when needed after work on the contract begins. The TASB model employment contract is an example of a contingent employment agreement because the employee agrees to work for whatever salary is approved in the Board's adopted compensation plan:

*5.1 **Salary.** The District shall pay the Employee according to the compensation plan adopted by the Board. The Employee's salary includes consideration for all assigned duties, responsibilities, and tasks.*

Once a board adopts a salary schedule, a district may not change the salaries stated in the schedule. For this reason, the Board should approve a salary schedule that is contingent upon approval of federal stimulus funds. This gives the district authority to adjust salaries at a later time. An example of a contingent salary schedule that illustrates what salaries would be with and without approval of federal stimulus funds is attached. Employees who are not on a salary schedule should also receive a contingency notice and the applicable salary in their individual pay notice for 2009-10.

Sample contingency statement:

*\*This salary schedule is contingent upon the commissioner's determination that federal stimulus funds received under the ARRA may be used for salary increases.*

### **4. Our district does not normally give step increases. Our teacher salary schedule is used only for placing new hires and a new schedule is adopted each year based on available revenue. Do we still have to add a step increase to the state pay raise?**

The bill does not expressly require step increases, but it does require a district to pay each eligible employee "...any amount an employee would have received for the 2009-10 or 2010-2011 school year, ... under the district's salary schedule for the 2008-09 school year, if **that** schedule had been in effect for the

2009-10 or 2010-11 school year...". As a practical matter, most employees will receive an increase under the salary schedule in addition to the state pay raise. HB 3646 is the third time the Legislature has used this language to add local step increments to a state pay raise. In a previous response to this same question, TEA issued the following guidance in a letter from then Commissioner Mike Moses dated July 8, 1999:

*"Whatever combination of years of teaching, experience with the district, and job duties or other qualifications are present in 1999-2000 must be applied to the district's salary practices **as they existed** in 1998-99 to compute the base salary. The additional year of experience present in 1999-2000 must be applied to the 1998-1999 practice. ... A disclaimer of binding effect for future years on the 1998-99 salary schedule does not supersede the statutory requirement."*

**5. Our counselors and speech pathologists are not placed on a salary schedule by years of service. We have an open pay range plan for those positions with no steps. How can we add a step increase?**

If there is no step increment on the district's pay plan for 2008-09, then the only pay raise required is the greater of \$80 per month or the maximum uniform amount determined by multiplying \$60 times WADA. The district's local pay plan in 2008-09 is the driving factor behind a need to add any supplement to the state raise.

**6. We may not know our 2009-10 WADA until after the end of the 2009-10 school year. How will we calculate the mandatory pay raise?**

Districts may not have final WADA figures for 2009-10 until they settle up with TEA after the school year. Districts should use estimated figures based on TEA and district knowledge for preliminary calculations.

**7. Our fiscal year begins July 1 and we have already adopted a salary schedule for 2009-10. What should we do now?**

Calculate the uniform amount of pay raise that your district must provide to the eligible employees plus any step increments from your 2008-09 salary schedule. If the pay raises built into your 2009-10 schedule meet or exceed these amounts, then you do not need to do anything else. If salaries are less than required, you will need to add the difference to ensure that each employee receives the minimum required pay raise. (See question 3 on contingent salary schedules.)

**8. Who is eligible for the state pay raise and how do we determine the employee count we should use?**

Eligible employees include classroom teachers, full-time counselors, full-time librarians, full-time school nurses (RN), and now full-time speech pathologists. These are the employees who are entitled to the state minimum salary schedule with the exception of speech pathologists. The commissioner will determine the credentials required to be eligible as a speech pathologist. We suggest that you use the number of estimated employees in the eligible group for 2009-10. The district's WADA, the eligible employee count, and the resulting increase in TRS cost will all be estimated figures for 2009-10.

**9. Does HB 3646 require a salary increase in 2010-11?**

Section 99 of the bill states that it is not intended to require an increase in the second year of the biennium. What the bill does require, however, is that a district pay each eligible employee in 2010-11 at least what the employee would have been entitled to under its 2008-09 salary schedule, plus the raise given in 2009-10. In some cases, this will have the practical effect of requiring an increase. In other cases, local increases in 2009-10 will make up the difference between experience levels in the 2008-2009 salary schedule, and no increase will be necessary.

**10. We were planning to discontinue stipends for local longevity next year. Can we do that now?**

Probably not. The statute says that employees are entitled to receive any amount they would have received under the district's 2008-09 salary schedule if that schedule had been in effect for the 2009-10 school year, including any local supplement. The district's 2008-09 salary schedule plus the state pay raise will now become the base for each district's minimum local salary schedule for the next biennium. If local longevity stipends are considered part of the district's 2008-09 salary schedule, then those stipends would need to be retained. Again, quoting from Commissioner Moses 1999 letter:

*"If a district in 1998-99 paid additional supplements for duties that are part of a teacher's classroom instructional assignment, it must continue paying those supplements if an employee occupies that role. Likewise, a district must continue to apply supplements for graduate degrees or other professional accomplishments as they existed in 1998-99. However, if an employee no longer meets the criteria for a local supplement as it existed in 1998-99, a district need not continue paying the supplement to that employee."*

**11. What about pay raises for employees who work more than 10 months?**

The pay raise is a monthly pay raise which should be extended for the number of months employed. An example of converting a 10-month pay raise to a daily rate equivalent is illustrated in the example shown under *Minimum Pay Raise for 2009-10*.

**SAMPLE ISD**  
**2009–10 Salary Plan**

<b>2009–10 Years Experience</b>	<b>2009–10 Local Salary Schedule*</b>	<b>2009–10 Contingent Schedule**</b>
0	\$40,000	\$40,000
1	\$40,300	\$40,300
2	\$40,600	\$40,600
3	\$40,700	\$40,700
4	\$40,800	\$40,800
5	\$40,900	\$40,900
6	\$41,000	\$41,000
7	\$41,200	\$41,200
8	\$41,400	\$41,400
9	\$41,900	\$41,930
10	\$42,600	\$42,930
11	\$43,500	\$43,500
12	\$44,200	\$44,200
13	\$44,800	\$44,800
14	\$45,300	\$45,300
15	\$46,000	\$46,000
16	\$46,300	\$46,300
17	\$46,600	\$46,600
18	\$47,075	\$47,205
19	\$48,025	\$48,205
20	\$49,000	\$49,050
21	\$49,620	\$49,910
22	\$50,480	\$50,710
23	\$51,280	\$51,490
24	\$52,060	\$52,200
25	\$52,770	\$52,890
26	\$53,460	\$53,540
27	\$54,110	\$54,150
28	\$54,720	\$54,730
29	\$55,300	\$55,300
30+	\$55,800	\$56,230

The shaded salaries indicate those years where the salary will be adjusted if federal funds are determined to be available for salary increases.

\*The 2009–10 Local Salary Schedule provides a \$1,500 general pay increase. Employees paid on this schedule will not earn less than these amounts for 2009–10.

\*\* This salary schedule is contingent upon the commissioner’s determination that federal stimulus funds received under the ARRA may be used for salary increases. If the district receives notice that those funds are available, then salaries will be adjusted according to the 2009–10 Contingent Salary Schedule noted above.

Salaries listed above are based on 187 days.