House Bill (HB) 3 was passed by the 86th Texas Legislature, 2019, and signed into law by Governor Abbott on June 11, 2019.

This letter serves to inform you regarding HB3 state funding implications for open-enrollment charter schools.

Tier One Changes

1. Prior to HB 3, some charter school Tier One allotments were calculated using the state average of all school districts' adjusted allotments of \$6,545. This average recognized the state average impact of the cost of education index (CEI) and the small and mid-sized district adjustments. With the enactment of HB 3, these allotments are now calculated using the state average of all school districts' basic allotment of approximately \$6,153.

the college, career and military readiness (CCMR) outcomes bonus; the mentor program allotment; the dropout recovery & residential placement facility allotment; and college/career entrance exam reimbursements.

Tier Two

Charters are still funded using the state average school district tax rates (DTR). For 2019-2020, the guaranteed yield for Golden Pennies is \$98.56, and the state average DTR is approximately \$0.0594. The guaranteed yield for Copper Pennies is \$49.28, and the state average DTR is approximately \$0.0264.

Salary Increases

For the 2019–2020 school year, 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."

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 differ (i)-1 (ng di)-1 (f)-11.7 (f)-1Es,Tj-0.02

and divide the "Total FSP Program State Aid" on Row 125, column D by "Refined Average Daily Attendance (ADA)" on