

## Understanding Proposed State Employee Pay Raises

TPEA has worked hard to get key legislators to include significant state employee pay raises in the Appropriations bills filed in the Texas House and Senate. We have received many questions about the pay raises, to whom the raises apply, and how the raises will be calculated.

In general, the Legislature has proposed pay raises in both years of the 2024-2025 biennium to all classified, non-higher education state employees in the amount of 5 percent each year, with a \$3,000 annual, or \$250 monthly, minimum pay increase in each year.

### ***Are All State Employees Included in the Pay Raise?***

Most state agency employees are included [**including legislative employees**]. The pay raise does not cover employees of state institutions of higher education.

### ***How Much Will My Pay Increase?***

We cannot determine how these increases affect your take-home pay since that is based on individual choices.

But in terms of gross base pay, the proposed pay raise is 5% or a minimum of \$3,000 a year.

If you make less than \$60,000 a year, you will get a \$3,000 pay raise effective September 1, 2023. You will receive another \$3,000 annual pay raise effective September 1, 2024. According to legislative staff, 72 percent of state employees make \$60,000 or less each year.

If you make \$60,000 a year or more, you will receive 5% percent raise on September 1, 2023, and another 5% pay raise on September 1, 2024.

### ***When Will the Pay Raises Take Effect?***

The first pay raise will be effective on the first day of the next fiscal year, September 1, 2023.

But the Legislature is considering starting the pay raises early- June 2023. If this happens, the pay raise will start three months earlier, and your July 1 paycheck will increase.

### ***Why Not Just Grant a Single 10 Percent Pay Raise?***

Texas budgets on a two-year basis. Giving employees two pay raises instead of one more significant pay raise helps retention and has a cumulative impact on employees' salaries without costing the state more money.

The proposed pay raises are the largest since the 1980s, costing \$1.8 billion. For that same \$1.8 billion, the Legislature could have funded a one-time 7.5 pay raise.

In other words, the September 1, 2024, 5% pay raise is on top of a bigger salary (your August 31, 2023, salary plus 5%). Giving two pay raises allow for cumulative pay raises over the two-year biennium that is one-third more significant than a one-time raise for the exact cost.

### ***Are These Raises Approved?***

No, the pay raises are included and funded in the introduced versions of HB 1 and SB 1, which are the initial versions of the Appropriations bills. The Legislature has a long process to consider and adjust appropriations over the session until a final version is approved by both houses and sent to the governor. *(See a description of the process below.)*

When the legislature is in session, the Governor has ten days to sign or veto a bill, or it takes effect without his action. However, if the Governor receives a bill passed by the legislature in the final 10 days of session, he or she has 20 days after final adjournment to take action or the legislation takes effect. This applies to line-item vetoes in the appropriations bills as well. The final date for the Governor to veto a bill is June 18<sup>th</sup>.

It is excellent news that these raises are included in the initial versions of the budget, but TPEA will be working hard to ensure they remain in the final version.

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## **The Road to a Pay Raise... and how TPEA Helped Pave It**

- **Spring 2022:** State agencies receive Budget Instructions from Legislative Budget Board (LBB)
  - TPEA leaders meet with agencies to discuss the needs of their employees — and a pay raise for all state workers.
- **Summer 2022:** Agencies submit budget requests to LBB and the Governor's Office
- **Fall 2022:** LBB and Governor's Office Conduct Public Hearing on Agency Budget Requests
  - TPEA leaders testify at **over 50 budget hearings** to highlight the needs of state employees — and a pay raise for all state employees.
- **Winter 2022:** LBB submits a recommended budget to the Legislature.
  - TPEA leaders meet with legislative budget writers to reinforce the needs of state employees — and a pay raise for all state employees.

- **January 2023:** Legislative budget writers file House Bill 1, and Senate Bill 1 – the first versions of the state budget, including 5% raises for two years for all classified state workers.
  
- **January - May 2023 (88<sup>th</sup> Legislature):**
  - House Appropriations and Senate Finance Committee hold budget hearings and make budget markups.
  - Committees send recommendations to full chambers.
  
  - TPEA leaders continually testify at budget hearings and meet regularly with legislative budget writers about the needs of state employees — and the importance of a pay raise for all state workers.
  
- **April 2023:** House and Senate approve budgets. Speaker and Lieutenant Governor appoint Conference Committee to resolve differences and finalize the 2024-2025 budget.
  - TPEA leaders meet with Conference Committee members to ensure the final budget fully supports the needs of state employees and includes the largest pay raise possible.
  
- **May 2023:** Conference Committee sends final budget to both chambers. House and Senate approve 2024-2025 Texas budget — potentially with pay raises for state workers.
  
- **September 1, 2023:** New budget is implemented.