



Legislative Report

Report No. 3
May 2006

*Final Actions in Alabama,
Georgia, Maryland and
West Virginia*

Special Session in Arkansas

Updates from Other SREB States

SREB

Gale F. Gaines

Final Legislative and Budget Actions

Alabama (www.legislature.state.al.us)

For 2006-2007, the Legislature passed a \$1.7 billion general fund budget for state operations (excluding education), an increase of 5.3 percent. Funding for education budgets will increase 11.7 percent to more than \$6 billion. Elementary and secondary schools will operate with \$4 billion, an increase of 14.3 percent. Higher education will receive nearly \$1.7 billion, up 18.7 percent. The \$336.7 million allocated for education-related programs is a reduction of 28.2 percent.

Funding to K-12 schools through the funding formula will reach nearly \$3.8 billion, an increase of 13.4 percent. This includes support for House Bills 333 and 294. House Bill 333 increases the length of the school year by five instructional days (to 180 days) and raises teacher pay by 2.75 percent for the added days. House Bill 294 authorizes a 5 percent pay raise for teachers. In addition, the budget earmarks \$26.6 million for school nurses (up from \$6.8 million).

Other areas of the K-12 budget also will increase. Funding for a mathematics, science and technology initiative to improve math and science teaching statewide will increase 46.7 percent to \$22 million, and the state's reading initiative will operate with \$56 million, an increase of 40 percent. Support for at-risk schools and school systems will reach \$18.4 million (up from \$7.8 million), including \$2.5 million (up from \$117,250) for rewards to improving schools. The \$8.7 million for teachers who receive certification through the National Board for Professional Teaching Standards is an increase of 13 percent.

Four-year colleges and universities will receive \$1.2 billion, an increase of 18.5 percent. Tuition increases and faculty pay raises will be determined by college and university boards. Two-year colleges will see an increase of 18.6 percent, bringing funding to \$381.5 million. Faculty at the two-year colleges will receive 5 percent pay raises. Tuition will be determined by the college boards.

Senate Bill 364 transfers Marion Military Institute (currently a nonprofit, coeducational high school and two-year college) to the control of the state Board of Education and the Department of Postsecondary Education. The bill provides for the phase out of the high school division of the institute by allowing students currently enrolled to complete their studies. The institute will continue as a public two-year military educational college designed to develop leaders for the military services.

Southern
Regional
Education
Board

592 Tenth St., N.W.
Atlanta, GA 30318
(404) 875-9211
www.sreb.org

The Legislative Report — more than 100 editions serving SREB states.

House Bill 94, the School Fiscal Accountability Act, clarifies the fiscal responsibilities of state and local education leaders. It also clarifies the powers of the state superintendent and state Board of Education over local boards found to be in unsound fiscal conditions.

House Bill 228, passed late in the session, provides a sales tax holiday during the summer for back-to-school purchases.

Georgia (www.legis.state.ga.us)

The General Assembly adopted a state budget for 2006-2007 that will provide nearly \$18.7 billion in state funds, an increase of 7.2 percent. The budget includes 4 percent pay raises for state employees, teachers and faculty and funding to cover the increase in health insurance premiums. About half of teachers also are eligible for longevity increases of 3 percent.

Elementary and secondary education will operate with \$7.2 billion in state funds, an increase of 12.1 percent. Most of the allocation (nearly \$6 billion) will support schools through the finance formula, including funds for the teacher pay raise, enrollment growth of 2.5 percent and \$163 million to reduce class sizes in kindergarten through eighth grade.

Funding of \$15.8 million will support a new emphasis on dropout prevention by placing a high school completion counselor in every high school. Other initiatives include \$2.2 million for the Georgia Virtual School (up 58 percent), \$6.2 million for the Academic Coach Program that supports teachers who mentor other teachers (up 58.2 percent) and \$2.2 million for a new effort to recruit high-performing principals to low-performing schools. New funding also will support summer remedial programs for eligible students in sixth through eighth grades and provide \$100 to each teacher for classroom supplies.

State funds for colleges and universities will increase 7.2 percent to \$1.8 billion, most of which (nearly \$1.7 billion) supports the operation of the institutions. This support includes the 4 percent pay raise for faculty (mentioned above) and funding for an increase in credit-hours due to enrollment increases. Technical and adult education programs will receive \$320.6 million in state funds, an increase of 5.1 percent.

Tuition increases for colleges and universities are set by the Board of Regents. The regents have adopted a tuition system beginning in 2006-2007 that will guarantee a tuition rate (exclusive of mandatory fees) for incoming freshmen seeking two- and four-year degrees. Students at the state's research universities will pay \$3,892 each year for four years, an increase of 7 percent over the 2005-2006 tuition rate. Those at four-year colleges and universities will pay \$2,560 per year for four years, an increase of 5 percent. Students entering community colleges in 2006-2007 will pay \$1,604 each year for up to three years, 4 percent above the 2005-2006 rate. Each year, the regents will revise the tuition rates for the new entering class.

Students currently enrolled in a state college or university will continue to pay tuition rates and increases as adopted annually by the regents. Students currently enrolled at the state's research universities will pay \$3,820 in 2006-2007, an increase of 5 percent. Those students at the remaining four-year colleges and universities will pay \$2,536 next year, an increase of 4 percent, while community college students will see an increase of 3 percent (to \$1,588).

Lottery funding will continue to support prekindergarten and postsecondary scholarship programs. The 4.1 percent increase for prekindergarten will bring the total to \$301.9 million and will support the education of 75,000 students. HOPE scholarship programs will continue with \$521.5 million, an increase of 3.5 percent.

House Bill 1358, the Truth in Class Size Act, sets caps on class sizes in core academic subjects (language arts, science, mathematics and social studies) in elementary and secondary schools, effective in 2006-2007. The law specifies that kindergarten classes may not exceed 18 students (20 with an aide). First- through third-grade classes will be limited to 21 students, and fourth- through eighth-grade classes will be limited to 28 students. High schools must limit their science classes to 30 students and the remaining three core classes to 32 students; however, systemwide they also must meet average class sizes of 28 students in science and 30 in the remaining three core subjects.

Other legislation

SB 79 will permit school districts to offer classes on the Old and New Testaments of the Bible.

SB 390 requires school districts to spend 65 percent of funds on direct classroom expenditures. The bill allows a one-year renewable hardship waiver under certain circumstances.

SB 468 allows low-performing schools to employ high-performing principals and pay a salary supplement of up to \$15,000 for a total of three years.

SB 610 amends the existing charter school law to clarify that nothing precludes the use of computer- and Internet-based instruction for students in a virtual or remote setting.

House Resolution 1048 creates a study committee to look at ways to help students obtain job-related skills to combat unemployment.

HB 1219 provides for a four-day sales tax holiday in August for back-to-school shopping.

HB 1228 creates a commission to review issues relating to career and technical education.

Maryland (www.mlis.state.md.us)

The general fund budget passed by the General Assembly for 2006-2007 will increase ongoing spending by 9.5 percent, to nearly \$13.2 billion. When additions to reserve funds are considered, total general fund spending will reach more than \$14.1 billion, an increase of 14.2 percent. The capital budget provides public schools with \$333 million and postsecondary education with \$283 million for construction projects.

Funding for the operation of elementary and secondary schools will increase again in 2006-2007 primarily due to the 2002 Bridge to Excellence in Public Schools Act, which called for significant funding increases through 2007-2008. Formula funds to schools will reach nearly \$4.5 billion in 2006-2007, an increase of 11.5 percent. While no funds are specifically earmarked for general pay raises (local districts determine pay raises through collective bargaining agreements), the budget does include funding for some specific incentive programs: \$7.6 million will continue support for teachers who receive certification through the National Board for Professional Teaching Standards, for signing

bonuses for new teachers who graduate in the top of their class and for certified employees who work in low-performing schools. In addition, \$100,000 is allocated for the new Governor's Teacher Excellence Award Program, which will reward teachers for outstanding performance.

The state will increase by 9.7 percent payments to the Teacher Retirement System on behalf of school districts to cover employer costs. Senate Bill 1019 and House Bill 1737 increase the multiplier used in determining a retiree's retirement benefit from 1.4 percent to 1.8 percent and make this retroactive for service credit to 1998. For a new teacher who teaches 30 years, this increase would mean an estimated 28 percent increase in his or her first year pension benefit (54 percent of the final salary figure, up from 42 percent). Employee contribution rates also will rise from the current 2 percent to 5 percent by July 2008.

General funds for higher education will reach \$1.3 billion, up 11.2 percent. This includes \$205.9 million for community colleges, an increase of 7.5 percent. Funding for four-year colleges and universities and the Baltimore Community College will reach more than \$1 billion, an increase of 12.9 percent. Faculty will receive cost-of-living raises of 2 percent.

State support for independent colleges and universities will increase 9 percent to nearly \$50 million. The budget includes \$110.1 million for scholarship programs, 15.4 percent more than is currently available. This allocation continues shifting funds from merit-based programs to need-based programs. Need-based aid will increase 24.8 percent, while support for the merit-based HOPE scholarship programs will decrease 56 percent.

Legislation addresses state support for community colleges. Currently, two-year colleges receive from the state about 25 percent of the per student funding provided to certain four-year colleges and universities. Senate Bill 356 and House Bill 586 will increase that support to 30 percent by 2012-2013.

Senate Bill 959 and House Bill 1381 (the Tuition Affordability Act of 2006) prohibit most colleges and universities from increasing in-state, undergraduate tuition in 2006-2007. (One will be permitted to increase tuition by up to 4.8 percent.) The bills also create a commission to develop a higher education funding model that will provide stable funding to institutions and address affordability and accessibility issues. A report with recommendations is due to the governor and General Assembly by December 31, 2007.

The state Board of Education voted to intervene in the operation of low-performing schools in Baltimore. House Bill 1215 places a one-year delay on any state-imposed restructuring in the district.

Other legislation

SB 59 and HB 71 require the state to use the graduation rate calculation recommended by the National Governors Association.

SB 238 requires the state Department of Education to develop guidelines for a comprehensive induction program for new teachers in hard-to-staff schools.

SB 458 establishes the National Board Certified Pilot Program. The bill requires the state Board of Education to develop guidelines to encourage districts to improve support for new teachers in low-performing schools, using as mentors teachers who have received certification through the National Board for Professional Teaching Standards.

SB 714 and HB 1432 create the Residential Boarding Education Program for disadvantaged and at-risk students, which will operate under the supervision of the state Department of Education.

SB 741 and HB 36 create a task force to make recommendations by December 2007 on raising the compulsory school attendance age to 18.

SB 848 and HB 1439 establish the Education Technology Pilot Program to assist teachers in integrating the use of technology in the curriculum and to introduce students in elementary schools to computer technology.

SB 998 requires the Maryland Higher Education Commission to determine, when asked by an affected institution, if new academic programs planned by another institution are unreasonably duplicative.

HB 794 establishes the Maryland Alternative Teaching Opportunity Program to provide incentives to encourage persons to enter the teaching profession in the shortage areas of mathematics, science and special education.

HB 1466 creates the Task Force on Universal Preschool Education to make recommendations by December 2007 for increasing access to early childhood programs. The 2002 Bridge to Excellence legislation (mentioned above) required school districts to offer prekindergarten programs to economically disadvantaged children by 2007-2008.

West Virginia (www.legis.state.wv.us)

In an extended session, the Legislature passed a \$3.6 billion general fund budget for 2006-2007. Elementary and secondary schools will operate with \$1.7 billion, an increase of 1.3 percent. In addition, \$32.7 million is available from the lottery, most of which goes to support educational technology efforts.

Teachers did not get a general pay increase for 2006-2007, but the provisions of Senate Bill 4008 that passed during a special session in 2005 gave all teachers a raise of at least \$1,350 in 2005-2006 and expanded the minimum salary schedule for experienced teachers each year through 2008-2009. The bill called for an additional three steps on the schedule to be implemented in 2006-2007, creating 17 annual steps (currently 14) for teachers with bachelor's degrees, 20 steps (currently 17) for teachers with master's degrees and 23 steps (currently 20) for those with doctoral degrees. Minimum pay will increase by \$570 per year at each step. It is estimated that the average salary will increase by 2.2 percent.

Funding for the Teacher Retirement System (TRS) has been an issue for some time. In 1994, the state actuary determined a plan to eliminate the unfunded liability in the TRS in 40 years. In addition to the scheduled \$333.9 million debt payment included in the K-12 education budget for 2006-2007, the Legislature allocated directly to the TRS an extra payment of \$384 million. The budget also subsidizes the increase in health insurance premiums so that teachers and state employees will pay an increase of \$13 per month.

The budget directs funds to strengthen teaching by including \$500,000 for teacher mentors (up 25 percent) and nearly \$224,000 to support teachers who receive certification through the National

Board for Professional Teaching Standards. (No funding was available in 2005-2006.) Funding of \$75,000 (up 50 percent) will support principal mentors. A new initiative, 21st Century Learners, is designed to “bridge the gap between what students learn today and what they need to know to be successful in the 21st century.” Initial funding for this effort is \$2.7 million.

Total state funding for higher education will increase 8.8 percent to more than \$467 million. This amount includes \$371.7 million in general funds, a 12.7 percent increase. Lottery funds of \$38.8 million (down almost 10 percent) will support financial aid programs (\$25.2 million) and health sciences programs (\$13.5 million). General funds in the amount of \$6.7 million will be used to replace the \$3 million reduction in lottery funds and provide additional funding for student financial aid.

Additional lottery funds — in excess of the \$38.8 million mentioned above — will support a number of initiatives, including higher education improvements (\$10 million) and research (\$4 million). The largest portion of the excess lottery proceeds will continue \$27 million for the merit-based PROMISE Scholarships. In addition, \$13 million in general funds will bring total funding for the scholarships to \$40 million, an increase of 48 percent.

Several bills continue higher education reorganization. (Prior bills include SB 401 of 2005, SB 448 of 2004, SB 703 of 2001 and SB 653 of 2000.) House Bill 4690 calls for the West Virginia Institute of Technology to become a division of West Virginia University by July 2007. The bill also renames The Community and Technical College of Shepherd as Blue Ridge Community and Technical College. Senate Bill 792 renames Fairmont State Community and Technical College as Pierpont Community and Technical College and makes it a division of Fairmont State University.

The bill also places a cap on average tuition and fee increases for four-year colleges and universities. The increases will be limited to an average of 7.5 percent over four years, beginning in July 2007, and may not exceed the current 9.5 percent limit in any year. This cap will not apply to an institution in any year that has a state appropriation less than its appropriation in the prior year. (Two-year colleges currently are limited to 4.75 percent increases in tuition and fees.)

Senate Bill 53 provides one school nurse for every 1,500 pre-K-12 students. Previously school nurses were provided only for kindergarten through seventh grade. The budget includes \$1.4 million to support the expansion.

Other legislation

SB 587 adds full-time postsecondary faculty (effective July 1, 2006) to the list of eligible state employees who receive longevity pay. (State workers receive \$50 for each year of service after three years of full-time employment.)

SB 784 adds professional development approved by the state Board of Education as an alternative to six semester hours of approved credit for the renewal of a teacher’s certification.

HB 4049 removes the requirement that teachers with at least five years of experience, and who have not received an unsatisfactory evaluation, be evaluated every three years. Individual teachers will be evaluated when the principal determines it to be necessary.

Special Session in Arkansas

Arkansas completed a special session called to address a court ruling on the school finance system. Plaintiffs contended that the state had not done enough to address an earlier ruling, and the court agreed.

The General Assembly allocated an additional \$195.5 million to school district budgets for the 2005-2007 biennium. This additional support earmarks \$50 million for facilities and increases the teacher salary schedule (by 1.6 percent in 2005-2006 and by 2.4 percent in 2006-2007) and employer contribution rates for the retirement system (from the current 13 percent to 14 percent). The added appropriation will result in an increase in per student funding from \$5,400 (originally adopted for 2005-2006) to \$5,528. For 2006-2007, the original \$5,497 will increase to \$5,662. Additional funding was earmarked for professional development (almost \$476,000) and for improved financial reporting (\$500,000).

Senate Bill 27 (Act 19), the Educational Adequacy Act of 2006, specifies the increases to the minimum salary schedule for teachers and the increases to the retirement system. It also permits the 9 percent of formula funding that can be used for maintenance, repair and renovation of facilities to be used for any educational facility. (Previously, it was used only for academic facilities.)

House Bill 1036 (Act 34) requires the Commission for Public School Academic Facilities and Transportation to develop rules for the Academic Facilities Extraordinary Circumstances Program. Under this program, financial assistance will be provided to districts that cannot raise sufficient local matching funds to participate in the state's facility funding programs.

House Bill 1009 (Act 26) and Senate Bill 6 (Act 27) call for the development of guidelines for the collection and reporting of local property taxes. The school funding formula assumes a 98 percent collection rate of local taxes, but in reality not every district collects the 98 percent.

House Bill 1012 (Act 36) requires the state Department of Education to take a leadership role in improving professional development. The bill calls for the department to develop technology-based programs for school districts and certified personnel. The budget includes nearly \$500,000 to support this effort.

Updates from Other SREB States

Virginia has not yet adopted its budget for the 2006-2008 biennium. The regular session ended in March, and a special session began later that month. Transportation appears to be the main issue on which the House and Senate still have to reach agreement.

The Texas Legislature began a 30-day special session on April 17 to address a court decision calling the finance system unconstitutional, in part because it appears to use an unconstitutional statewide property tax. The court has given the Legislature until June 1, 2006, to change the finance system. Proposals on the table involve increases to business and cigarette taxes, a change in the way sales tax is assessed on used-car sales and property tax relief. There also is a teacher pay raise under consideration.

Sessions in Florida, Kentucky and Mississippi have concluded. North Carolina's session begins May 9 — the governor will release his recommended amendments to the 2005-2007 biennial budget on that day. Summaries of final actions and of the governor's proposal will appear in the next edition of the *SREB Legislative Report*.