



SREB

Legislative Report

Governors' legislative and budget proposals

Alabama (<http://budget.alabama.gov/>)

In his State of the State address, the governor proposed eight tax changes and increases that are projected to help balance the state general fund budget for 2015-16. The governor's recommended general fund budget— which supports state operations, excluding education — would increase 20 percent to \$2.3 billion. The proposed budget incorporates expected revenues from these changes, including: \$47 million from a repeal of the license tax exemption that applies to municipal utilities; \$182 million from an increase in the automobile sales tax rate; \$192 million from an increase in the cigarette tax; and \$237 million from distribution of all use tax receipts to the general fund.

For the Education Trust Fund budget (that funds all levels of education and a number of other programs), he recommended nearly \$6 billion, an increase of 1.1 percent. Elementary and secondary schools would receive nearly \$4 billion, an increase of 3.9 percent. Funding for two-year colleges would increase 3.1 percent to \$344 million, while four-year colleges and universities would operate at \$1.1 billion, a 5.3 percent increase. The governor also proposed \$48.5 million for prekindergarten programs (a 26 percent increase) and legislation to provide scholarships for children in Alabama's foster care system.

Louisiana (<http://doa.louisiana.gov/OPB/pub/ebsd.htm>)

The governor issued an executive order in November 2014 placing an expenditure freeze on agencies he oversees. In December, the Revenue Estimating Conference (REC), the statutorily created conference that oversees the state's income projections, lowered revenue forecasts for 2014-15 by \$170.5 million. The governor made \$153.1 million in reductions by executive authority, and the Joint Legislative Committee on the Budget (JLCB) approved \$17.4 million of additional reductions. The reductions included \$4.9 million from the Office of Student Financial Assistance and \$6.8 million from K-12 education, including \$1.1 million from the Minimum Foundation Program formula.

In response to the January REC update, which lowered forecasts for 2014-15 by another \$103.5 million, the governor enacted \$67.1 million in reductions, and the JLCB approved \$36.4 million in additional reductions; no cuts were made to education. The REC also reduced forecasts for 2015-16 by \$203.8 million, with a total predicted shortfall of \$1.6 billion.

In February, the governor introduced his 2015-16 executive budget, recommending \$14.9 billion in total state funds, down 4 percent from the original 2014-15 budget. General funds would total \$9 billion, down 3.3 percent. His proposal would make cuts to all state agencies and reduce the use of one-time funds. The governor maintains his longstanding commitment to avoiding tax raises, but proposes converting 12 refundable individual and business tax credits to nonrefundable, which would save the state \$526 million. The proposal also would eliminate 727 positions, including 489 vacant higher education positions and a net 33 positions at the state Department of Education.

The governor recommends \$3.5 billion in general funds for K-12 education, a 0.3 percent increase. He proposes \$3.6 billion for the Minimum Foundation Program formula, up 1 percent, out of general and earmarked funds. Assistance from all sources of funds to the Recovery School District, the state administered school district to assist low-performing schools, would total \$236.6 million (up 9.7 percent), with general funds totaling \$1.9 million (down 47.9 percent).

Total funds for higher education from all sources would decline 8 percent to \$2.4 billion. General funds would decrease 17.4 percent to \$763 million. This amount includes \$372.1 million contingent on legislative approval of the proposed tax credit conversion. The governor proposed for state postsecondary institutions to charge an “excellence fee” to students to raise additional revenue; families would claim the amount of the fee as a tax credit. The governor’s administration would pay for the credit with a proposed increase in cigarette taxes. The excellence fee requires approval from the Legislature, which controls fees at public postsecondary institutions.

The Taylor Opportunity Program for Students (TOPS) awards merit-based scholarships to cover tuition for qualifying students at Louisiana’s postsecondary institutions. The governor wants to direct an additional \$34.4 million in general funds to fully fund TOPS at \$284.3 million in combined general funds and earmarked funds; this would provide scholarships for 55,278 students, a 3,204 student increase.

North Carolina (<http://osbm.nc.gov/thebudget>)

In his February State of the State address, the governor focused on five areas: jobs and the state’s economy, education, transportation and infrastructure, health care, and public safety. His priorities for education include raising the base annual teacher salary from \$33,000 to \$35,000, reducing the number of student assessments and expediting teacher certification. He also proposed increasing the commercialization of research at public universities as part of his Innovation to Jobs initiative.

In March, the governor released his budget proposal for the 2015-17 biennium. Statewide general funding would increase 2.1 percent in 2015-16 to \$21.5 billion, and by 3.3 percent in 2016-17 to \$22.2 billion. Community colleges would receive just over \$1 billion in 2015-16, a 0.7 percent decrease, but would receive a 0.6 percent increase in 2016-17. Funding for community colleges would include \$10 million over the biennium for upgrades to student information computer systems.

University funding would decline 0.4 percent to \$2.6 billion in 2015-16 and then increase 0.4 percent in 2016-17. The governor's budget would provide \$7.5 million over the biennium to establish the University Innovation Commercialization Grant Program to attract outside investment to university-developed technologies with commercial potential.

General funds for K-12 education would rise 4.2 percent to \$8.4 billion in 2015-16 and rise another 0.1 percent in 2016-17. The proposal would provide funding to support the governor's priorities, including: \$41.8 million each year to raise starting teacher salaries to \$35,000 per year; \$64.8 million each year to move eligible teachers to the next step on the state salary schedule; \$100.2 million each year to support growth in student enrollment and fund more than 1,400 additional teaching positions; \$35 million each year for textbooks, instructional supplies and equipment; and \$15 million over the biennium to implement teacher performance pay.

Texas (<http://gov.texas.gov/>)

In February, the governor delivered his first State of the State address to a joint session of the Texas House and Senate, identifying five emergency items: early education, higher education research initiatives, transportation funding, border security funding and ethics reform. He expressed his desire for all students to perform at grade level in math and reading by the end of third grade. He also called on the Legislature to permit school districts to opt out of parts of the state's Education Code, restrain the increasing cost of higher education, expand community colleges and increase the research standing of the state's public universities.

The address highlighted elements of the governor's budget proposal for the 2016-17 biennium, such as additional funding for schools that adopt high-quality prekindergarten programs and funding to provide kindergarten through third-grade teachers with training in literacy and math instruction. The proposal would provide \$105.8 billion in general funds for the biennium, up 4.3 percent, and would increase general fund education spending for the biennium by 2.4 percent to \$54.5 billion.

Budget recommendations that would support the governor's education and funding priorities include \$2.2 billion to cover reductions in property taxes that fund education; \$118 million to provide an additional \$1,500 per prekindergarten student to schools that adopt the governor's proposed high-quality prekindergarten program; \$30 million each for four-day Literacy Achievement Academies and Math Achievement Academies to provide training for kindergarten through grade three teachers; \$30 million for Reading-to-Learn Academies to provide training for grade four and grade five teachers; \$100 million for a technology grant program to improve telecommunications infrastructure at low-performing schools; \$25.8 million for expanded student access to high-quality online courses through the Texas Virtual School Network; and \$16 million for a grant program to encourage school districts to implement blended-learning programs, as well as \$15 million to support professional development for teachers at schools implementing those programs.

Funding for higher education would include \$531.8 million for postsecondary tuition exemptions for military family members, \$56.1 million for a Texas Higher Education Coordinating Board program to help state universities recruit and hire intellectual talent, and \$40 million to support university research and emerging research universities.

Notes from other SREB states

In March, the Alabama Legislature approved and the governor signed the School Choice and Opportunity Act, which allows school systems and the newly established Alabama Public Charter School Commission to authorize startup charter schools. A school system also may authorize the conversion of an existing school into a charter school. Alabama becomes the 14th SREB state to permit the creation of charter schools.

Legislators in West Virginia considered a bill that would allow charter schools, but were unable to come to an agreement before the end of the session. The Florida House of Representatives has approved and sent to the Florida Senate legislation that would create the Florida Institute for Charter School Innovation, ease replication of high-performing charter schools and provide capital outlay funding for charter schools.

Legislators in at least eight SREB states (Alabama, Arkansas, Georgia, Louisiana, Mississippi, South Carolina, Tennessee and Texas) introduced legislation to alter higher education governance. Legislators in three states (Arkansas, South Carolina and Tennessee) introduced bills to amend the power of governing or coordinating boards. Legislation in Florida, Tennessee and Texas would change the composition of governing or coordinating boards. Pending Florida legislation would change the name of the Florida College System to the Florida Community College System. Legislation in Alabama would create the independent Alabama Community College System, while a bill in South Carolina would establish the South Carolina College and University Board of Regents. A proposed bill in Louisiana would abolish the Board of Regents and the four system management boards; it would also transfer their powers to the newly created Louisiana Postsecondary Education Board of Trustees.

Legislatures in Georgia, Kentucky, Mississippi and West Virginia completed their regular sessions in March and early April. The Virginia General Assembly adjourned its regular session in February but is scheduled to reconvene April 15 to consider the governor's recommendations and vetoed legislation. Information on final actions in these states will be included in upcoming editions of *Legislative Report*.

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