

2011 SREB Legislative Briefing

SREB

Summary

Sessions in 2011 proved to be busier than normal for both the budget and education committees in SREB states. Legislatures weighed very difficult decisions on funding state and education budgets. General fund revenues were not expected to increase enough to offset the loss of federal stimulus funding, but legislatures tried to avoid significant overall education cuts when adopting 2011-2012 budgets.

Primarily due to economic issues, legislatures have given more operating flexibility to local school districts over the last few years to help make ends meet. Actions in 2011 in Georgia, South Carolina and Texas addressed employment notification to teachers. North Carolina and Texas now will consider work performance when determining teacher reductions-in-force. Florida and Georgia will allow larger class sizes. Half of the SREB states addressed school calendar issues.

States amended student financial assistance laws. Georgia and Tennessee placed limits on their merit-based HOPE scholarship programs, but Tennessee now will permit students to use a HOPE award for summer classes, and dual enrollment classes taken by high school students will not count toward credit-hour limits. Arkansas will study the fairness of the distribution of its lottery scholarships, and it defined under what conditions students can put their lottery scholarships on hold. Oklahoma will require students receiving need-based aid to make satisfactory academic progress. An aid program in Texas will focus on needier students who demonstrate high performance in high school. Virginia and Maryland addressed eligibility for nonpublic institutions to participate in financial aid programs. North Carolina, Texas and West Virginia will institute new aid programs.

Legislatures passed measures affecting the teaching profession in states including Alabama, Arkansas, Florida, North Carolina, Oklahoma, Tennessee, Texas and Virginia. Issues commonly addressed in the more comprehensive bills include tying teacher evaluation to student performance growth, tenure policies, dismissal policies and professional development. In addition, performance pay initiatives were included in Florida and Virginia. Tennessee eliminated the ability of unions to collectively bargain on behalf of education employees, and contract renewal was the subject of the bill in Texas.

Salaries and benefits, a big part of education spending, received attention in a number of states. Following several years in which teachers and faculty received no pay raises, Delaware, Tennessee and West Virginia allocated funds for some pay increases in 2011-2012; however, Texas will allow salary reductions and South Carolina will allow districts to suspend longevity increases. States also took action to shore up retirement systems. Florida and Maryland increased employee retirement contributions, changed the benefit calculations, increased the vesting period, and extended the eligible retirement age and years of

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creditable service. Delaware, Mississippi and Oklahoma extended the age at which new system members can receive full retirement benefits. Arkansas and Delaware also redefined “final average salary” by addressing overtime payments, bonuses or large raises late in a person’s career. Alabama and Louisiana focused on the ability of retired persons to return to work.

Half of SREB states passed bills relating to college and career readiness. Arkansas, Georgia and North Carolina called for better coordination among education agencies. Work force readiness bills passed in Georgia and South Carolina. Arkansas, Florida, Mississippi, North Carolina, Tennessee, and West Virginia focused on reducing high school dropouts or providing additional opportunities for at-risk students. Texas wanted applied courses to count for credit under the recommended high school program.

Relative to college completion, Mississippi and North Carolina will allow certain students to earn college credit while still in high school. Arkansas, Florida and Virginia policies will ease the transfer of course credits from two-year to four-year colleges. Laws in Louisiana, Texas, Virginia and West Virginia will help keep institutions focused on college completion through better planning and quality assurances. In Tennessee, students who complete an early high school graduation program will qualify for admittance to a college or university. Texas legislation encourages students to complete their degrees in a timely manner.

A summary of each state’s legislative and budget actions can be found in the *2011 Final Legislative Report*, available at www.sreb.org.

State and education budgets

It is difficult to assess the true impact of the expiration of federal recovery funds across the region. Some states used the recovery funds for one-time expenditures, while others used them to support ongoing operations. Many states did appropriate increases in state funds to education, citing the desire to soften the impact of the loss of the recovery funds. States have experienced some revenue growth, but early predictions that there could be small surpluses in 2012-2013 are beginning to look unlikely to come true. Even if some surpluses are realized, state leaders are quick to say that their state revenues and budgets are nowhere near pre-recession levels.

When looking at overall state-funded budgets, most SREB states show increases in 2011-2012 when compared with the prior-year budgets. Larger increases — ranging from about 6 percent to almost 9.5 percent — were appropriated in Delaware, Kentucky, Louisiana, South Carolina and West Virginia. The Maryland Legislature was able to appropriate an increase of 12 percent. Increases of up to about 5 percent were appropriated in Alabama, Arkansas, Georgia, North Carolina and Virginia. States showing overall decreases in state-funded budgets include Florida, Mississippi, Oklahoma, Tennessee and Texas (for the biennium).

State-funded budgets for elementary and secondary schools rose in three-quarters of the SREB states. Increases of 9 percent to about 12.5 percent were appropriated in

*Revenues increase
but budgets stay at
pre-recession levels*

Maryland, Tennessee, Texas (for the biennium) and West Virginia. Budgets approved for Alabama, Arkansas, Delaware, Georgia, Kentucky, North Carolina, South Carolina and Virginia rose by as much as 6.6 percent. Decreases continue in Florida, Louisiana, Mississippi and Oklahoma.

State funding for higher education rose by up to 4 percent in Alabama, Arkansas, Delaware, Kentucky and Mississippi. West Virginia's Legislature was able to boost support 12 percent, and Maryland community college funding grew 5.7 percent. Budgets in Louisiana, Maryland (for four-year institutions), North Carolina, Oklahoma, South Carolina and Virginia decreased by a range of just under 1 percent to about 6 percent, while Florida, Georgia, Tennessee and Texas saw larger decreases.

State summaries of budgets and revenues for education are available in *Notes on Selected Budget and Revenue Information in SREB States, 2010-2011*, and more on higher education operating appropriations is available in the *SREB-State Data Exchange 2009-10 Indicators Report* at www.sreb.org.

Tax and spending legislation

A few states addressed tax issues during the sessions. Arkansas reduced the sales tax on groceries another half cent to 1.5 percent, and West Virginia will eliminate the sales tax on food over two years. In 2009, North Carolina approved some temporary taxes for two years, but the 2011 General Assembly did not renew those taxes. Among the provisions of the New Jobs Infrastructure program in Delaware, several tax reductions and tax credits are designed to help create jobs.

Alabama and Florida addressed revenues and budget stability. Alabama will limit growth in Education Trust Fund appropriations starting in 2012-2013. Excess funds will go into a reserve fund for use only when revenues drop. Florida voters will decide on a proposed constitutional amendment that would replace the current state revenue limitation based on personal income growth with a new limitation based on changes in population and inflation.

Delaware and North Carolina took action on issues relating to the education of children with disabilities. Delaware adopted a special education funding system that provides per student funding based on each student's individual needs, rather than assigning students to broadly classified groups. Under certain circumstances, North Carolina now provides up to \$6,000 per year in tax credits to the parents of disabled children.

In other actions, Georgia legislation called for a comprehensive study of the state's K-12 funding formula and other methods of funding for education. A study commission will provide final recommendations and proposed legislation to the Legislature by 2012. Kentucky's Department of Education now will provide a funding allocation to a school district for a structurally unsound school that is closed.

Oklahoma reduced the percentage of the budget that school districts can spend on administration. Larger districts now may only spend 5 percent (down from 6 percent) of the budget for district administration. Medium-sized districts are limited to 7 per-

Two states reduce sales taxes on food

cent (previously, 8 percent), and small districts may spend up to 8 percent (previously, 9 percent). A task force will look at reducing administrative costs and the impact those reductions would have on district operations and student learning.

For more information on state revenues that support education, see *Notes on Selected Budget and Revenue Information in SREB States, 2010-2011* at www.sreb.org.

Assistance to local districts

Legislatures across the region temporarily gave more operating flexibility to local districts over the last few years to help make ends meet. Again, in 2011 sessions, several states provided more operating flexibility, most commonly in the areas of finance and personnel.

Any Maryland districts that do not maintain certain levels of local funding now may postpone to the next fiscal year any penalties assessed against state funds for not meeting the maintenance-of-effort requirements. Districts in Virginia gained flexibility to use state and local funds for certain staffing standards. A district also may carry forward funds from one fiscal year to the next if it meets certain local funding requirements and may request, on behalf of one or more of its schools, an alternative accreditation plan that will allow a school to operate free from state regulations.

For 2011-2012, South Carolina will not require school districts to print copies of district and school report cards; or to administer writing assessments in grades three, four, six and seven. In addition, provisions suspend the administration of assessments for foreign languages, financial literacy and physical education. These actions direct any savings realized to school districts.

Florida and Georgia will allow flexibility in class sizes. Oklahoma legislation delays for one year the requirement that local districts offer full-day kindergarten.

Relative to flexibility in personnel decisions, Georgia, South Carolina and Texas addressed notifications to teachers about employment contracts. Georgia districts will have until May 15 (previously, April 15) to offer teachers contracts. For the second consecutive year, South Carolina allowed school districts to delay by one month (to May 15) the date by which they had to notify teachers of contract renewals for the 2011-2012 school year. Texas decreased (from 45 days to 10 days) the number of days prior to the end of the instructional term by which schools must notify probationary teachers that they will not renew their contracts.

Delaware districts face uncertainty in planning, given that the state budget is adopted on or near the last day of the fiscal year. The state Department of Education will project enrollment for each school in March 2012 and, based on those projections, guarantee a certain level of funding so that schools may make offers of employment to new teachers in the late spring and early summer.

North Carolina districts were required to establish policies by July 15 for teacher reductions-in-force (RIFs) that take work performance into consideration. Texas will base teacher RIFs on performance rather than seniority, may furlough teachers for up

States increase flexibility

to six non-instructional days, and may suspend employees without pay in lieu of firing them or pending firing for cause.

Half of the SREB states passed legislation in 2011 addressing school calendar issues, and several (Alabama, Kentucky, Mississippi and South Carolina) addressed the loss of instructional time due to inclement weather or school emergencies. Arkansas and Virginia focused on the starting dates of the school year. Arkansas is providing additional flexibility to schools districts, while Virginia expanded the list of conditions under which a local school system may secure a waiver to begin school prior to Labor Day. Georgia reduced the school year for prekindergarten programs to 160 days (from 180). North Carolina increased the number of required school instructional days to 185 (from 180).

More information about actions over the past several years relating to operating flexibility is available in prior-year editions of the SREB *Legislative Briefing*. Also available is *Focus on the Alternative School Calendar: Year-Round School Programs and Update on the Four-Day School Week*. See both at www.sreb.org.

Tuition and required fees

Tuition and required fees continue to rise, and institutions often cite the need to offset reductions in state financial support of college and university budgets. When adjusted for inflation, median annual tuition and required fees for in-state undergraduates at public four-year colleges and universities in the SREB region went up 23 percent from 2005 to 2010. Over the period, state support as a percentage of the cost of postsecondary education declined. This means that families are bearing more of the burden of paying for higher education, which is more difficult, in particular, for lower-income families.

Louisiana and West Virginia granted some flexibility in setting tuition rates. Louisiana will allow colleges and universities that meet specified performance targets to raise tuition 10 percent, while West Virginia now allows institutions to increase tuition up to 5 percent without the approval of the West Virginia Higher Education Policy Commission. The bill also requires each college and university to attain, by July 2015, a graduation rate that at least equals the rate of peer institutions.

Several states took up tuition rates for certain groups of students. Kentucky universities may establish tuition rates for non-state military veterans that may not exceed the maximum tuition reimbursement of a state-resident student who is a military veteran and qualifies for the Post-9/11 GI Bill. Virginia will allow certain military veterans to become immediate state residents for tuition purposes. In Louisiana, spouses and children of National Guard members who die while on active duty are exempt from paying tuition. Maryland legislation exempts the children of undocumented immigrants from paying out-of-state tuition under certain circumstances. A citizen's petition has placed the provisions of the bill on the November ballot, and implementation of the law is pending the outcome of the election.

*Tuition and fees
continue to rise*

Estimated Changes to Tuition and Required Fees In-State Undergraduates at Public Institutions, SREB States, 2011-2012

	Two-year colleges	Four-year colleges
Alabama	0 to 24.8%	6% to 18.8%
Arkansas	6.5% to 9.6%	5.9% to 7.1%
Delaware	5.5%	5.5% to 7%
Florida		
State University System		11% to 15%
Florida College System	8% average	8% average
Georgia	10.6% average	8.2% average
Kentucky	4%	5% to 6%
Louisiana	9.6% to 34.7%	6.1% to 15.8%
Maryland	NA	3% to 6%
Mississippi	2.8% average	6.9% average
North Carolina	17.7%	5.3% to 18.3%
Oklahoma	3.2% to 8.3%	3.5% to 7.7%
South Carolina	1.8% average	0 to 4%
Tennessee		
University of Tennessee		8.5% to 13.7%
Board of Regents Colleges	9.7% to 10.5%	7.4% to 11%
Texas	NA	NA
Virginia	7.4% average	8% average
West Virginia	1.6% to 9%	3% to 9.5%

“NA” indicates data not available.

SREB’s extensive higher education database, which includes information on tuition and required fees, is available at http://www.sreb.org/page/1075/education_data.html. The *2011 SREB Fact Book on Higher Education* and individual *State Featured Facts* will be available soon at www.sreb.org.

Student financial assistance

Student financial assistance laws changed to address initial qualifications, continued eligibility or award amounts. Georgia raised the eligibility requirements for students to receive a full scholarship through its HOPE scholarship program, capped the years of eligibility, and eliminated support for required fees and textbook purchases. In addition, for students graduating after May 1, 2015, high school course requirements for award eligibility will increase. Tennessee capped the time period for which students may receive its lottery-funded HOPE award, as well as the number of credit-hours supported by the award, but students now may use the award for classes taken in the summer, and dual enrollment classes taken by high school students do not count

*Eligibility tightens
for merit aid
programs*

toward credit-hour limits. Legislation also permits a disabled student who can only attend classes part time to extend beyond the maximum five-year eligibility period.

Oklahoma now requires students receiving need-based aid to make satisfactory academic progress as required for federal aid programs. Another bill changes the calculation of family income for qualifying and delays for one year cumulative grade-point average requirements for students to maintain eligibility for the award. Texas made changes to its need-based program to institute a “priority” award for needier students; beginning in 2013-2014, the highest priority will go to students who demonstrate high levels of academic performance in high school.

Virginia and Maryland took up eligibility for nonpublic institutions to participate in financial aid programs. In Virginia, eligibility requirements will change for independent institutions to receive tuition assistance grants. Maryland took up issues to protect students attending for-profit institutions from unfair and deceptive practices. In addition, beginning in 2016, students at those institutions will not be eligible to receive most state financial aid awards. Maryland also is distinguishing between public, private nonprofit and private for-profit institutions because of concerns over the rapidly expanding for-profit institutions, their student recruitment procedures and heavy use of governmental financial aid.

Relative to new aid programs, Texas established the Texas Science, Technology, Engineering, and Mathematics (T-STEM) Challenge Scholarship program and a new version of the Texas Save and Match Program (which matches contributions to an individual’s higher education savings account with either private contributions or state funds). West Virginia’s new Learn and Earn Cooperative Education Program allows students in technical programs at technical and community colleges to receive paid work experience in their field while remaining enrolled full time. North Carolina created the Forgivable Education Loans for Service Program to target initially forgivable loans to future teachers, nurses and allied health professionals.

In other actions, Arkansas will study the fairness of the distribution of lottery-funded Academic Challenge Scholarships. Legislation there also defines under what conditions students may put their lottery-funded scholarships on hold, such as active military duty, medical conditions, family emergency or participation in a nonprofit humanitarian project. Louisiana voters will weigh in on a proposed constitutional amendment to permanently dedicate additional tobacco settlement funds to support TOPS scholarships. Maryland legislation changes, from 21 years old to 25 years old, the age before which former foster care recipients must enroll in a state college or university to qualify for a waiver of tuition and mandatory fees. The Texas Higher Education Coordinating Board will establish a statewide priority application deadline for state financial aid.

South Carolina provides a one-year grace period on the repayment of South Carolina Teacher Loans for individuals who completed an education degree in 2010 or 2011 but were unsuccessful at gaining a teaching position. The Legislature also changed the distribution of state need-based grant funds to institutions based on their enrollment of Pell Grant recipients (rather than on overall enrollment).

*States approve
new financial aid
programs*

The *SREB-State Data Exchange 2009-10 Indicators Report* has more information about student financial aid programs and is available at www.sreb.org. The *2011 SREB Fact Book on Higher Education* and individual *State Featured Facts* also will be available soon at www.sreb.org.

Teacher reforms

A year ago, legislatures in several states passed bills affecting the teaching profession. During 2011 legislative sessions, several more states passed teacher reform bills — Alabama, Arkansas, Florida, North Carolina and Tennessee. Issues commonly addressed in these bills include tying teacher evaluation to student performance growth, tenure policies, dismissal policies and professional development.

Florida's bill (similar to the 2010 bill vetoed by the former governor) also revamps local salary schedules for new teachers and administrators, as well as for current employees who elect to participate. Districts will base salary schedules on performance rather than on years of experience and college degree levels. The new schedules will not consider advanced postsecondary degrees in pay decisions unless the degree is in the field in which the teacher is certified. Virginia's General Assembly provided \$3 million in the budget bill for a new performance-pay pilot initiative tied to student performance growth.

Tennessee addressed teacher evaluation and professional development in its 2010 bill. Its 2011 bill amended tenure laws and eliminated the ability of unions to collectively bargain on behalf of education employees, instead allowing input to districts from teacher groups. Alabama's bill did not address evaluation but did include provisions relating to tenure and dismissal. North Carolina focused on evaluation and on the dismissal of inadequately performing teachers, while the measure in Arkansas targeted evaluation and also aligned existing professional development and dismissal laws with the new Teacher Excellence and Support System. Another bill in Arkansas addressed the certification of teachers with valid licenses in another state who move to Arkansas, as well as a streamlined process for licensure for professionals from other fields and for teachers who completed the Teach for America program.

In other actions, Oklahoma legislation ends the practice of "trial de novo," which is a teacher's right to appeal to a district court after a school board's final ruling to terminate the teacher. Texas legislation provides that if the State Board for Educator Certification does not renew a teacher's certificate prior to its expiration date but the teacher had submitted the request for renewal on time, the certificate is not considered expired.

More on the teacher evaluation portion of these bills is in SREB's *Focus on Teacher Reform Legislation in SREB States: Evaluation Policies* and in the summary table "Major Provisions of Recent Teacher Reform Legislation in the SREB States: Evaluation, Tenure, Dismissal and Incentive Pay Policies." Both are available at www.sreb.org. A future SREB *Focus* report will cover tenure, dismissal and incentive pay policies contained in the bills.

*Bills aim to
strengthen teacher
effectiveness*

Salaries and benefits

For the first time in several years, legislatures in a few states were able to put aside funding for some salary increases for teachers and postsecondary faculty. West Virginia teachers will receive a pay raise of \$1,488, while faculty and other state employees will receive a salary increase of 2 percent, with a minimum of \$500 and a maximum of \$1,200. In addition, retirees will receive a one-time bonus of \$1,200. Delaware state employees, teachers and postsecondary employees will receive 2 percent pay raises, while those in Tennessee will receive 1.6 percent salary increases.

Two states are providing added flexibility relating to salaries. Texas legislation repeals limits on school districts' abilities to reduce salaries, but any salary reductions must be applied equally to all district employees. It also repeals sections of law that would require salary increases at charter schools. A bill in South Carolina allows school districts, for 2011-2012, to continue to pay teachers the same salary they earned in 2010-2011 with no longevity increases.

After years of concern over the aging of the baby boomers and the strain they will put on retirement systems, several states took action to shore up their state pension programs. In some cases, the changes affect only new employees hired after the implementation date, while in others, the laws apply equally to current and future employees.

Several states increased the contribution rates that state employees and teachers pay toward their retirement. For the first time, employees in Florida will contribute to the retirement system by paying 3 percent of their salaries, and those in Maryland will pay 7 percent (up from 5 percent). Contribution rates in Alabama will rise to 7.5 percent (from 5 percent) by 2012-2013. Delaware employees hired after July 1, 2012, will contribute 5 percent. (Employees hired before that date will continue to pay 3 percent.) Virginia postsecondary faculty (and state employees) will receive a 5 percent pay raise to offset their 5 percent contribution to the retirement system, which previously was paid by the state.

Delaware, Florida and Maryland addressed vesting periods. New hires in Delaware and Maryland will vest in 10 years instead of five years. Florida moved to eight years for new employees, while former employees will continue to vest in six years.

Delaware, Florida, Maryland, Mississippi and Oklahoma will require employees to work longer or be older (or both) in order to retire with full benefits. In Delaware, the combined age and years of service for full retirement will increase in 2012. New employees may retire: at age 65 with 10 years of service (existing employees must be age 62 with five years of service), at 60 with 20 years of service (existing employees must be 60, with 15 years of service) or at any age with 30 years of service (no change). Florida will require new employees to reach age 65 (up from 62, previously) with 33 years of service (up from 30).

To retire, new employees in Maryland must work until age 65 with 10 years of service (up from 62 with five years of service), or they may retire with 30 years of

*States revamp
pension systems*

*Benefits require
longer service*

service regardless of age. They also may retire when their age and years of service total at least 90, known as the “rule of 90.” New hires in Mississippi will reach eligibility to retire with 30 years of service at any age (existing employees may retire at any age with 25 years of service) or at age 60 with eight years of service (no change). Oklahoma will move its retirement age for new employees to 65 (from 62). In addition, the law sets a minimum age of 60 for persons who wish to retire under the “rule of 90.” Currently, there is no minimum age.

The calculation of benefits for retirees also will change in several states. New pension system members in Maryland will receive lower retirement benefit payments than current system members. In addition, cost-of-living increases for current and new employees based on service earned after June 30, 2011, will have a lower cap. Mississippi modified the retirement benefit formula for state employees and teachers hired after June 30, 2011. These employees will have reduced benefits for each year of creditable service less than 30 years or for each year of age below 65 years (though they are eligible to retire at 60). The bill also reduces cost-of-living adjustments for this group.

For employees hired after July 1, 2011, in Florida, the retirement benefits calculation will use the eight highest years of an employee’s compensation (up from the five highest years, previously). In Arkansas, calculations of a participant’s “final average salary” used to determine the retirement benefit will change to prevent manipulation through the provision of bonuses or large pay increases in an employee’s last years of service. Delaware will prohibit new employees from using overtime in the calculation of retirement benefits.

It is not uncommon for states to allow retirees to return to work, particularly if there are shortages in qualified personnel. Alabama and Louisiana passed bills that amend their programs. Alabama will prohibit new state and education employees from participating in the Deferred Retirement Option Plan (DROP). DROP allows retirees to return to work and deposit the benefits that they would have received had they retired into separate, interest-bearing accounts that they will collect once they leave the plan and retire. The interest rate on pension allowances deposited into the existing DROP accounts also will decrease. Louisiana expanded the types of retired teachers (among those retiring between May 1, 2009, and June 30, 2010) who may continue earning retirement benefits after returning to service. The earnings may not exceed 25 percent of their retirement benefits. The legislation adds part-time postsecondary faculty, retired teachers, adult education and literacy teachers, and substitute teachers to the list of eligible retirees.

In other actions, Arkansas passed a series of bills to strengthen its retirement system. Provisions limit the time period in which a plan participant may seek adjustments, additional payments or additional credits to five years from the date of an error. Also, plan participants who purchase credits for additional service must pay for the real value of that purchased service. (Previously, participants paid 55 percent of the value.)

*Some retirees may
continue to work*

In addition to the pension reform measures, Maryland is reforming retiree health care by increasing prescription drug premiums and requiring the discontinuation of prescription drug coverage for Medicare-eligible retirees by 2020. The bill also increases the amount of service required to qualify for retiree health care coverage for employees hired beginning July 1, 2011.

Delaware, too, addressed the rising cost of health care benefits. Beginning July 1, 2012, all state employees will pay increased health care contributions. Legislation also eliminates an option that requires no employee contribution. For employees hired after January 1, 2007, the amount of state service required to receive 50 percent health care benefit coverage during retirement increases from 10 years to 15 years, but service required to receive full health care coverage remains at 20 years.

Louisiana voters will decide on a proposed constitutional amendment that, if passed, will dedicate at least 5 percent of the state's surplus beginning in 2013-2014 (and 10 percent beginning in 2015-2016) to pay down the state's \$18 billion retirement debt.

Information on teacher salary averages is available at http://www.sreb.org/page/1353/data_library_teachers.html. For information on faculty salaries, see the *SREB-State Data Exchange 2009-10 Indicators Report* at www.sreb.org. The *2011 SREB Fact Book on Higher Education* and individual *State Featured Facts* will be available soon.

College- and career-readiness measures

Recognizing the importance of students' college and career readiness — and the gap between high school graduation requirements and readiness for postsecondary study or training — legislatures took steps to strengthen coordination among education agencies on the issue. Bills in Arkansas and Georgia call for better coordination between K-12 and higher education and the development of college- and career-readiness standards. Georgia created the Office of College and Career Transitions to coordinate efforts to ensure increased high school graduation rates and readiness for success in college and the workplace.

North Carolina allows two or more local school boards to jointly form a regional school to expand student opportunities; the boards may include other education partners, such as higher education institutions, and private businesses or organizations, to promote the development of career clusters in areas of critical importance. The Legislature also called for a plan that holds high schools accountable for their students' performance in postsecondary education.

Bills with a work force readiness focus passed in several states. Georgia will expand the career pathways program, which provides high school students with academically rigorous courses and opportunities that lead to high-demand, high-skill, high-wage career fields and to advanced credentials or degrees. South Carolina extended for one year (to July 1, 2012) the expiration date of a coordinating council that will fully implement the Personal Pathways to Success initiative, which provides

Programs focus on getting at-risk students to graduation

educational and career planning resources to serve students, parents, educators, adult job-seekers and employers.

Reducing the numbers of dropouts remains on the radar. West Virginia legislation permits “innovation zone” pilot projects to establish innovative methods for reducing dropout rates, increasing high school graduation rates and returning student dropouts to school. A bill in North Carolina establishes a high school dropout-recovery pilot program at four locations. Mississippi will look at the feasibility of establishing an adult high school diploma.

In other actions, Arkansas school districts, colleges and universities may establish postsecondary preparatory programs for students who are below college-ready benchmarks. Florida will create the College-Preparatory Boarding Academy Pilot Program, a public school for foster children or at-risk students who are academic underperformers but who have the potential to progress from at-risk to college-bound. A Tennessee bill allows students to take approved college courses for high school credit.

The state Board of Education in Texas will establish a process to approve applied science, technology, engineering and mathematics courses as eligible for mathematics and science credit under the recommended high school program. Also, Texas will study best practices for early assessments of high school students to determine their college readiness.

More information about college and career readiness will soon be available at www.sreb.org in the following reports: *SREB State College and Career Readiness Initiative: Final Progress Reports; Results of the SREB National Survey on Teacher Development for College and Career Readiness; and Strengthening State College Readiness Initiative: Statewide Transitional Courses for College Readiness*. Also available are *Access to Challenging and Relevant Learning Opportunities Improves Achievement for All; Beyond the Rhetoric: Improving College Readiness Through Coherent State Policy; Getting Students Ready for College and Careers: Transitional Senior Mathematics; Participation and Success in the Advanced Placement Program Continue to Grow in SREB States; and Skills for a Lifetime: Teaching Students the Habits of Success*.

College completion

States are focusing on the link between economic competitiveness and postsecondary degree and certificate completion. Completion rates in the SREB states, and across the nation, are low when compared with the numbers of students who enter degree or certificate programs. Many factors contribute to low completion rates, and legislative actions target some of these barriers.

Allowing qualified and motivated high school students to earn college credit is one way to support postsecondary degree and certificate completion efforts. Mississippi legislation calls for state-level education leaders to develop recommendations on the feasibility of implementing “early-college high schools” that permit students to complete high school and earn an associate’s degree more quickly. Mississippi clarified dual enrollment credit requirements and policies to make sure that a high

Bills provide accelerated opportunities

school student taking a college-level course meets the same prerequisites as a college student taking the course. Tennessee high school students who complete an early-graduation program will qualify unconditionally for admittance to a two-year college and may qualify to enter a four-year college.

North Carolina's budget requires the state Board of Education and the Community College System to establish a program to provide dual enrollment for high school students in community college courses that lead to a certificate, diploma or degree, as well as entry-level job skills. In addition, local school boards will encourage high schools and local businesses to work together to target students who may not seek higher education and facilitate high-school-to-work partnerships.

Bills in Virginia and Arkansas address policies for transferring course credits from two-year to four-year colleges — often a stumbling block for students. Virginia intends to increase by 100,000 the number of undergraduate degrees earned by 2025 and aims to clarify policies for transferring general studies and dual enrollment course credits from two-year to four-year colleges. Arkansas legislation establishes a minimum core curriculum of 60 hours and requires public four-year institutions to accept all credits earned in the core. The Higher Education Coordinating Board and state colleges and universities will identify general education core courses and other lower-division courses that are acceptable for degree credit at all state colleges and universities. The bill also limits credit-hour requirements for associate's degrees to 60 hours and those for bachelor's degrees to 120 hours, and it establishes a statewide common course numbering system.

Florida addressed the transfer of credits in addition to other issues. The Higher Education Coordinating Council will make recommendations regarding the core mission of public and independent postsecondary institutions, performance outcomes designed to meet state goals, statewide course-credit transfer policies, and plans to align school districts and the Florida College System work force development education programs.

In keeping institutional focus on college completion, several states called for better planning and quality assurances. Louisiana legislation passed this year builds on 2010 legislation. Colleges and universities may earn operational autonomy in certain areas by meeting performance targets, which include graduation rates and other targets set by the state. The institutions will adopt six-year performance agreements that the Board of Regents may amend annually. The Texas Higher Education Coordinating Board may enter into agreements with nonprofit organizations to identify and implement methods for increasing degree completion rates. In addition, the Texas Higher Education Coordinating Board will incorporate certain student success measures (such as degree completion rates) into formula funding, expand information provided about colleges and universities, and develop (with the Texas Workforce Commission) a strategy to disseminate online information about career schools and colleges in the state.

Virginia colleges will adopt six-year plans that address academic, financial and enrollment plans, as well as anticipated levels of general fund, tuition and other non-

*Policies ease
credit transfer
between two- and
four-year colleges*

*States call for
better planning
and quality*

*State funding
will follow
undergraduates*

general fund support. The plans also will include undergraduate degree targets and financial assistance to help mitigate the impact of tuition and fee increases on students. West Virginia colleges and universities will annually report to the Higher Education Policy Commission information necessary to determine whether they are meeting minimum standards for conferring degrees. Under the legislation, the commission may revoke an institution's authority to confer degrees if it fails to meet minimum standards. In addition each college and university is required to attain, by July 2015, a graduation rate that equals or exceeds the graduation rate of peer institutions.

Students, too, must focus on completion. In Texas, legislation encourages students to complete their degrees in a timely manner. Every undergraduate student must now file a degree plan no later than the end of the second semester in which he or she completes 45 credit-hours. When a transfer student from a two-year college has earned 90 hours, the bill also allows a university to obtain information necessary from the student's prior college to determine if the student has met the requirements for an associate's degree.

In other actions, Virginia's funding policy also will change so that a per student appropriation will follow each undergraduate student to any eligible public college or university in which the student enrolls. The funding policy also may contain targeted economic and innovative incentives based on institutional achievements, such as increased enrollment and degree completion, and improved retention and graduation rates. A new advisory committee will provide recommendations to the State Council of Higher Education for Virginia relative to per student appropriations, the criteria for determining whether families are "low income" or "middle income," and performance criteria for measuring targeted economic and innovative incentives.

Virginia also wants to increase the number of students completing degrees in science, technology, engineering and mathematics (STEM) and other high-demand fields with anticipated shortages of qualified workers. A new public-private partnership involving education experts, business leaders and representatives from the scientific community, among others, will address priority issues.

North Carolina and Texas tackled developmental education for those students who arrive on campus not ready for college-level work. North Carolina is calling for a plan that determines the most cost-effective way to provide remedial instruction. Texas requires the development of standards to determine student readiness and that institutions base developmental work on research-based best practices.

SREB reports on college and career readiness include *A Smart Move in Tough Times: How SREB States Can Strengthen Adult Learning and the Work Force*; *Focus on Education for the Formerly Incarcerated*; *Measuring Success by Degrees: The Status of College Completion in SREB States*; *No Time to Waste: Policy Recommendations for Increasing College Completion*; *Promoting a Culture of Student Success: How Colleges and Universities Are Improving Degree Completion*; and *Strengthening Attend 'n' Drive Laws to Reduce Truancy and Dropouts*. All are available at www.sreb.org. Also, look for the upcoming report *New Measures, New Perspectives: Graduates' Time- and Credits-to-Degree in SREB States*.

Revisions to charter school laws

Charter schools remain a focus of state legislatures. Among the many provisions of 2011 legislation, states addressed the limits on the numbers of charters that can be authorized, budgets and facilities, accountability reviews, and priorities for establishing schools and for admitting students.

North Carolina and Tennessee eliminated the caps on the numbers of charter schools that may operate. Tennessee also removed the restriction that only permitted local districts to convert a traditional public school to a charter school if the school failed to make adequate yearly progress. Arkansas now permits its cap to increase by five when the number of charter schools is within two schools of the maximum. Louisiana added residential charter schools that allow students to live on campus to the types of schools that may operate in the state. North Carolina permits charter schools to increase their enrollment by up to 20 percent (increased from 10 percent) without state Board of Education approval.

Relating to funding and facilities for charter schools, local school districts in Maryland and Tennessee will make vacant properties available to charter schools. Tennessee also removed the restriction that charter schools spend local funds solely for facilities, and districts must release local funds passing through to the charter schools in no fewer than nine equal installments. New charter schools in Delaware will receive half of their funding for the initial year of operation at the beginning of the fiscal year — and the remaining portion in two equal amounts on October 1 and February 1.

Concerns about the quality of charter schools and fiscal accountability continue to receive attention. Florida will identify high-performing charter schools and districts and permit them additional operating flexibility. A high-performing school may increase its enrollment by 15 percent once per year, expand the grade levels served, modify or renew its charter for up to 15 years and submit quarterly (rather than monthly) financial statements. Tennessee school districts that authorize charter schools may revoke those schools' charters if they fail to meet adequate yearly progress for two consecutive years. North Carolina required the state Board of Education to establish criteria that define "adequate performance" and procedures for dealing with schools that perform inadequately.

Arkansas took up fiscal accountability by requiring the state Department of Education to perform two end-of-semester reviews of the financial condition of first-year open-enrollment charter schools. All charter schools in Delaware will undergo an annual external audit, and the secretary of education may appoint a financial recovery team to help any school in financial distress. In addition, charter school founders and board members must disclose any financial interest they have in the school. Tennessee districts may consider whether a charter school will have a negative fiscal impact on the district and may deny the application for this reason; however, if the state treasurer does not support the denial, the charter applicant may appeal to the state Board of Education. Also, chartering authorities may require schools to pro-

*States lift
charter school caps*

*Policies address
fiscal accountability*

vide financial reports more than once a year only if there is substantial reason to believe a school is out of compliance.

Among other provisions, Tennessee applications to establish a charter school will receive priority if they focus on students who are at risk or previously were enrolled in a school that failed to meet adequate yearly progress. Also, Tennessee's achievement school district that oversees underperforming schools may now authorize charters. (Previously, only local boards could do so.) While local districts may authorize charters, they are prohibited from serving as the governing body of a charter school. In Louisiana, enrollment preference of up to 50 percent of a school's maximum enrollment may go to the children of employees who work for corporate partners of a school. Corporate partners may hold a minority of seats on the school's governing board and will provide land, facilities or other capital improvements.

States provide opportunities for students through virtual education

Florida and Tennessee passed virtual school bills. Florida's Digital Learning Now Act requires school districts to establish multiple opportunities for K-12 students to participate in full-time and part-time virtual instruction and addresses student participation in state and end-of-course assessments. Students entering ninth grade in 2011-2012 will have to complete at least one online course during high school.

Tennessee's Virtual Public School Act requires that virtual schools provide students with access to a sequential curriculum, the same length of time for learning each academic year and regular assessments in language arts, math, science and social studies. Virtual schools will provide instructional materials and ensure that the necessary technology and Internet connections are accessible.

Arkansas incorporated digital resources into the definition of instructional materials (such as textbooks) that local school districts provide. The North Carolina budget bill requires the North Carolina Virtual Public School program to report to the state Board of Education and establishes a new funding formula for the program.

To read more about virtual schools, please see the *2010 Report on State Virtual Schools in SREB States* at www.sreb.org.

Measures address governance, accountability and school improvement

A few 2011 bills focused on education governance. Oklahoma legislation broadens the powers of the state superintendent and limits some of the responsibilities of the state Board of Education. The governor, upon taking office, now will appoint the members of the state Board to four-year, concurrent terms — previously, members served staggered, six-year terms. North Carolina eliminated the state Board's authority to require standardized tests not mandated by federal law and authorized the Board to act as an accrediting entity for high schools in the state.

Georgia tackled issues relating to the term lengths of local school board members. Beginning January 2012, board members will serve terms of not less than four years, though in 2015, local law may shorten the terms. The law also addresses the number of members on certain local boards. In addition, the state Board of Education may recommend suspension of all local school board members by the governor if a district, under certain circumstances, was placed on accreditation probation for governance reasons and did not regain full accreditation.

Kentucky local school superintendents may appoint school principals approved by the school-based decision-making council. Louisiana requires the superintendent of the Recovery School District to develop a community outreach plan to engage parents and others in the operation and improvement of the schools and also to seek input from them on proposed changes in governance regarding new schools. In higher education, Louisiana legislation transfers the University of New Orleans from the Louisiana State University system to the University of Louisiana System.

Mississippi and South Carolina addressed efficiency and administrative policies. Mississippi created a commission to develop a plan for the consolidation and online availability of payroll, business and procurement services for all school districts by next year. South Carolina now requires transparency in state college and university expenditures, credit card use, and institutional board votes on tuition and fees. The technical college board will categorize colleges in that system based on their financial strength and management abilities, and it may implement administrative efficiency measures. All state colleges will work with the state budget board to develop a comprehensive human resources system plan. The law also provides for higher dollar-amount thresholds above which institutions must see approval for certain leases, construction and purchases.

Relating to accountability, Florida modified aspects of its public education accountability system, including provisions relating to the prekindergarten program, students with disabilities, statewide assessments, school grades and instructional programs. Oklahoma revamped its rating system for student performance and the design of reports on the ratings for parents. A combination of factors will determine school “grades,” and districts will now report all levels of performance on end-of-course tests on student transcripts instead of only results that are proficient and above. Maryland’s state Board of Education and local boards will report to the Legislature on the minimum academic performance standards that high school students should meet to participate in athletics. In other actions, Delaware and Mississippi passed bills relating to statewide longitudinal data systems.

School improvement was the topic of bills in Texas and West Virginia. In Texas, the parents of students in persistently low-performing schools may petition the commissioner of education to enact corrective actions. A new consortium will inform the governor, Legislature and state education commissioner about methods of transforming public schools. A West Virginia bill clarifies 2010 legislation, giving curriculum teams at schools meeting adequate yearly progress the discretion to use assessments and instructional strategies that best promote student achievement.

More information can be found in *The Three Essentials: Improving Schools Requires District Vision, District and State Support, and Principal Leadership* and *Transitioning to the New High School Graduation Rate*, available at www.sreb.org. *Maximizing Education Data Use in SREB States* will be available soon.

Other issues affecting elementary and secondary education

School and student safety continued to receive attention in 2011 legislative sessions. Maryland established a task force to study the creation of a state center for school safety to serve as an information clearinghouse and to provide assistance to reduce youth violence and promote safety. Delaware's Department of Education will issue uniform student discipline regulations for all public schools.

Maryland, Tennessee, Texas and West Virginia passed bills relating to bullying and harassment. Maryland now requires nonpublic schools that participate in state-funded programs to adopt a policy prohibiting bullying, harassment and intimidation, and Texas requires public school districts to adopt such a policy. Tennessee prohibits bullying and West Virginia has expanded the definition of "harassment, intimidation or bullying" to include electronic communications.

Several states took up alternative educational learning environments for students who are unsuccessful in the traditional school setting. Arkansas districts will provide one or more alternative learning programs designed to eliminate barriers to academic and social progress that are affected by a student's personal characteristics or situation. The Delaware Department of Education must define eligibility for alternative educational programs provided in homes, hospitals or other settings for students temporarily unable to attend school. North Carolina students who are suspended for long periods of time now have the right to placement in an alternative education setting.

Relative to the needs of disabled and at-risk students, Florida expanded the eligibility of disabled students to qualify for scholarships to private schools. Virginia will require, beginning in 2012, health insurance plans to cover Autism Spectrum Disorders for children ages 2 through 6, and Mississippi created an autism advisory committee to develop a strategic plan on how to best educate students with the disorder. Mississippi also created a study committee to make recommendations to improve outcomes and educational opportunities for students with serious emotional and behavioral disorders.

In other actions, North Carolina permits school districts to submit reports to the Department of Public Instruction electronically, while Texas now requires it. South Carolina districts no longer have to print district and school report cards. Louisiana and Maryland legislation addressed sports injury awareness. An Oklahoma law requires each school to establish a reading initiative to prevent the retention of third-graders by providing accelerated reading instruction to struggling students.

Alabama legislation requires public elementary and secondary schools to verify whether a student is or is not a legal citizen, using the student's birth certificate. Schools must report annually to the state Board of Education the number of students

who are not legal citizens and how many are participating in the English as a Second Language program.

For more information about services for children with autism, see *Focus on How SREB States are Addressing the Education Needs of Children with Autism* at www.sreb.org.

Other issues relating to higher education

Alabama and Georgia passed legislation addressing the attendance of illegal immigrants in public colleges and universities. Alabama prohibits noncitizens (unless the person possesses a lawful permanent residence or an appropriate nonimmigrant visa) from attending any public postsecondary institution, although recent action by a federal court temporarily blocked the implementation of this provision. Georgia bars any state college or university that has rejected academically qualified applicants in the previous two years from admitting illegal immigrants. This currently includes five institutions; however, illegal immigrants may still be admitted to other state colleges and universities, provided they pay out-of-state tuition. Maryland legislation permits illegal immigrants to pay in-state tuition under certain circumstances.

To assist students with the rising cost of textbooks, Texas requires all public and independent postsecondary institutions to disseminate course schedules that include information on required textbooks no later than 30 days before the start of classes. They also are required to provide information regarding available programs for textbook rentals, guaranteed textbook buybacks and other cost-saving measures.

Summaries of SREB states' final legislative actions are available upon request. To order any publication listed in this report, contact the Southern Regional Education Board. The reports and the *2011 Final Legislative Report* also are available at www.sreb.org.

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