



SREB

Legislative Report

Governors' legislative and budget proposals

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

While recounting the challenges the state faced over the preceding year in her 2021 State of the State address, the governor noted that despite the extreme challenges to retail caused by the pandemic, the state's financial position remains positive as a result of the state's online sales tax (implemented in 2017). She advocated that the first measure passed by the Legislature in 2021 be a prohibition against levying state income taxes on federal COVID relief dollars.

She also highlighted federal relief the state directed to K-12 classrooms, her desire to continue working with the Legislature to address deficiencies in broadband and internet access, and the state's nationally recognized prekindergarten program. The governor's proposed budget for 2021-22 includes a 2% pay increase for teachers and state employees, intended to recognize their dedication in responding to the challenges of the pandemic and keeping education and the state functioning in unprecedented conditions.

The State General Fund, which supports state government functions other than education, would decline 5.9% to under \$2.5 billion. However, the Education Trust Fund, which supports education as well as some non-education state functions, would rise 1.3% to \$7.7 billion.

State funds to school districts would rise 4.5% to \$4.6 billion, while the Alabama State Department of Education would receive \$379 million, up 18.8%. The Department of Early Childhood Education, which operates the First Class Pre-K program for children age four, would receive \$161.6 million, a 21.5% increase over the budgeted 2020-21 amount.

The community college system would receive \$468.7 million from the ETF, up 9.5%; the Alabama Commission on Higher Education would receive \$42.9 million, a 6.3% increase. The \$1.3 billion for state colleges and universities would be a 6.9% increase. ETF funds for state-related

Tuskegee University, and for Talladega College and Lyman Ward Military Academy (both private institutions), would total \$13.6 million, up 5.1%.

Louisiana (<https://www.doa.la.gov/Pages/OPB/index.aspx>)

At the end of February the governor presented his 2021-22 budget recommendations to the Joint Legislative Committee on the Budget, which prioritize his commitment to health and education including salary increases for public school teachers and employees as well as higher education faculty members, increasing funding for state colleges and universities, and providing additional funding for Go Grants to support financially disadvantaged postsecondary students.

Despite substantial revenue shortfalls due to the pandemic, the governor proposes a balanced budget without cuts largely because of federal Medicaid assistance that freed up substantial state funds to fill budget gaps. In 2021-22 statewide general funds would be up 2.7% over the existing 2020-21 budget to nearly \$9.6 billion, though statutorily dedicated revenues would decline 12.8% to \$5.1 billion.

General funds to the Louisiana Department of Education would total nearly \$3.7 billion, down 1.8%, including \$3.5 billion for Minimum Foundation Program formula funding, down 1.6%. The decline is mainly due to a projected decrease in student enrollment counts. However, the MFP amount includes \$40 million of state funds to fund regular salary-step increases and associated retirement costs for teachers, certified staff, and support workers.

The governor also proposed \$11.2 million for the Child Care Assistance Program (no change), \$27.8 million for LA-4 Pre-K program to support at-risk 4-year-olds (up less than 1%), \$6.4 million for Nonpublic Schools Early Childhood Development to provide preschool instruction and services (no change), and \$41.3 million for Student Scholarships for Educational Excellence Program to offer additional school options to qualifying students (down about 1.6%).

State funding for special schools and commissions overall would decline 2.4% to nearly \$47.2 million, though this includes \$1.1 million for the Board of Elementary and Secondary Education, up 4.8%.

General funds for higher education would total \$1.1 billion, up 17%. This includes an additional \$15.5 million in formula funding to state colleges and universities, an additional \$19.8 million for faculty pay raises (toward the goal of meeting the Southern Regional Education Board regional salary average), \$274.6 million (up 4.6%) for merit-based TOPS awards program, and \$40.5 million (up 37.8%) for the last-dollar, need-based Go Grants for non-traditional and low-to-moderate-income students.

Tennessee (<https://www.tn.gov/finance.html>)

The governor's State of the State address highlighted his administration's actions to tackle the COVID-19 outbreak while also focusing on his administration's top legislative priorities as well as the pre-pandemic budget priorities put on hold for the 2020-21 fiscal year — including education, health care, and economic and rural development. The governor recommends significant investments for capital maintenance and improvement projects, and, to aid full statewide economic recovery, \$200 million in non-recurring state funds to provide grants and tax credits to increase broadband access in unserved and underserved homes and businesses across the state. In addition, the governor recommended \$120.1 million to fully fund the salary component of Basic Education Program formula funding, providing annual salary step increases for teachers and other positions.

State-funded expenditures in 2021-22 would total nearly \$21 billion, up 9.7% over the estimated prior-year amount. Funds for K-12 education would total \$5.6 billion, up 4.2%. Of that amount, \$5.2 billion would be provided as BEP K-12 formula funding to local education agencies, a 3.6% increase; \$10.6 million would be for postsecondary career and technical education, up 7.1%; and \$90.8 million would be directed to early childhood education, unchanged from 2020-21.

Overall, postsecondary education would receive nearly \$2.3 billion, up 6.4%. This includes \$687.7 million, up 6.8%, for the University of Tennessee System; \$321.1 million, up 7.5%, for community colleges; and \$79.9 million, up 4.8%, for colleges of applied technology.

State funding for student aid through the Tennessee Higher Education Commission would total \$22.9 million, up 62.7%. Need-based Tennessee Student Assistance Awards for undergraduate students would receive \$117.3 million, up 3.5%. Available lottery funds for education are projected at \$369 million, up 1%, a majority of which are dedicated to fund post-secondary scholarships including HOPE Scholarships, supplemental need-based Aspire Awards, Dual Enrollment Grants, Tennessee Reconnect Grants, and GIVE scholarships.

Notes from other SREB states

At the time of this writing, legislatures in every SREB state aside from Louisiana have convened their 2021 regular legislative sessions; Louisiana's session begins on April 12. Kentucky legislators are scheduled to conclude their session at the end of March, while several other states (including Arkansas, Georgia, Maryland, Mississippi and West Virginia) are either scheduled or projected to end their sessions in April.

The Virginia General Assembly adjourned *sine die* at the beginning of March. While legislators had originally intended to complete the session in February, finishing work on appropriations and other matters required extension of the session. Legislators will meet in the reconvened session on April 7 to consider gubernatorial vetoes and recommendations.

The amendments to Virginia's 2020-22 biennial budget approved by legislators would provide funding sufficient for an average 5% salary increase for teachers and instructional support personnel starting July 1, 2021. Other budget amendments of note include funding to expand the child care subsidy program, additional funds for infrastructure and operations payments to districts and for specialized student support staff, plus allocations of federal COVID recovery aid for a growth assessment system for students in grades 3-8, to expand Virtual Virginia's learning management system and the number of available course enrollment slots, and for learning loss remediation and recovery grants to districts.

Legislators in West Virginia approved House Bill 2012, which increases from three to 10 the number of new charter schools that may be approved in the state each year and which also permits the creation of virtual charter schools. Legislators also approved Senate Bill 11, which prohibits public employees, including teachers, from engaging in a strike or work stoppage, and Senate Bill 14, which provides an alternative teacher certification route for an individual who holds a bachelor's degree, completes pedagogical training and achieves a passing score on the required subject matter and competency examinations.

Having previously completed legislation to update and extend the timeframe of the state's COVID response measures, North Carolina legislators in early March sent to the governor House Bill 196,

containing additional COVID response and relief measures. The legislation allocates the state's share of federal relief funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, including measures to: ensure that each school district receives at least \$180 per student from the Elementary and Secondary School Emergency Relief II Fund; establish a \$15 million Extended Learning and Integrated Student Supports Competitive Grant Program; provide funding for school districts to address learning loss and provide enrichment activities in the summer; and provide additional funding to school districts to support COVID-related needs.

While the Mississippi Senate approved House Bill 852, which would provide a teacher salary increase of approximately \$1,000 per year, it still requires the House to approve the measure (as it was modified from its original language by the Senate). The Speaker of the House indicated he will not move on final passage until updated revenue figures become available.

Across the region, revenue projections in early 2021 are greatly improved for many states over the projections made in 2020 when there was still a great deal of uncertainty over the economic impact of the coronavirus pandemic and there were broad fears that pandemic lockdowns and the resulting slowing of economic activity would wreak havoc on state finances. Federal aid, both from the CARES Act in March 2020 and the Coronavirus Response and Relief Supplemental Appropriations Act from December, have aided state revenues in several ways: direct payments to taxpayers along with increased unemployment aid to the millions who lost their jobs due to the pandemic have buoyed sales and use tax collections, while aid to government and businesses has helped many workers retain their employment and continue their state income tax contributions.

The revenue picture is not, however, uniformly positive across the region — revenue collections have not fully recovered in Florida, Louisiana and Texas. Legislators in those states are grappling with a more difficult budget situation going into the forthcoming fiscal year than are their counterparts in states where revenues have picked back up.

In addition, uncertainty remains as to states' long-term economic prognosis; while at the time of this writing a third federal relief measure is expected to soon become law, it is not known if state economies will have sufficiently recovered on their own by the time that federal relief funding expires.

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