SREB

Texas

Taking Stock and Pushing Forward

2014 State Progress Report

Challenge to Lead 2020
Goals for Education

Southern
Regional
Education
Board

SREB.org

SREB's
Challenge to Lead 2020

Goals for Education

All children **entering school** will exhibit the knowledge and the social and developmental skills needed for success in first grade.

Student achievement for all groups in the **early grades** will exceed state standards and national averages — at rates that close achievement gaps between groups.

Student achievement for all groups in the **middle grades** will exceed state standards and national averages — at rates that close achievement gaps between groups.

Eighty percent of all groups of ninth-graders will graduate from **high school** ready for college and career training. (This likely means more than 90 percent will need to graduate from high school and more than 80 percent will need to meet readiness standards for college and career training.)

Sixty percent of working-age adults will have a **postsecondary** credential: an associate or bachelor's degree, or a career certificate. Public postsecondary institutions will make it a top priority to help states meet state needs by increasing graduates, public service and research.

Increasing percentages of **adults** without high school or postsecondary credentials will pursue opportunities to earn high school alternative certificates, college degrees or career certificates.

Texas

Taking Stock and Pushing Forward

2014 State Progress Report on the Challenge to Lead 2020 Goals for Education

Southern Regional Education Board

This report was developed by a team of SREB staff members led by Jeff Gagne, director, Education Policies. Key team members included Michaela de Groot, policy analyst; Matthew Smith, policy analyst; Jenny Hite, research associate; Alex Camardelle, intern and Joan Lord, vice president. The team is grateful to many others who contributed.

It was edited by Matia Edwards, chief editor, Communications; and designed by Lety Jones, senior designer and production manager.

It is part of the Challenge to Lead education goals series, directed by Jeff Gagne. A full listing of the goals is printed on the inside front cover. For more information, email jeff.gagne@sreb.org or call (404) 875-9211. *Challenge to Lead 2020 Goals for Education* is available at www.sreb.org.

A Message from the President of SREB

Dave Spence, SREB President

SREB's ***Challenge to Lead*** goals for education have provided benchmarks for measuring educational improvements in our states for more than a decade. During this time, SREB has helped states track progress on a variety of key indicators, and we have watched as greater percentages of students hit key benchmarks on the National Assessment of Educational Progress (NAEP), graduated from high school and earned college degrees. But, we have a ways to go to ensure that the residents of SREB states have the postsecondary credentials they need to meet and exceed education levels needed for success in the work force and as citizens.

In 2012, we took stock of where we were and refreshed SREB's goals. We knew that we needed to keep measuring outcomes, but we needed to do more. Over the previous five years, SREB state leaders have engaged in deep study of literacy, the middle grades, high school accountability and college completion — and they set a policy agenda for each. These leaders believed if the right policies are linked to goals, states could expect greater progress. ***Challenge to Lead 2020*** made these connections.

SREB's *Challenge to Lead* goals for education have provided benchmarks for measuring educational improvements in our states for more than a decade.

Taking Stock and Pushing Forward reports recent growth on outcomes and activity in policy development in SREB states in several key areas:

- **Improving achievement on NAEP at the Basic level** — although the emphasis on achievement at fourth and eighth grades in *Challenge to Lead 2020* has shifted to the NAEP Proficient level, which aligns with college and career readiness.
- **Improving high school graduation rates** — now based on a federal calculation that accounts for all students from ninth grade and replaces a previous calculation that was an estimate. Based on 14 SREB states using the new rate, the median SREB state average rate of 80 percent equaled the national average. (Two states received a waiver to use the previous rate for another year.)
- **Improving access to postsecondary education for black and Hispanic students** — SREB regional postsecondary enrollment gains for black and Hispanic students outpaced the region's overall enrollment gain, thereby narrowing the access gap to higher education.

This report details where **Texas** stands in education. You and your state can take pride in these highlights on key outcome measures and policy implementation.

Notable Outcomes in Texas

- Texas is one of eight states in the nation to serve more than half of its four-year-olds in state-funded pre-K.
- Texas' fourth- and eighth-graders *outperformed* the nation in math achievement on NAEP at the Basic level — as did eighth-graders at the Proficient level. Eighth-graders *outpaced* the nation in math at the Basic level.

A Message from the President of SREB (continued)

- Texas' black and Hispanic fourth-graders narrowed the achievement gap in math on NAEP at the Proficient level — and black and Hispanic eighth-graders narrowed the gap in reading at the Basic level and math at the Proficient level. Hispanic eighth-graders narrowed the gap in math at the Basic level.
- Texas' high school graduation rate increased and now ranks highest in the region and second in the nation. The increase in graduation rate extended to black, Hispanic and white high school seniors.
- The percentage of graduating seniors in Texas who took an Advanced Placement exam while in high school increased, outperforming the nation.
- In Texas, the first-year persistence rate, the percentage of college freshmen who return for a second year, exceeded the region.
- In Texas, the percentages of black and white adults, ages 25 to 64, with an associate degree or higher topped the national percentage for their respective peers.
- Texas was one of five SREB states to rank above the national average on the TechNet Broadband Index — an indication of the pervasiveness of broadband in a state.
- Texas was one of seven states in the nation implementing nine or more of Data Quality Campaign's 10 state actions for effective data use.

Policy Highlights in Texas

- Texas requires an early reading assessment or diagnostics to students and requires academic interventions to support struggling readers in K-3.
- Texas provides need-based financial aid for postsecondary education statewide.
- Texas provides for guarantee of full transfer of general education credits.
- Texas has outcomes-based funding policies that apply to two-year postsecondary institutions with a portion of this funding applied to the progression and graduation of specific student groups.

I am encouraged by the progress reflected in all the state reports. SREB is committed to working with states to ensure this progress continues. We look to state leaders to press for strong and effective education policy in their states. Together, we can ensure that student achievement reaches high levels, and SREB states achieve their education, economic and work force goals.

Dave Spence

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Foreword

Taking Stock and Pushing Forward is the sixth biennial report to SREB states on their progress in meeting **SREB's *Challenge to Lead*** goals for education. It is a set of 16 customized state progress reports — one for each SREB state. For the first time, these state reports document both measurable outcomes and state policies. Through effective policy implementation, the goals can drive improvements in student achievement, high school graduation, college completion and work force readiness.

In 2002, the ***Challenge to Lead*** goals boldly declared that SREB states could lead the nation in education progress. Between 2008 and 2012, SREB hosted four policy commissions, along with other SREB regional study convenings. Each made recommendations on essential policies to help states reach their goals. By 2012, SREB's leaders could see their states had made measurable progress, but they knew their task was unfinished.

For the first time, SREB's biennial state progress reports document both measurable outcomes and state policies.

In 2012, SREB reframed the 2002 goals and reduced the number from 12 to six. SREB state leaders believed the new ***Challenge to Lead 2020*** goals, with outcome measures linked to policies, could drive student achievement. As states adopt and implement the recommended policies, they cannot guarantee that student results will necessarily follow. Yet, the six goals set the stage for success.

SREB promised to help states achieve the goals by monitoring, measuring and reporting on outcomes for each state — and by benchmarking implementation of specific policies related to the goals.

Challenge 2020's six goals focus on the student — from prekindergarten through postsecondary education and into the adult years. The biennial reports showcase progress on the educational milestones students must reach at each stage. They also will pay attention to the transitions between stages. Research shows that many students drop out of school during these transitions, because they are not fully prepared for success at the next educational level.

What to expect in this report: The progress reports begin with demographic and economic perspectives to situate SREB states in their regional and national contexts. The South's overall population growth, and school enrollment growth in particular, has outpaced the rest of the nation in the last decade. The region has become more racially and ethnically diverse during the same period. And, it has been hit hard by the recent economic recession. These perspectives provide a critical backdrop for the remainder of the report, underscoring the importance — and the difficulty — of making educational gains in SREB states.

Reporting on the **outcome measures continues in this report, much as in the past**. Policy-makers have come to expect SREB to report on such key measures as results on the National Assessment of Education Progress (NAEP), ninth-grade enrollment bulge, high school graduation rates and college-enrollment rates of recent high school graduates. These particular measures give a picture of progress on how well current students

are thriving as they move through school and what challenges SREB states face. And when outcome measures are reported in national and regional contexts, policy-makers can determine how students in their states stack up with other students.

Policy-makers will also find information about important policies. In several instances the elements of these policies — all related to the goals — are laid out in clear tables that indicate where a state stands. In other cases, color-coded maps of the region allow policy-makers to compare states on these policies. SREB's website displays full state spreads of the tables showing the policy elements. Check sreb.org and click on the Education Policies Web pages.

The tension at the heart of tackling these goals is **taking stock** to know how well states are doing on what matters — and then knowing what states need to do to **push forward**. Tackling goals means answering the questions, "where do we stand?" and "how can we get better?" It is the interplay between today's results and tomorrow's strategies for improvement.

The tension at the heart of tackling these goals is taking stock to know how well states are doing on what matters and then knowing what states need to do to push forward.

SREB states pushed forward in the last 10 years and made gains in pre-K access, NAEP achievement gains in reading and math, and high school graduation rates. For the most part, these gains resulted from the efforts of inspired SREB state leaders, who championed research and policy. They implemented important policies with good planning that called for state and local support — and they were committed to putting their plans in place and achieving their goals over the long haul. Some of their best efforts are documented in SREB's 2013 report, *A Decade of Progress: How SREB States Achieved Exceptional Gains*.

SREB will continue to help states, especially as they implement the ***Challenge 2020*** goals — by keeping its commitment to measure outcomes and benchmark progress on policy.

Education Policies Team

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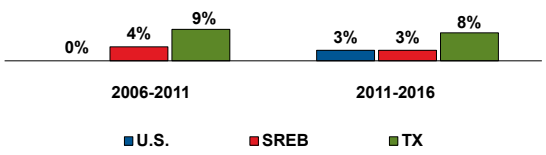
Demographics

Challenge to Lead 2020 goals called for *all* groups of students to achieve at high levels. They also emphasize the need for states to close achievement gaps for minority students and students from poor and low-income families. Rising enrollment and changing demography across SREB states affected these student groups in dynamic ways — and will continue to do so in the years ahead.

The overall population in SREB states grew 6 percent from 2006 to 2011, so it is no surprise that **public elementary and secondary school enrollment** also grew. Over the same period, fall enrollment increased 4 percent in SREB states — slower than population growth but faster than the enrollment nationally, which remained relatively stable.

Actual and Projected Changes in Fall Enrollment
Public Elementary and Secondary in Texas



Source: SREB, based on data from National Center for Education Statistics

Ten SREB states had higher enrollment in 2011 than in 2006, five SREB states had fairly constant enrollment over the period, and one SREB state had a decline. The changes ranged from an increase of 9 percent to a decrease of 1 percent.

Looking ahead, national public school enrollment is projected to increase at a faster rate from 2011 to 2016 than it did from 2006 to 2011. The enrollment rate across the region is projected to increase by 3 percent over the same time period. However, three SREB states could see declines in enrollment through 2016.

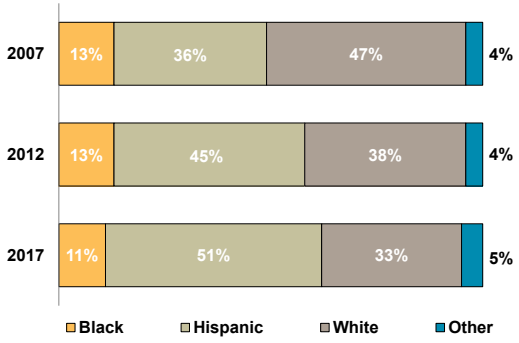
In Texas:

- The public school enrollment rate outpaced the SREB region from 2006 to 2011, and it is expected to outpace the region from 2011 to 2016. About 5 million students were enrolled in fall 2011.
- From 2007 to 2017, the proportions of black and white students in the high school graduating class are expected to decline, and the proportion of Hispanic students is expected to grow.
- The percentage of children living in poverty increased 3 percentage points since 2007.

One fact is clear. Public school enrollment has grown more diverse. This change was evident in public high school graduating classes. In spring 2012, 60 percent of graduating seniors in the United States were white, down 5 percentage points from 2007. According to projections, that proportion is expected to continue to decline to 57 percent by 2017.

Likewise, the proportion of black graduating seniors is projected to decline 1 percentage point from 2012 to 2017. The proportion of Hispanic seniors in the United States is expected to grow from 14 percent of the graduating class to 21 percent from 2007 to 2017.

Racial/Ethnic Proportions
Public High School Graduates in Texas

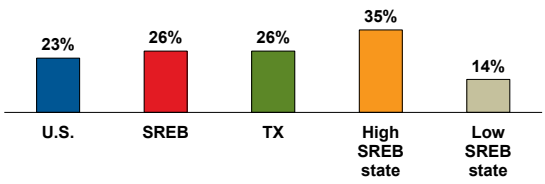


Source: SREB, based on data from Western Interstate Commission for Higher Education

All SREB states except one are expected to mirror the nation in growing **more diverse** from 2007 to 2017. The fastest-growing student group — Hispanic students — is projected to increase 9 percentage points in the region during this time. These students — many from low-income households and with limited English proficiency — will need extra support to graduate from high school ready for college and careers.

The nation's most recent recession, which began in 2008, hit SREB states hard. By 2012, most SREB states were still struggling with lagging state revenues, high unemployment and weak housing markets. The impact of all these factors on school-aged children is undeniable, as SREB states saw poverty rates rise.

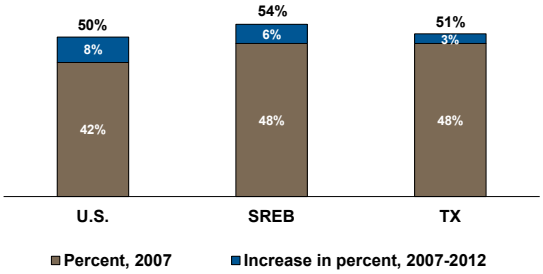
Children Under 18 Years Old Living in Poverty in Texas, 2012



Source: The Annie E. Casey Foundation

In 2012, about 16 million children under 18 years old in the United States lived in **poverty** — about 23 percent of the nation's children. Nearly 42 percent of the nation's children living in poverty resided in SREB states. The percentages in the nation and in the region increased from 2007 to 2012; the percentage also rose in all 16 SREB states. The U.S. Census Bureau measures poverty by income and household size. Poverty in 2012 was equivalent to $23,492 in annual income for a household of four.

Percentage of Students Approved for Free or Reduced-Price Meals in Texas, 2012



Source: SREB, based on data from National Center for Education Statistics

Thirteen SREB states had higher poverty rates than the nation in 2012. Across the region, these percentages ranged from 14 to 35 percent of all children.

The percentage of students in low-income households in the nation rose from 42 percent in 2007 to 50 percent in 2012. In the region, the percentage grew from 48 percent to 54 percent. The percentage rose in every SREB state. Federal law defines low income by eligibility for free or reduced-price meals in the National School Lunch Program — available to students from households of four with incomes up to 185 percent of the annual poverty level (up to $41,348 in 2012).

The growth in students from **low-income** households is important to policy-makers. Research indicates that low income can cause frequent family relocation as parents seek work and new housing. This instability creates disruptions in learning for children and higher absenteeism. It can also be an underlying cause of poor nutrition, inadequate health care and weak student and parent engagement with their schools — all factors that affect student achievement.

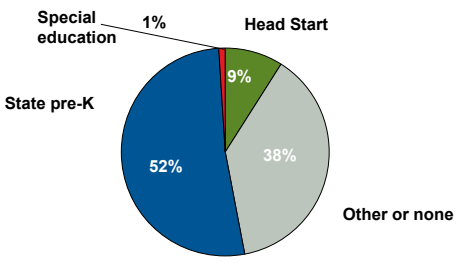
Early Learning

The *Challenge to Lead 2020* goals call for SREB states to increase the percentages of all groups of 3- and 4-year olds who enroll in public prekindergarten to above national averages and for states to increase the percentage of students who meet targets for school readiness. The goals stress the importance of both access and quality as states take steps to ensure that their pre-K programs are integrated and aligned with kindergarten and the early grades.

Research is clear that if young children enter first grade ready to learn, their chances for success throughout school are greatly improved. SREB states make a well-placed investment when they ensure that all children are ready for school — and when all children have a firm foundation for reading and math skills as early as pre-K.

The challenge for all SREB states is to provide adequate **access** to pre-K to serve all 4-year-olds — and the 3-year-olds at risk of not being ready for school — while maintaining high standards for programs even if they have limited financial resources.

Four-Year-Old Enrollment in Pre-K in Texas By Program Type, 2013



Source: National Institute for Early Education Research

Some SREB states have stretched public dollars by engaging in partnerships between public school districts, federally funded Head Start, and parochial or private schools to deliver pre-K to as many children as possible in various types of settings. Regardless of the provider, states should maintain high standards and incentives for programs to reach a common goal — first-grade readiness.

In Texas:

- In 2013, an estimated 52 percent of 4-year-olds were enrolled in state-funded prekindergarten programs.
- NIEER reported that Texas met two of the 10 standards of quality for pre-K in 2013, including one of the four teaching standards.
- The state requires local districts to choose one of four assessments to evaluate pre-kindergarteners and to choose one of 17 assessments to evaluate kindergarteners' readiness for school.

From 2010 to 2013, enrollment in state-funded pre-K increased in seven SREB states, remained flat in five states and decreased in four. Of the eight states in the nation that enrolled half or more of 4-year-olds in pre-K, five were SREB states. Seven SREB states enrolled 3-year-olds in state pre-K programs, and six of these enrolled them at rates at or above the national average of 4 percent. The range in rates in SREB states was 1 percent to 14 percent.

The National Institute for Early Education Research (NIEER) has identified **10 standards of quality** that are widely accepted for pre-K programs. Among the criteria are curriculum, class-size limits, child-to-staff ratios and staff qualifications. SREB states are national leaders in implementing these standards. Four states in the nation met all 10 standards in 2013, two of which are SREB states. Four SREB states are among seven states nationwide that met nine of the 10 standards.

Most SREB states administer **readiness assessments** in kindergarten to evaluate students' development and ensure readiness for first grade. Multiple, ongoing measures and observations are regarded as more developmentally appropriate for this age than single snapshot assessments, and they provide more timely feedback for educators. In addition, the earlier the first of these assessments are administered, the sooner program providers can use feedback to help meet children's needs.

In 2014, 13 SREB states require student assessments in kindergarten, and five of these states use multiple, ongoing measures and observations to assess students' early academic skills and social and emotional development. Four SREB states require assessments for children in pre-K. These early assessments give teachers the information they need to help students build strong skills early.

The *Challenge 2020* goals emphasize strong **teacher qualifications** and continuing professional development for kindergarten and prekindergarten teachers. National standards spell out the specialized training and professional development requirements needed for lead and assistant teachers to ensure they are prepared for their roles. Four of the 10 NIEER standards relate to these types of staff qualifications. Six states in the nation met all four teacher qualification standards in 2013 — three of which are SREB states.

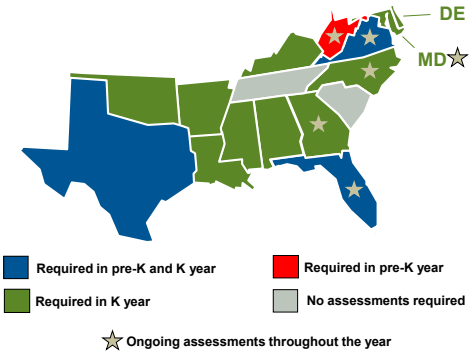
Research demonstrates a positive relationship between pre-K teachers who hold a bachelor's degree and their students' academic outcomes. It also shows a positive relationship if pre-K teachers have specialized training in early childhood education. Despite this, few pre-K teachers have such degrees and training. Assistant pre-K teachers need the Child Development Associate (CDA) Credential. Professional development is important for both the lead teachers and the assistants.

Teaching Quality Standards for State Pre-K In Texas, 2013

Teaching Quality Checklist	
Standard	**Met**
Lead teacher has bachelor's degree	
Lead teacher has specialized pre-K training	
Assistant teacher has the CDA Credential or equivalent	
Teachers earn at least 15 hours/year of in-service professional development	✓

Source: National Institute for Early Education Research

School-Readiness Assessment Requirements In Kindergarten (K) and Pre-K, 2014



Sources: SREB analysis of state documents

In most states, pre-K teachers and their assistants earn significantly less than their K-12 counterparts, even when they possess the same or similar credentials and work in the public school system. This gap in pay presents a significant challenge in the recruitment and retention of highly trained early childhood educators.

From 2012 to 2014, SREB states made strides in overall pre-K program improvement. During this period, 11 SREB states enacted legislation aimed at:

- expanding pre-K access
- developing or improving early assessments
- aligning pre-K and K-12 curricula, and
- improving the governance structures of state-funded pre-K programs.

By 2013, all SREB states had adopted state-funded prekindergarten programs. Even so, too few SREB states serve 3-year-olds in their state-funded pre-K programs as called for in *Challenge 2020*. Of seven SREB states that serve 3-year-olds, only one serves more than 10 percent of them in its program. All SREB states have a challenge to provide adequate access and high quality pre-K programs to their 3-year-olds at-risk of not being ready for school and to all their 4-year-olds.

Early Grades

Challenge to Lead 2020 goals call for 90 percent of fourth-graders to score at or above the Basic level in reading and math on NAEP and for percentages of fourth-graders scoring at or above the NAEP Proficient level in these subject areas to increase regularly — to above national averages. The Proficient level is most closely associated with college and career readiness.

Known as the Nation's Report Card, NAEP's series of exams measure student achievement in specific subjects and grades. It is given every two years, most recently in 2013.

In **reading**, the percentages of fourth-graders in the nation and region scoring at or above the NAEP Basic and Proficient levels improved since 2009. Gains in SREB states in the percentages of these students scoring at or above the Basic level outpaced those of the nation from 2009 to 2013, and half of the SREB states made gains over this period. No SREB state reached the 90 percent goal at Basic in reading.

From 2009 to 2013, percentages of students in SREB states scoring at or above the Proficient level increased at twice the rate of their national peers. Twelve SREB states increased the percentage of students scoring at or above the Proficient level. Five SREB states had a larger percentage at or above this level than the nation.

In **math**, the percentages of fourth-graders in the nation and region scoring at or above the Basic and Proficient levels improved since 2009. At both levels, the region outpaced the nation in gains. The percentage of students in SREB states achieving at or above the Basic level exceeded their national peers for the first time. No SREB state reached the 90 percent goal at the Basic level in math.

All 16 SREB states increased the percentage scoring at or above the Proficient level from 2009 to 2013, and seven SREB states had a greater percentage of students scoring at or above Proficient than the nation.

The early grades goal emphasizes the need for SREB states to **close achievement gaps** for students from various racial and ethnic groups and for those from low-income families.

In **reading** at the Proficient level, white students continued to outperform their black and Hispanic peers in the SREB states in 2013, yet black and Hispanic students narrowed their respective gaps with white students since 2009.

In **math** at the Proficient level, black students narrowed the gap with their white peers in the SREB states since 2009. Achievement gains by Hispanic students did not keep pace with those of their white peers, so the gap between these groups widened.

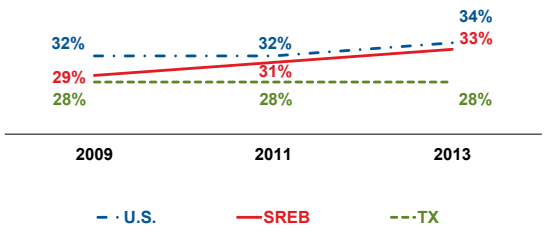
Fourth-graders from low-income families in the region generally outpaced their national peers in reading and math achievement. Yet, gaps between students from low-income families and all others widened.

Despite growing enrollments, demographic changes and the persistence of achievement gaps, SREB states made promising gains in reading and math achievement. Even so, many SREB states still have a high proportion of school-aged children considered at risk of falling behind and dropping out of school — that is, unless states intervene to help them meet standards.

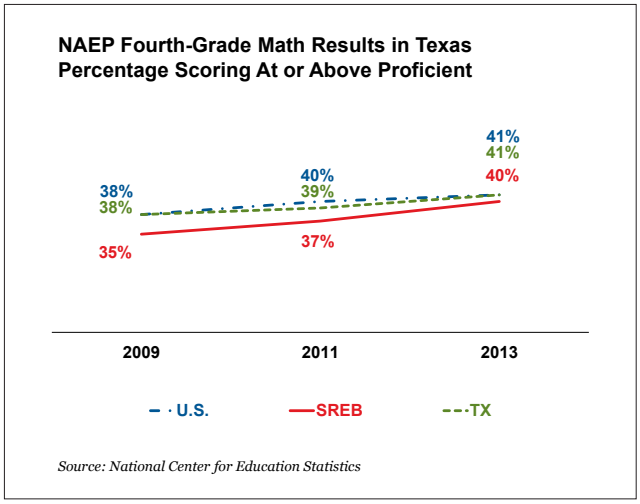
In Texas:

- The gap between black and white students scoring at or above Proficient on NAEP in math narrowed by 1 percentage point since 2009 — to 37 points in 2013. The gap for Hispanic students narrowed by 4 points over the same period — to 31 points.
- The gap between black and white students scoring at or above Proficient in reading widened by 5 points since 2009 — to 28 points in 2013. The gap for Hispanic students widened by 4 points over the same period — to 29 points.

NAEP Fourth-Grade Reading Results in Texas
Percentage Scoring At or Above Proficient



Source: National Center for Education Statistics

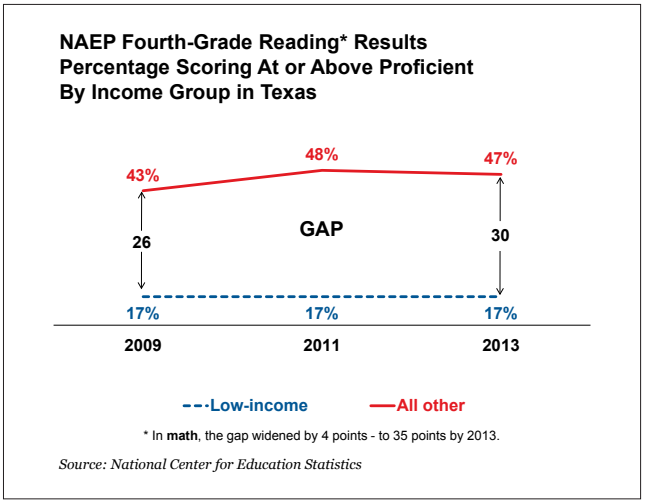


Source: National Center for Education Statistics

The *Challenge 2020* early grades goal focuses on several **policies that support early grades learning**. Among these is a call for states to place students who are behind in reading in programs to help them catch up to their grade-level peers, not later than the end of third grade. Research shows that for these students, monitoring academic progress as early as pre-K and intervening frequently can help ensure students are reading on grade level by third grade.

In most SREB states, third-graders who fail to achieve a state-determined literacy benchmark can be retained. Research shows that for these students, repeating the same third-grade curriculum they have already received is not enough to catch them up to the benchmark.

SREB states have addressed early grades reading support — both before and after retention — by implementing a variety of policy elements as diverse as the students they serve. Some states require intensive academic interventions, including tutoring or additional instruction time. Some states have adopted the use of literacy coaches, computerized reading programs, or home reading programs to help struggling readers catch up. A few SREB states have adopted a comprehensive approach that ensures the reading interventions after retention are tailored to meet each student's needs.



Source: National Center for Education Statistics

Early Grades Reading and Literacy in Texas

Policy Element	State Required	Frequency
Administers reading assessments or diagnostics to students	Yes	Annually, K-3
Requires academic interventions to support struggling readers	Yes	As needed, K-3
Requires parent/guardian notification of intervention plan	Yes	Before retention
Requires retention of third-graders who do not meet a state-defined literacy benchmark in reading on a statewide assessment	Yes	Not Applicable
Requires tailored instruction for retained students	No	
Allows exemptions for students who demonstrate proficiency by other means, by appeal or district approval	Yes	
Allows exemptions for specific groups of students	No	

Sources: Education Commission of the States and SREB state documents

Middle Grades

Challenge to Lead 2020 goals call for 90 percent of eighth-graders to score at or above the NAEP Basic level in reading and math and for percentages of eighth-graders scoring at or above the NAEP Proficient level in these subjects to increase regularly — to above national averages. The Proficient level is most closely associated with college and career readiness.

In **reading**, the percentages of eighth-graders in the nation and SREB region scoring at or above the NAEP Basic and Proficient levels improved since 2009. Gains in SREB states in the percentages of these students scoring at or above the Basic level equaled gains made by their national peers from 2009 to 2013, and 14 SREB states made gains over this period. No SREB state reached the 90 percent target of eighth-graders scoring at the Basic level in reading.

From 2009 to 2013, every SREB state increased the percentage of students scoring at or above the Proficient level, with the region outpacing the nation in gains at the Proficient level. In three SREB states, a greater percentage of students scored at or above the Proficient level in 2013 than their peers in the nation, and in five SREB states, students made greater gains than their peers in the nation from 2009 to 2013.

In **math**, the percentages of eighth-graders in the nation and region scoring at or above the Basic and Proficient levels improved modestly since 2009, with the region outpacing the nation in gains at the Proficient level. Eleven SREB states increased the percentage of students scoring at or above the Basic level, although no SREB states reached the 90 percent target of eighth-graders scoring at the Basic level in math.

Thirteen SREB states increased the percentage of students scoring at or above Proficient from 2009 to 2013, with the region outpacing the nation in gains over the period. Four SREB states had a greater percentage of students scoring at or above Proficient than the nation.

The middle grades goal emphasizes the need for SREB states to **close achievement gaps** of students from various racial and ethnic groups and students from low-income families.

In **reading** at the Proficient level, white students continued to outperform their black and Hispanic peers in SREB states. The gap in achievement between black and white students widened from 2009 and 2013. The gap remained the same for Hispanic students in 2013 as in 2009.

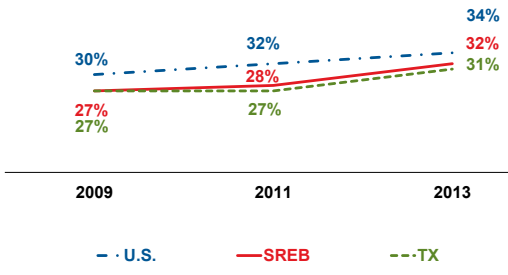
In **math** at the Proficient level, white students continued to outperform their black and Hispanic peers in 2013. But in math, both black and Hispanic students narrowed gaps with their white peers in SREB states since 2009.

Eighth-graders from low-income families in the region improved in reading and math achievement from 2009 to 2013, keeping pace with their national peers. Yet, gaps between students from low-income families and all others in SREB states continued to widen.

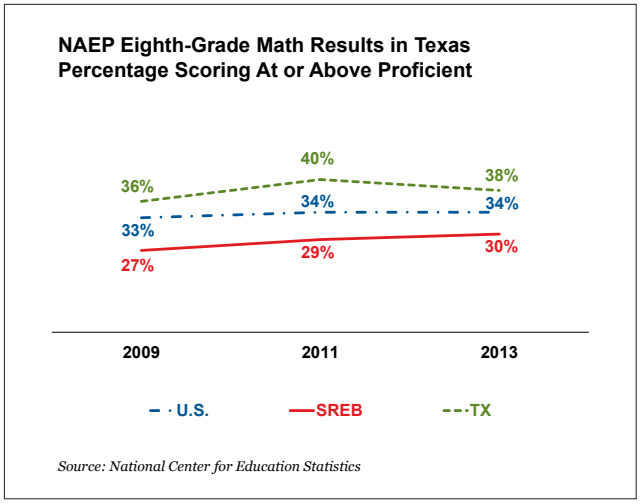
In Texas:

- The gap between black and white students scoring at or above Proficient on NAEP in reading widened by 3 percentage points since 2009 — to 32 points in 2013. The gap for Hispanic students widened by 4 points over the same period — to 29 points.
- The gap between students from low-income families and all other students scoring at or above Proficient in math narrowed by 1 point since 2009 — to 27 points in 2013. In reading, the gap widened by 2 points over the same period — to 27 points.

NAEP Eighth-Grade Reading Results in Texas
Percentage Scoring At or Above Proficient



Source: National Center for Education Statistics



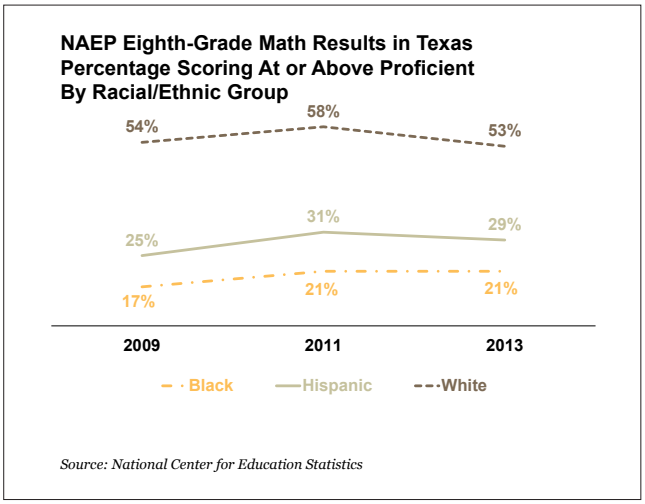
Source: National Center for Education Statistics

Despite growing enrollments, demographic changes in public schools and the persistence of achievement gaps, SREB states made promising gains in reading and math achievement at the Proficient level on NAEP. Even so, many SREB states have a high proportion of middle grades children considered at risk of falling behind or dropping out of high school — that is, unless states have policies that can effectively engage students and their parents in understanding the value of education and planning for their futures — beginning in the middle grades.

The 2011 SREB Commission on the Middle Grades developed a framework for advancing the middle grades: clarify the mission of the middle grades and hold districts and schools accountable for meeting it; focus the curriculum on literacy and STEM disciplines; intervene to help students likely to drop out of school; require individualized academic and career plans; and refocus professional development. This framework remains important and is captured in *Challenge 2020.*

Challenge 2020 specifically calls for states to ensure that all students create an academic plan for success in high school and to identify and explore potential careers beyond high school. Developing such a plan helps students develop the commitment needed to achieve their goals. Students may change the plan while in high school, but having a plan helps them stay focused on an educational pathway that leads to postsecondary education or training.

Currently, 13 SREB states require middle grades students to develop individualized academic and career plans. Of these states, 12 also require students to participate in specific academic and career planning activities such as counseling or direct exposure to careers.



Source: National Center for Education Statistics

Middle Grades Career and Academic Planning in Texas

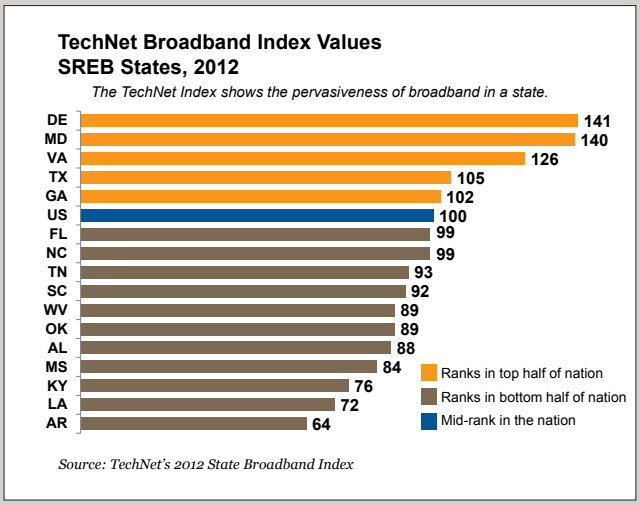
Policy Element	State Required	Policy Type
Students develop high school graduation plans	Yes	
Students explore careers	No	State statute
Students learn about postsecondary education options	No	
Summary of eighth-grade requirements	Effective September 2014, eighth-grade students at risk of not graduating from high school on time must complete a graduation plan. All ninth-grade students must complete graduation plans and explore college and career options.	

Sources: SREB analysis of state documents

Issues Affecting All Goals: Technology, Data and Teachers

Educational Technology: Broadband

All the *Challenge to Lead 2020* goals recognize effective uses of educational technology as a critical element for success. While various emerging technologies raise critical issues for today's schools and colleges, ensuring all of them have accessible and affordable Internet connectivity is a priority. Students and faculty need high-speed broadband both inside and outside the classroom to support instruction and research. As students and teachers bring more personal electronic devices to class and labs— often three per person — the demand for connectivity climbs. As schools turn to online assessments, they stretch the limits of their capability.



Colleges and universities in most SREB states get broadband through Research and Education (R&E) networks, which are supported with federal and state funds. These networks purchase bandwidth directly from wholesalers. While some SREB states with R&E networks allow their K-12 schools to connect to these networks, most K-12 schools purchase bandwidth from commercial providers. The cost per unit of bandwidth is cheaper from R&E networks, even though schools can receive discounts from commercial providers through the federal E-rate program. Even so, schools generally do not have the resources to purchase all they need. In 2011, a Federal Communications Commission study found that 80 percent of E-rate funded schools nationwide lacked adequate bandwidth for current needs.

The State Education Technology Directors Association established a bandwidth standard for K-12 schools of 100 megabits per second (Mbps) per 1,000 students/staff members by 2014-15, with an increase to 1,000 Mbps in 2018. Most schools in SREB states do not meet the 2014-15 standard.

Funding for bandwidth in the future depends on schools' ability to track current usage and to document needs. States need these data from schools to set priorities for their expenditures and to secure federal funding. These data are not generally available nationwide for all schools.

TechNet, a public policy group in the technology industry, analyzes the pervasiveness of broadband in states based on an index that weighs access in each state, network speeds statewide and the number of employees in technology fields. It gives states an index value and ranks states on the index. In 2012, 11 SREB states ranked below the national average on TechNet's Broadband Index. The pervasiveness of bandwidth in a state is important for education — uses of bandwidth in business, residences and educational institutions are intertwined. Many states are beginning to map their overall bandwidth resources so they can set priorities for expanding availability. Developing such maps should be a high priority for all SREB states.

Education Data: Data Quality

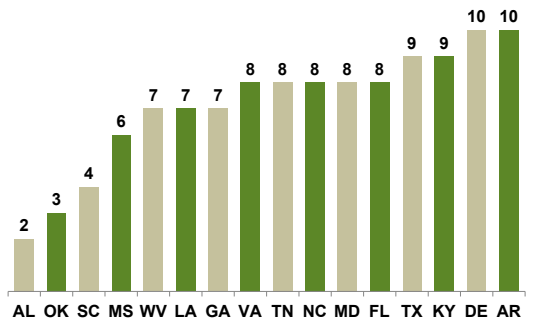
A hallmark of *Challenge 2020* is monitoring progress on all the goals from pre-K through higher education and into the work force — over a long period of time. States need good data systems and a commitment to use data in making decisions if they expect to make continuous improvements.

The Data Quality Campaign (DQC), established in 2005, supports the development of comprehensive state data systems that can link information from multiple years and sources.

DQC's current focus is on helping states make effective uses of their education data. It identified 10 action steps for states to ensure policy-makers and education leaders can use data in making decisions. By 2013, two SREB states had taken all 10 actions steps, and all SREB states had made progress in implementing the following 10 action steps:

1. link data systems from pre-K to work force
2. create stable support for data systems
3. develop data governance structures
4. build state data warehouses
5. provide for timely access to the data
6. create individual student progress reports
7. create reports using longitudinal statistics
8. develop pre-K to work force research agendas
9. promote professional development
10. promote strategies to raise data awareness.

Number of DQC's 10 Actions SREB States Have Taken To Ensure Effective Data Use, 2013



Source: Data Quality Campaign

Even so, only four SREB states met the criteria for action step five, which requires states to implement systems to provide all stakeholders with timely access to the information they need while protecting student privacy. DQC reports that many states seem unclear about their role in providing local stakeholders — like parents, teachers and school counselors — with access to student longitudinal data.

Teacher Quality: Evaluation Models

One key to success with all *Challenge 2020* goals is teacher effectiveness. All SREB states are currently revamping their teacher evaluation systems, with an emphasis on feedback and improvement. These efforts are in step with federal Race to the Top grant requirements in some SREB states and federal Elementary and Secondary Education Act accountability waivers in all SREB states.

New teacher evaluation systems are quite similar state to state. Each state's model depends on observations of each teacher's classroom practice as a primary source of feedback about the teacher's effectiveness. Each model incorporates one or more measures of a teacher's impact on student achievement results. Each requires the evaluation system to be aligned with the state's academic standards (which, for the most part, are being reformed at the same time as the evaluation systems).

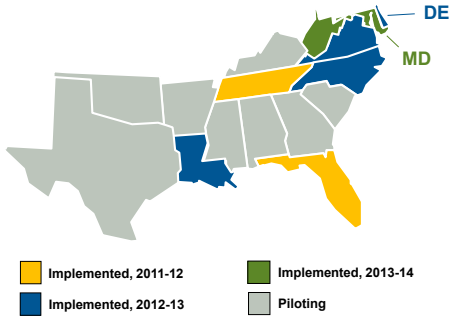
The differences among the teacher evaluation systems stem largely from three factors: (1) state timelines for implementation; (2) state resources available to support the effort; (3) the degree of local control in the implementation. One drawback to nearly all the models is that standard measures of student achievement are not available in every subject, like the arts and music, so some teachers do not have these measures available for their students.

How will policy-makers know when these new evaluation models are working? Certainly it will be when large numbers of teachers report that the new evaluation systems provide them with feedback that facilitates meaningful improvement in their work — and outcomes for students also rise. No state in the nation can report these kinds of results yet. For now, states face several challenges that require their attention before these systems can be successful:

- creating measures of teacher impact on students in subjects for which there are no state assessments, like arts and music
- keeping the focus on instructional improvement rather than personnel decisions
- ensuring observers and evaluators are well trained to use the evaluation system and to provide feedback to teachers
- providing professional development following evaluation that is related to feedback and that demonstrably improves teacher effectiveness.

These new systems will be successful only when teachers see their own progress resulting from meaningful feedback and professional development — and seeing their students thrive as an result. To get to this point, states need to learn from their early trials and improve their systems with every administration.

Implementing New Teacher Evaluation Models In the SREB States, 2013-14



Sources: SREB analysis of state documents

High School

SREB's *Challenge to Lead 2020* sets a high bar for high school completion: by 2020, 90 percent of ninth-graders will graduate from high school.

To meet such a goal, states need to pay attention to the transition from middle grades to high school. SREB states have struggled to improve this transition. Yet, more ninth-graders than students in other grades continue to fail key subjects in SREB states and in the nation, thereby creating a **ninth-grade enrollment bulge**. Researchers often trace the underlying causes to weak foundations in reading and math in the early grades. In fact, two SREB commissions called for adolescent reading programs in the middle grades to catch up weak readers for greater success in high school.

Ninth-Grade Enrollment Bulge

For every 100 eighth-graders in Texas in 2010,

there were 13 MORE ninth-graders in 2011.

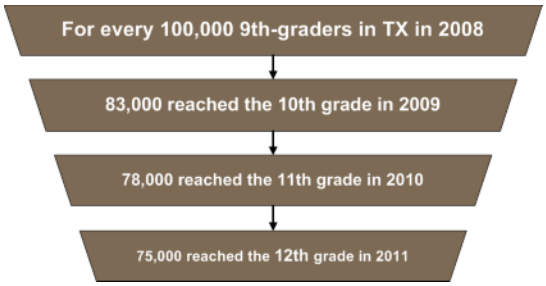
100 +  = 113

Source: SREB, based on data from the National Center for Education Statistics

From 2010 to 2011, the enrollment bulge decreased in the nation by 2 percentage points and in SREB states by 1 point. Even so, the bulge remained large: schools nationwide enrolled 9 percent more ninth-graders in 2011 than eighth-graders in 2010. In the SREB states, 11 percent more ninth-graders enrolled in 2011 than eighth-graders in 2010. The 2011 ninth-grade enrollment bulge in SREB states ranged from 6 points to 20 points. This bulge is calculated by comparing the enrollment of ninth-graders to that of eighth-graders the previous year.

While failure in ninth grade is a key concern, it is not the only one states should watch. They also need to monitor **grade-level progression** from 10th to 11th grade and 11th to 12th grade. In doing so, education leaders can identify problems and then develop policies and practices that can help more students succeed year to year. Any year in high school can become a point at which students drop out, and states need to monitor progress routinely.

Grade-Level Progression in Texas



Source: SREB, based on data from the National Center for Education Statistics

In the last decade, most SREB states phased out comprehensive high school graduation tests in favor of end-of-course exams (EOCs). They believe EOCs can be tied more closely to their state's academic standards, because these tests assess the standards-based knowledge and skills for related courses. Because EOCs are linked to courses, they allow schools to identify student needs sooner than with comprehensive tests. Schools can then provide just-in-

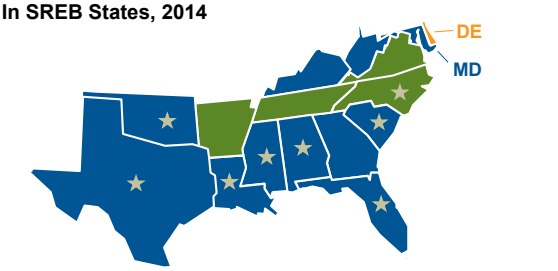
In Texas:

- The ninth-grade enrollment bulge decreased by 1 percentage point to 113 percent from 2010 to 2011.
- The percentage of ninth-graders progressing to 12th grade in four years increased from 73 percent in 2010 to 75 percent in 2011.
- The graduation rate increased by 2 percentage points from 2011 to 2012.

time support to give students a better chance to stay caught up with peers throughout high school.

By 2014, 13 SREB states require students to pass specific EOCs in order to earn a regular diploma. Several states require that the EOC results count for between 10 and 20 percent of students' course grade for related courses.

Status of School Accountability With NCLB Waivers In SREB States, 2014



NCLB's AYP with modifications
Performance index
Percentage of students meeting annual state targets
Assigns letter grades to schools based on accountability system

Source: SREB analysis of state and federal documents

Challenge 2020 goals recognize school **accountability** as a key policy lever for ensuring improved student achievement for all students. In 2013, all 16 SREB states began redesigning their school accountability systems — each with its federal No Child Left Behind (NCLB) waiver in hand. To earn the waiver, states proposed ways to reform their school performance measures to promote higher achievement for all students and increase the number of students from all groups who would be ready for college and careers.

Eleven SREB states broadened their measure of school performance — moving from NCLB's adequate yearly progress (AYP) indicator to several indicators. They developed performance indexes that weigh these new indicators, including results on state assessments, graduation rates, school-readiness assessments and achievement gap reductions. These states believe their indexes will lead to more balanced judgments on school performance and progress. For four states, performance and progress will be defined by the percentage of students who meet annual targets, but school status will not be determined by the separate performance of each group of students. One state kept NCLB's accountability system but modified AYP by dropping school labels associated with failing to make annual targets. Some states will use their new system to assign A-to-F performance grades to their schools.

In 2011, 14 SREB states began reporting high school **graduation rates** publicly using the federally required Adjusted Cohort Graduation Rate (ACGR) — considered the gold standard for calculating these rates. Two SREB states received federally approved time extensions on using the new calculation.

Unlike rates used in the past, ACGR is not an estimate. ACGR requires that schools identify all first-time ninth-graders each fall and track this freshmen cohort over the next four years. Students who transfer into a school are added to their respective cohort; students who transfer out of a school are removed from their respective cohort. Only the students who graduate in four years with a standard diploma are counted as four-year graduates. From 2011 to 2012, 13 SREB states saw their four-year ACGR rates increase from 1 to 4 percentage points; one SREB state remained flat.

Adjusted Four-Year Cohort Graduation Rate

Out of 100 ninth-graders in Texas in 2008,

88 graduated in 2012.

In the U.S., 80 graduated that year.

Source: U.S. Department of Education, Ed Data Express

High School

SREB states made substantial progress in raising high school graduation rates over the last decade. Yet, existing **college- and career-readiness** measures showed that too many students were not ready for college and careers.

SREB's *Challenge 2020* set a goal to help states close this substantial gap between high school graduation and postsecondary readiness: 80 percent of ninth-graders should be ready for college and careers when they complete high school.

In Texas:

- In 2013, 36 percent of graduates had taken at least one AP exam while in high school, compared with 33 percent in the nation.
- The state average composite SAT score for the graduating class of 2013 was 1437, compared with the SAT College and Career Readiness Benchmark score of 1550 set by the College Board.
- From 2008 to 2013, SAT participation rose 7 percentage points, from 52 percent to 59 percent of graduating seniors.

By 2013, 26 percent of the nation's high school graduates who had taken the ACT while in high school met all four ACT College Readiness Benchmarks in English, math, reading and science. Also, 43 percent of graduates who had taken the SAT met the SAT College and Career Readiness Benchmark, a 1550 composite score out of a possible 2400.

SREB states have adopted college- and career-readiness standards, developed better aligned assessments, refined high school diploma requirements and increased access to accelerated learning opportunities such as Advanced Placement (AP) and dual enrollment, in response to the need for better-educated, skilled workers.

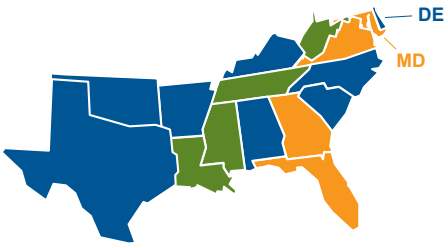
Over the last decade, states have developed partnerships with the private sector to decrease the mismatch between student preparation and employer needs. While state-level economic development efforts have made career readiness a priority, education leaders and policy-makers realized that gains on this issue begin early in high school and carry through to postsecondary education.

The *Challenge 2020* goals recognized that student performance on existing state and national tests could provide states with important information about the rigor of state curricula and the college and career readiness of students. Currently, SREB states depend on the **ACT, SAT, AP** exams and end-of-course exams as measures of these factors until new state assessments become available later this decade.

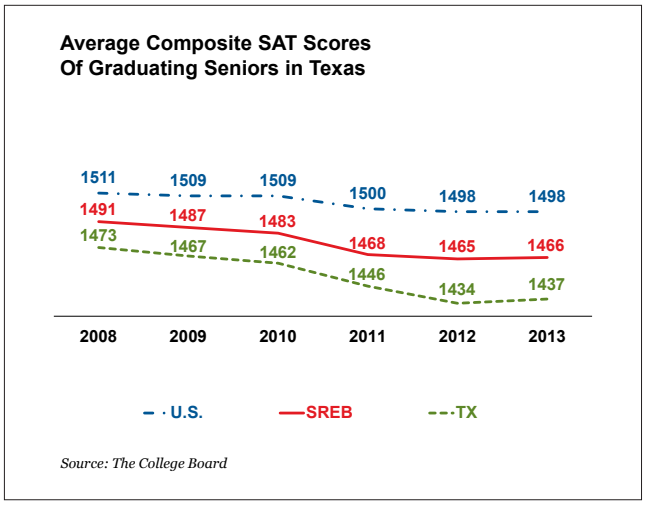
AP is one of several accelerated learning options SREB states use to promote college and career readiness. The goals call for graduating seniors in SREB states to take AP exams while in high school at rates higher than the national average. Research shows that students who take AP courses in high school and attempt the exams are more successful academically as college freshmen — even if they do not earn a score of 3 or better — considered passing and generally high enough to earn college credit. In 2013, six SREB states exceeded the national average in AP participation. Four of those states also outpaced the national average in the number of graduates who earned scores of 3 or higher on at least one AP exam.

In 2013, the SREB average ACT composite score was 20.0, compared to 20.9 nationally. In the region, the percentage of students taking the test grew by 18 percent from 2008 to 2013. Six states had participation rates over 90 percent in 2013.

Percentage of Graduating Seniors Scoring 3 or Higher On One or More AP Exams, 2013



Source: The College Board



Source: The College Board

The median SAT score in the SREB region was 1466 points, compared to 1498 nationally. The regional median score dropped 25 points in the last five years; the drop is likely related to the increase in the percentage of seniors taking the test while in high school. From 2008 to 2013, the percentage grew by 4 percent in SREB states.

To help states meet the goal of graduating 80 percent of ninth-graders ready for college and careers, SREB states developed **the College and Career Readiness Action Agenda**. It calls for the adoption of five policies statewide:

- adopt postsecondary readiness standards for math and literacy
- assess student progress on postsecondary readiness standards in 11th grade
- offer transitional readiness courses to 11th and 12th grade students who do not meet the readiness standards
- align college admissions and placement policies to state readiness standards, and
- make postsecondary readiness a high school accountability measure.

By late 2013, all 16 SREB states had adopted **college- and career-readiness standards**. Nine SREB states currently use ACT's Educational Planning and Assessment System (EPAS). The ACT system assesses students' progress for college- and career-readiness at three critical transition points—eighth, 10th and 11th grades.

Thirteen SREB states are working to help high school students who have not met college-readiness benchmarks to make a smoother transition to college. These states are working toward offering **college-readiness courses** for high school seniors who do not meet their state's readiness standards in 11th grade to ensure they are college and career ready by the time they graduate from high school. The courses target literacy and math.

College and Career Readiness (CCR) in Texas

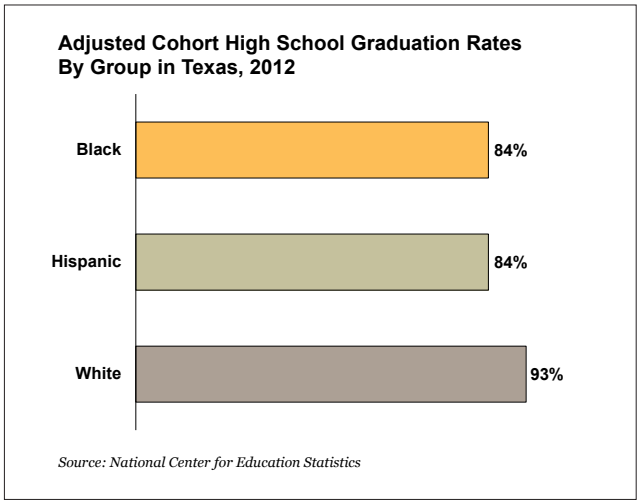
Policy Element	Status	Details
Adopted statewide readiness standards	Yes	Texas Essential Knowledge and Skills
Assesses high school juniors with CCR test	Yes	State of Texas Assessments of Academic Readiness
Readiness courses offered to juniors or seniors not ready for colleges and careers	No	
Requires postsecondary institutions to use grade 11 results for college placement	No	
Exempts "ready" students from placement testing	No	
Incorporates college and career measures into state's accountability system	Yes	End-of-course exams in 12 courses, three each for math, science, English and social studies

Sources: SREB analysis of state documents

High School

Not only are SREB states faced with helping more students meet rigorous college- and career-readiness standards, they are also challenged with closing persistent, sizable gaps in graduation rates for student groups based on race, ethnicity, gender and income.

Based on 2012 ACGR data, 72 percent of students from low-income families across the SREB region graduated from high school — the same rate as their respective peers across the nation. Across SREB states, the graduation rates for students from low-income families ranged from 61 to 85 percent for the 14 states that reported ACGR data. Six SREB states had individual rates that trailed the nation and the SREB region. While three states each matched the nation and SREB region, five SREB states exceeded.



Among SREB states, **graduation-rate gaps** narrowed from 2011 to 2012 but persisted between black and white students and between Hispanic and white students. Sixty-nine percent of black students, 78 percent of Hispanic students and 80 percent of white students in the SREB region graduated from high school on time in 2012. Black and Hispanic students in SREB states graduated at rates higher than their peers nationwide in 2012, while white students graduated at rates lower than their peers nationwide.

As a result of federal accountability waivers that set aside many provisions of the No Child Left Behind Act of 2001, all SREB states now place greater emphasis on high school graduation rates in their state K-12 accountability systems.

In Texas:

- In 2012, 80 percent of male students graduated from high school, compared with 85 percent of female students.

Federal regulations now require states to report racial and ethnic group graduation rates. In order for states to close persistently large graduation-rate gaps, the waiver provisions urge states to set targets that ensure students from all groups graduate at increasingly higher rates year after year.

The newest high school graduation data from the National Center for Education Statistics highlight a sizable **gender gap**: girls are graduating from high school at higher rates than boys. In 2012, male students trailed female students 78 percent to 85 percent nationwide. Male students trailed female students by 6 percentage points among SREB states — 76 percent and 82 percent, respectively. The gap between female and male students among SREB states ranged from 4 to 13 percentage points. Four SREB states had double-digit gaps in 2012.

While no one factor can explain why male students complete high school at lower rates than their female peers, research has shown that female students have a lower incidence of some behaviors associated with dropping out or failure to graduate on time. These behaviors include excessive absenteeism, failure to be promoted to the next grade, poor academic performance and disciplinary problems.

Research also shows that students who receive special education services graduate at lower rates than the rest of the school population. Males are twice as likely to be identified for special education services in the early and middle grades. In the SREB region, 56 percent of students receiving these services graduated from high school in 2012.

Federal school discipline data shows that males are suspended and expelled from school at much higher rates than female students. Male students account for a larger share of reported school-crime incidents. State leaders should examine trends in male student achievement, attendance, discipline and crime to identify strategies to help males keep pace and stay engaged in school.

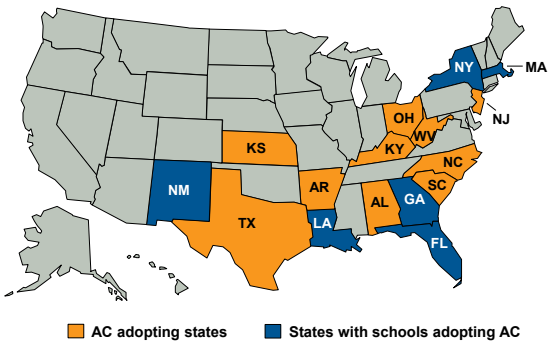
Challenge to Lead 2020 recognizes that states should offer more than one path to high school graduation — with at least one path built on high academic rigor and career technical programs of study. SREB states have led the way in developing **Advanced Career** (AC) courses that accomplish this goal. AC courses combine college-ready core academic content with hands-on, project-based assignments — centered on a defined career focus. The AC turnkey curriculum has everything a school needs to ensure success for teachers and students. It includes teaching materials, directions for lab kits, assessments and extensive training and support for teachers. Students who enroll in the AC program graduate from high school better prepared to start a high-value job or go to a college, community college or technical school.

The AC program is offered through yearlong or semester classes, which explore different facets of high-skill industries. Students become immersed in a variety of career areas depending on the AC career pathway options that a district, school or career tech center chooses to develop. For 2014, six AC courses will be available: aerospace engineering, clean energy technology, energy and power, health informatics, informatics, innovations in science and integrated production technologies. Ten states have adopted the AC curriculum and courses for the 2014-15 school year.

SREB states have made steady progress in several key **career and technical education (CTE) policy** areas. Almost every SREB state has already established college- and career-readiness standards, and approved industry exams for credentialing purposes. Almost all states require new alternatively certified CTE teachers to have an industry credential in selected fields and pass a core content academic test. In 70 percent of states nationwide, postsecondary credits are awarded to students who have an industry credential. In these states, the number of credits awarded is often dependent on the individual university or community college awarding the credit.

CTE areas needing additional attention in SREB states include intensive professional development for prospective CTE teachers before they begin teaching, and increasing the number of and monitoring of CTE students who continue in a career pathway from high school to postsecondary programs.

States and Schools Adopting SREB's Advanced Career (AC) High School Curricula



Source: SREB's High Schools That Work, May 2014

High School Career and Technical Education (CTE) in Texas

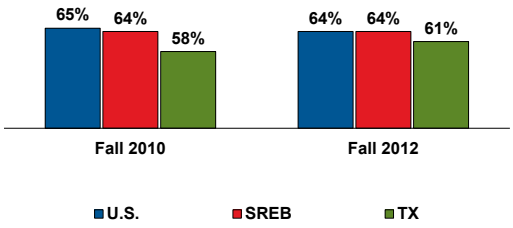
Policy Element	State Required
State has academic and technical readiness standards for CTE completers	No
State has approved industry recognized exams for specific CTE courses	No
Students who pass industry recognized exams earn postsecondary credit	Yes
State monitors student progress in career pathways beyond high school	No
New alternatively certified CTE teachers are required to:	
Hold an appropriate industry certification in field taught	No
Pass a core academic test	Yes
Participate in intensive training prior to teaching	No

Sources: SREB interviews with state CTE directors, May 2014

Postsecondary

The *Challenge to Lead 2020* goals call for 60 percent of working-aged adults to earn associate or bachelor's degrees, or career certificates. To achieve this percentage, states need to increase postsecondary enrollment rates for recent high school graduates. They also need to ensure that enrollment in public colleges and universities represent the diversity of states' recent high school graduating classes.

Estimated College Enrollment Rates of Recent High School Graduates in Texas



Source: National Center for Education Statistics

In recent years, SREB states have made progress toward this goal, despite the rise in college costs. **College enrollment** rates for recent high school graduates increased in eight of 16 SREB states between 2010 and 2012. Even so, college enrollment gaps between white and non-white students still persist. Continuing increases in enrollment rates for black and Hispanic students remain a critical first step in closing college completion gaps and raising overall state postsecondary attainment rates. Postsecondary enrollment gains for black and Hispanic students in the SREB region—26 percent and 52 percent, respectively — outstripped the overall enrollment growth rate of 18 percent from 2007 to 2012.

Providing sufficient student financial aid is an important policy tool for state leaders in improving student access to postsecondary institutions. All SREB states provide some combination of need-based and merit aid. While state aid programs vary considerably in SREB states, financial aid of both types remains an important tool in closing the **affordability gap** for students. Several SREB states have designed their financial aid policies to focus on promoting college completion as well as ensuring access — by designing them to decrease the time it takes students to graduate. One SREB state increases aid to students for each year they stay in school.

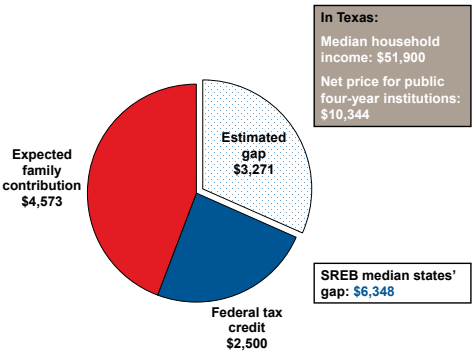
Students often experience "sticker shock" when they see tuition rates at colleges they wish to attend. Financial aid advisors now suggest that students consider **net price** as a more accurate cost indicator. IPEDS defines net price as the total cost of attendance minus the average state, federal, institutional scholarship and grant aid received. It factors in what students can expect, on average, to receive in all types of financial aid, including state aid programs.

Federal Pell Grants assist students from low-income families. However, the proportion of college costs Pell Grants cover has declined steadily over the last decade. In 2012, the median Pell awards by state across the SREB region ranged from $1,000 to $4,200.

The total cost of attendance is the sum of tuition and required fees, books and supplies, and the weighted average room, board and other expenses related to living arrangements for on-campus, off-campus-with-family, and off-campus-not-with-family students. The net price for one year for undergraduate students to attend a public four-year institution in SREB states ranged from $9,030 to $15,401 in 2012.

Families are expected to pay a share of these costs, and they receive notice of how much their Expected Family Contribution (EFC) is, based on tax and financial aid information.

College Affordability Gap in Texas, 2012



Sources: The College Board, National Center for Education Statistics, SREB-State Data Exchange and U.S. Department of Education

In Texas:

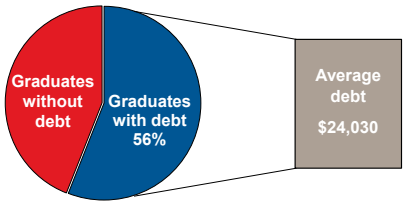
- In 2011-12, the average Pell Grant award per recipient attending public colleges across the nation was $3,469, compared with SREB's median of $3,451.
- From 2008 to 2012, the number of Pell Grant recipients increased by 250,062 or 80 percent.
- From 2008 to 2012, the average student loan debt for graduates of four-year public and private colleges increased by $4,439 or 23 percent.

Tax credits and loans can help reduce the remaining cost. All students whose families pay taxes are eligible for the federal American Opportunity Tax Credit, up to $2,500. The full credit is available to individual taxpayers whose modified adjusted gross income is $80,000 or less — or $160,000 or less for married taxpayers filing a joint return.

The EFC and the tax credit in 2012, taken together, did not cover the net price at public four-year colleges for students from median-income families for any SREB state. State, institutional and private scholarships can offset a portion of this affordability gap. **Student loans** can also help cover this gap, but loans stretch out the cost with interest attached — requiring students to make payments that can span a decade or more beyond graduation.

Approximately 71 percent of U.S. college seniors graduated with **debt** in 2012. Of these, the average debt was $25,550. Most of this debt resulted from federal loans with interest at 3.4 percent at graduation for the class of 2012. Interest rates on student loans have since doubled to 6.8 percent for the class of 2014. In addition, the current economic climate has made it quite difficult for recent college graduates to get jobs and begin repaying their college loans. If employment prospects for these graduates continue to decline, while student debt and interest rates continue to climb, more students may choose to enroll part time, delay attending or decide not to go to college at all.

Debt Status for 2012 Graduates of Public and Private Nonprofit Colleges and Universities* in Texas



U.S. graduates with debt - 71%
Average debt of U.S. graduates- $25,500

*** Four-year institutions only**

Source: Projectonstudentdebt.org

States can also promote persistence toward graduation with reliable, robust **transfer of credit** systems. If state high education systems do not have statewide transfer guarantees, many students will accumulate credits that will not apply to degree programs. In too many cases, transferring students must retake courses unnecessarily.

Affordability and Transferability in Texas

Policy Questions	Status	Notes and References
Which group sets tuition?	I*	
Provides financial aid (merit, need, both)?	Need	80 percent of aid is need-based 20 percent for loans/work study
Guarantees full transfer of general education credits?	Yes	TEX. ED. CODE. § 61.822
Guarantees full transfer of associate degree credits?	No	

* I = institutions

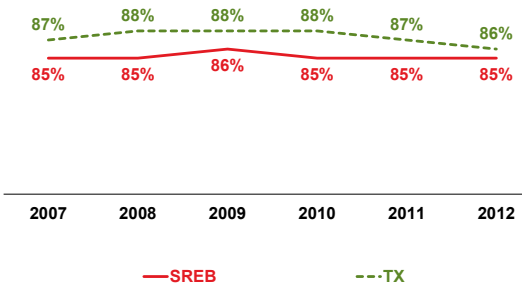
Sources: Texas Education Code; NASSGAP Survey 2011-12

Postsecondary

While the college enrollment rates of recent high school graduates in SREB states increased over the last decade, college completion rates for students attending four-year institutions remained relatively flat over the same period in these states.

To achieve the *Challenge to Lead 2020* goal of 60 percent of adults with degrees and certificates by 2020, SREB states need to continue to increase college enrollment rates. A clear target is to increase the numbers of recent high school graduates and working-aged adults who would be first in their families to attend college. These students and adults will need support services so they will be able to complete postsecondary credentials. Strong state policies can ensure these services are available.

First-Year Persistence Rates at Public Four-Year Colleges and Universities in Texas



Source: SREB-State Data Exchange

Colleges need to monitor student progress early to identify students who need extra help, so they can make steady progress through college — and not drop out. They should track the **freshman persistence rate** as a key performance indicator. This rate typically measures the percentage of first-year students who return to their college for a second year of college study. Colleges and universities in SREB states keep these data and report them to SREB as part of the SREB-State Data Exchange. The SREB freshman persistence rate also includes students who transfer to other colleges their second year. The 2012 median SREB persistence rate for students attending public, four-year institutions was 85 percent. Seven SREB states increased their SREB persistence rates from 2007 to 2012.

In Texas:

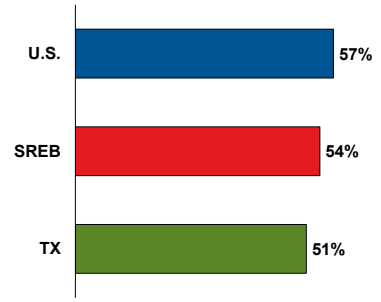
- In 2012, 27 percent of adults, ages 25 to 64, held a bachelor's degree or higher, a lower percentage than in the nation and the SREB region.
- The percentage of Hispanic adults with bachelor's degrees trailed Hispanic adults in the nation and region.
- By 2012, 50 percent of adults who enrolled in two-year colleges in 2009 were still enrolled, had transferred or completed a credential — compared to 51 percent in the SREB region.

A second key performance indicator for four-year colleges and universities is the **six-year college graduation rate**. Colleges and universities are required to report this rate to the U.S. Department of Education, but they can only count students in this graduation rate if the students enter the college as a freshman and remain at the same institution through graduation. They exclude part-time and transferring students from the calculation. In 2012, the SREB region trailed the nation in the percentage of freshmen who graduated from four-year colleges and universities within six years of enrolling by 3 percentage points — 54 percent and 57 percent, respectively. Even so, six SREB states had six-year completion rates that exceeded the nation, based on students who entered in 2006 and graduated by 2012.

While many students do not graduate within six years, a larger percentage shows significant progress toward graduation within that time. The **student progression rate** is the percentage of first-time freshmen students who complete a bachelor's degree, remain enrolled or transfer to another institution in six years after initial enrollment. In 2012, the SREB progression rate at public four-year colleges and universities was 76 percent. This percentage includes the 54 percent who graduated plus 22 percent who remained enrolled or transferred to other institutions.

The *Challenge 2020* goal focuses on adults who earned degrees. While it is important for students to complete degrees on time — to reduce educational costs and to enter the work force as productive employees quickly — it is important for colleges to ensure that students engaged in

Six-Year Graduation Rates for Fall 2006 First-Time, Full-Time Freshmen at Public Four-Year Colleges And Universities in Texas, 2012



Source: SREB-State Data Exchange

their degree programs after six years earn postsecondary credentials. Colleges would be wise to consider completion programs for the 22 percent of students who persist after six years.

SREB states have considered three types of policies to address college completion:

- greater access to a variety of postsecondary programs
- rewards for postsecondary institutions that meet or exceed completion-related performance targets
- alignment between the needs of postsecondary education and the work force.

Opening more **pathways to postsecondary certificates and degrees** is important for several groups: (1) recent high school graduates who want to enter the work force; (2) working adults who need to retool their skills; and (3) adults with some college but no credential who want better paying jobs. Strategies vary for increasing the numbers of students in certificate and degree programs from each group.

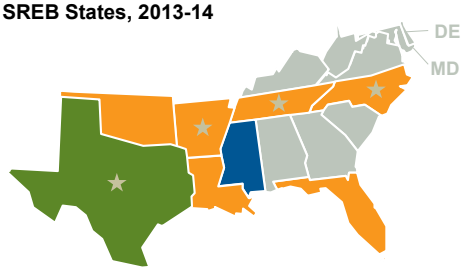
Policy-makers have long turned to increased financial aid and smoother transfer of credit policies to help students attain degrees and shorten the time it takes to earn them. Some have recently turned to reforming their method of allocating state appropriations to higher education institutions as a lever to promote college completion. Legislatures in eight SREB states have developed **outcomes-based funding systems** to replace longstanding enrollment-based funding systems. The new allocation systems provide incentives for education institutions to meet outcomes, including increased graduation numbers and rates. It can also provide incentives for institutions to produce more graduates in fields such as science, technology, engineering, math, nursing and advanced manufacturing. While all college credentials matter, some states use outcomes-based funding to place higher value on specific certificates and degrees.

Targeting state appropriations on outcomes can also improve alignment between postsecondary programs and the work force. Many states use labor market and sector analysis data to help postsecondary institutions determine which types of programs need to be created, expanded or eliminated.

In the last two years, several SREB states have enacted legislation to decrease the time it takes students to earn degrees and to strengthen work force alignment. The legislation addresses:

- credit for prior learning
- advising support for veterans
- remediation embedded within college courses
- e-career pathways for adult learners, and
- access and aid to high-demand, high-wage career programs.

Outcomes-Based Funding Policies In SREB States, 2013-14



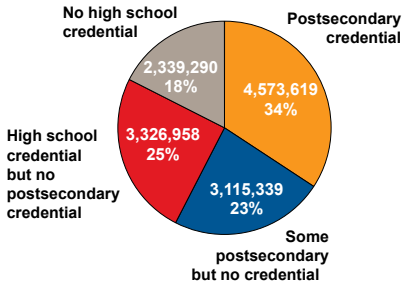
Source: SREB analysis of state documents

Lifelong Learning

The *Challenge to Lead 2020* goals call on SREB states to increase the percentage of working-age adults who hold high school and postsecondary credentials. On average, adults with higher educational attainment have **higher paying jobs**, better health and an improved quality of life. They are also generally less dependent on state and federal services and contribute more in tax revenues.

Adults, ages 25 and older, who graduated from high school earned on average $7,600 more in 2012 than adults who did not graduate from high school. Those with bachelor's degrees earned on average $22,100 more than those with high school diplomas.

Numbers and Percentages of Adults, Ages 25 to 64, By Educational Attainment in Texas, 2012



Source: U.S. Census Bureau

Before the last economic recession, adults in the work force — ages 18 and older, found it much easier to find or keep livable wage jobs. During the economic downturn, however, the job market lost 7.2 million jobs. The recession and the recovery that followed hit adults the hardest who had a high school diploma or less. These adults found themselves competing for available openings with adults who had some postsecondary education or postsecondary credentials. Job losses exceeded 5 million among those with high school credentials or less. Those with bachelor's degrees gained 187,000 jobs during the recession; they gained over 2 million more jobs during the recovery. Job market projections indicate that almost two-thirds of the **employment opportunities** by 2020 will require some type of postsecondary credential.

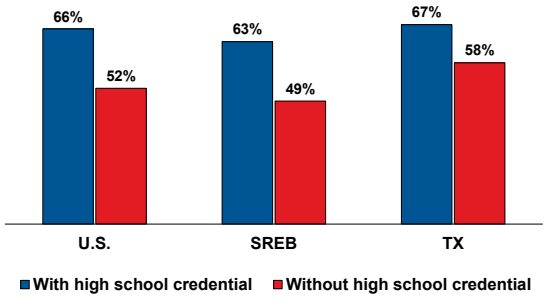
In Texas:

- In 2012, the earnings gap between residents with bachelor's degrees and those with only a high school credential was $24,037.
- The percentage of black adults, ages 25 to 64, with an associate degree or higher is above the SREB regional and national percentages for black adults.
- The percentage of Hispanic adults, ages 25 to 64, with an associate degree or higher is below the SREB regional and national percentages for Hispanic adults.

About one in five adults in the SREB region and in the nation have earned some college credits but no postsecondary credential. Currently, states could improve their adult **educational attainment** rates if they could attract more of these adults back to college and help them complete postsecondary credentials.

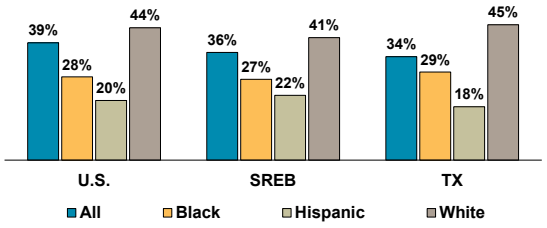
Colleges also need to ensure that more of their students move progressively toward graduation — and earn degrees. Researchers at the Institute for Higher Education Policy studied adults who had accumulated substantial credits but had not earned degrees. They identified more than 40,000 former students from 62 postsecondary institutions that offer associate degrees — including colleges in SREB states. The former students each had accumulated 60 credit hours but left school without the degree. The researchers found

Employment Rates for Adults, Ages 25 to 64, Without a Postsecondary Credential In Texas, 2012



Source: U.S. Census Bureau

Percentage of Adults, Ages 25 to 64, With Associate Degrees or Higher, By Race/Ethnic Group in Texas, 2012



Source: U.S. Census Bureau

that more than 16 percent of these identified adults were eligible for degrees without additional courses.

State programs can help three groups of adults improve their levels of education:

- adults without a high school credential
- adults with a high school credential but no post-secondary education
- adults with some postsecondary education but no degree or certificate.

These groups comprise between 55 and 73 percent of the adult population in SREB states.

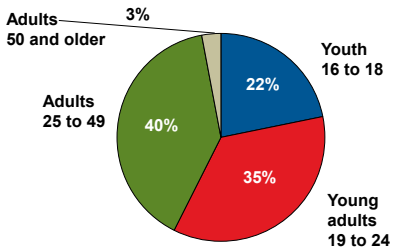
All SREB states provide **adult education programs** for the first group, generally through their K-12 or community college agencies. They provide basic literacy and math skills through Adult Basic Education (ABE) programs, English instruction through English-as-a-Second Language (ESL) programs, and preparation for high school equivalency credentialing through Adult Secondary Education programs, also known as GED (or General Education Development) preparation programs.

Two of five adults, ages 25 and older, nationwide who did not finish high school in 2012 did not complete ninth grade. These adults likely need ABE or ESL programs. The GED-preparation programs in SREB states serve mostly younger adults who recently dropped out of high school. In 2012, almost two-thirds of GED recipients in SREB states were 16 to 24 years old. These numbers suggest that too few adults, ages 25 and older, who need high school equivalency credentials are taking advantage of GED-preparation programs.

The U.S. Office of Vocational and Adult Education provides states with grant funding for adult education programs. Congress appropriated $575 million for adult education in 2013. SREB states received approximately $216 million or 39 percent of the total funds allocated to states.

The federal formula grant for adult education distributes funds to states based on the number of adults in each state over age 16 not enrolled in school and who have not completed high school. In turn, states must provide a 25 percent match for the federal funding they receive and satisfy a "maintenance of effort" provision requiring that they spend at least 90 percent of what they spent in the prior year on adult education programs.

GED Awards in Texas by Age, 2012



Number of GED awards in TX: 29,938			
Pass rates:	**U.S. 69%**	**SREB 68%**	**TX 67%**

Source: American Council on Education

SREB's 2010 report, *A Smart Move in Tough Times: How SREB States Can Strengthen Adult Learning and the Work Force*, advises states to invest more state dollars in adult education than required by the grant to promote greater adult educational attainment. At the time of the report, SREB states with the highest proportion of adults without high school credentials in adult education programs provided more funding to their state programs than the match required in the federal grant.

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