

# The 2003 Legislative Briefing

SREB

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## Summary

SREB states have been through probably some of the most difficult legislative sessions — and some of the longest — and the economy was front and center in every state. Recent estimates suggest that the economy has been growing — albeit slowly — but it continues to plague state budgets.

Most SREB states took midyear budget cuts during 2002-2003. Some colleges and universities in several states — including *Delaware, Kentucky, Maryland, Mississippi, South Carolina* and *Virginia* — raised tuition midyear to help offset some of the cuts. Several states are reporting revenues lower than expected to support the 2003-2004 budget and midyear cuts already have been ordered in *Georgia* and *Maryland*. Governors' budget proposals will begin coming out later this fall, and in several states governors are telling agencies to plan for further reductions.

In addition to the economic stress, every state will address the requirements of No Child Left Behind. Some states, too, are dealing with added pressures from school finance issues (*Arkansas, Kentucky, Maryland, South Carolina* and *Texas*), plans to raise teacher pay (primarily in *Mississippi* and *Tennessee*) and efforts to reduce class size (including *Florida, Georgia* and *North Carolina*). Severe damage from a recent hurricane also will strain coffers in several states, including *North Carolina, Maryland* and *Virginia*.

## Budget and economy top the list of concerns

SREB state legislatures wrestled with the need to target money for state priorities, while balancing appropriations to expected revenues. Elementary and secondary schools in most states will have more money to spend in 2003-2004 than was available last year through the state budget, but much of the increase will be absorbed by enrollment increases and by rising costs for health insurance and other benefits. Funding in state budgets for higher education will remain the same or increase in about half of the 16 SREB states.

State legislatures often reduced continuing operations to free money for state priorities. A sample of these priorities for funding follows; more information for each state is included in *SREB Legislative Report: Final Legislative and Budget Actions*.

- Teachers in *Kentucky, Louisiana, Mississippi, Tennessee* and *Virginia* are receiving pay raises. Mississippi funded the third year of a five-year plan to raise teacher pay (teachers will receive pay raises of 6 percent).
- Higher education faculty in *Virginia* and community college faculty in *North Carolina* are receiving pay raises. North Carolina faculty at both two-year and four-year colleges and universities also will receive one-time bonuses.

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*Legislatures  
fund priorities*

- *Alabama, Kentucky and West Virginia* earmarked funding for the increased cost of employee benefits for teachers and other school employees.
- *Florida* set aside \$468 million to begin implementation of the class-size reductions called for in a constitutional amendment approved in November 2002.
- *Kentucky* increased need-based financial aid by more than 42 percent.
- *Maryland* continued the implementation of a \$1.3 billion, six-year plan to increase public school funding.
- State funding to colleges and universities in *Louisiana* was increased by 5 percent.

States used one or more of the following strategies to free funds for priority issues and balance the budgets for 2003-2004:

- Base budget reductions
- Transfers to the general fund from other state funds
- Use of one-time or rainy-day funds for continuing operations
- Passing some costs onto local governments
- Increased fees
- Tax increases

A sample of state actions include:

- *Alabama* cut funding to outside agencies (such as museums and theaters) by 75 percent, to independent colleges and universities by 50 percent and to some state agency programs (such as emergency medical services and poison control) by 100 percent.
- *Florida* and *Maryland* reduced the number of state employee positions in their budgets: Florida deleted 1,700 positions (to about 116,000) and Maryland eliminated 1,800 (to about 78,100).
- *Florida* and *Virginia* initiated tax amnesty programs that allow taxpayers to pay delinquent taxes without penalties.
- *Georgia* will delay for one year further class-size reductions in grades four through 12. The 2003-2004 year was supposed to be the fourth year of the phase-in of smaller class sizes.
- *Kentucky* eliminated funding for Regional Service Centers, management assistance to local districts, rewards for schools that meet or exceed performance expectations, and textbook purchases for K-8 students. *Alabama* and *Texas* also cut textbook funding.
- *Kentucky, Texas* and *West Virginia* suspended enrollment in prepaid tuition programs.
- *Mississippi* suspended for one year a 1992 law that requires the legislature to appropriate only 98 percent of revenues, with the remaining 2 percent set aside to make up shortfalls if revenues are lower than expected.

*States tighten  
funding for  
continuing  
operations*

- *Virginia* passed a number of government efficiency efforts that streamlined and consolidated the management of the commonwealth's technology services, consolidated existing workforce programs into a statewide system and eliminated or consolidated 43 state boards and councils that had various duties.
- *Oklahoma, Texas* and *Virginia* adopted new policies for raising tuition, some of which also address need-based financial aid.
- Some states — including *Arkansas, Delaware, Georgia, Maryland,* and *West Virginia* — raised taxes. *North Carolina* continued taxes that were due to expire.
- *Texas* cut by 50 percent state-funded supplements to teachers to offset the cost of healthcare.
- Some states — including *Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma* and *Tennessee* — used one-time funding or transfers from other state accounts for ongoing operations.

### *Tax and revenue measures*

General tax increases have not been the most common route to balancing budgets, as they were during the recession of the early 1990s. Then two-thirds of SREB states raised taxes, most commonly the sales tax. Where taxes have been raised recently, increases in cigarette and other tobacco taxes are most common. Many states also are relying on the increase of fees — such as co-payments for health services or prescriptions, postsecondary tuition, and business and professional licenses — to shore up revenues.

During 2003 sessions, cigarette taxes were increased in *Arkansas, Delaware, Georgia* and *West Virginia*. *Arkansas* also raised taxes on other tobacco products. *Georgia* imposed a new tax on loose tobacco and raised taxes on cigars.

In addition to the cigarette tax increase, *Arkansas* is imposing an income tax surcharge in 2003 and 2004 that raises the tax rate from 7 percent to 7.21 percent. After 2004, the level of the surcharge is tied to revenue growth estimated by the state. *Delaware* also will see new revenue from corporate tax and fee increases and the expansion of gaming in the state's three casinos. *Oklahoma* voters will decide on creating a state lottery.

*Florida* did not raise taxes but will increase deposits to the Education Enhancement Trust Fund from the lottery. The Legislature also created a tax amnesty program to encourage those behind on their tax payments to catch up. The state hopes to collect more than \$75 million in delinquent taxes. *Virginia's* tax amnesty program has a goal of collecting \$48 million.

*North Carolina*, too, did not raise taxes but did continue some taxes that were scheduled to expire. These taxes include income tax increases on the state's wealthiest citizens and 1/2 cent of the sales tax.

*Revenue measures  
shore up budgets*

*Public school  
finance was the  
topic of much  
discussion*

In *Maryland*, the governor vetoed \$135 million of corporate tax increases, putting the budget out of balance. He later called for budget cuts of about 2 percent. Left intact were \$163 million from a variety of other revenue-raising measures.

In *Alabama*, the Legislature and governor supported a tax and reform proposal that went before voters in October. Voters turned down the plan.

### *School finance*

Legislatures in several states addressed issues relating to school finance. *Maryland* continues to implement finance reform passed in 2002 that calls for an increase of \$1.3 billion for schools over six years (through 2007-2008) in addition to increases already required by law. The General Assembly is required to affirm by joint resolution in the 2004 session that the funding increase called for in the bill is within the state's resources.

Studies of school finance were or are being conducted in *Oklahoma*, *Arkansas*, *Tennessee* and *Texas*. Oklahoma legislation created a study group to evaluate the state formula for school funding and issue a report by the end of December 2003. In Arkansas, a recent court decision called the school finance system unconstitutional. A committee was authorized during a special session to define an adequate education and recommend how to fund educational opportunity for all students. The committee's recommendations may be addressed in a special session later this year.

A recent court decision called for equity in teacher pay in Tennessee, where there is a \$16,612 gap between the average teacher salary in the highest-paying district and that in the lowest-paying district. The Legislature appropriated \$26.7 million in 2003-2004 to begin closing the gap by raising pay in state's 75 lowest-paying districts. A study group is expected to make recommendations for ways to further address the gap in salaries.

School finance was the topic of much debate during the session in Texas and likely will be addressed during a special session in spring 2004. A committee is charged with devising a finance system that promotes success for all students, builds on the state's efforts to provide equity in funding, and includes incentives for improvements in student performance and operating efficiency.

### *Changes to tuition policies*

Students across the region are seeing tuition and fee increases that are higher than in years past, but many states also have included increased funding for need-based financial aid to help offset the cost for needy students. A few states have reviewed and changed policies by which tuition has traditionally been set.

The *Oklahoma* State Regents for Higher Education now has the authority to raise tuition and required fees to the average at peer institutions in other states. Legislation in 2001 had authorized the regents to raise tuition over a five-year period by up to 7 percent annually for in-state undergraduate and graduate students. Prior to the 2001 law, the Legislature set the maximum tuition rates each year.

*Texas* legislation will allow colleges and universities to set their own tuition rates, which previously were set by the Legislature. Twenty percent of the revenue from the tuition increase will go toward need-based financial aid for students. With this authority comes the requirement that institutions meet performance goals in areas such as graduation rates, retention rates, educational quality, affordability and minority participation.

Several institutions in *Virginia* raised tuition midyear during 2002-2003. The budget allows colleges and universities to raise tuition by up to another 5 percent in 2003-2004. The governor has the authority to exempt institutions from the 5 percent limit if midyear budget reductions are required during 2003-2004 or if additional funds are needed for the required 2.25 percent salary increases. The limit on increases in other required fees that support non-academic activities, such as athletics and recreation, was raised to 5 percent (currently set at the Consumer Price Index). The state's colleges and universities will earmark part of the new revenue for financial aid.

More information on tuition and other higher education data is available under "Educational Data" on SREB's Web site ([www.sreb.org](http://www.sreb.org)).

### Estimated Tuition and Required Fee Increases for In-State Undergraduates at Public Institutions, 2003-2004

	Two-year colleges	Four-year colleges
Alabama	11.8%	10.5% (median)
Arkansas	6.5%	10.5%
Delaware	1.3%	8.6% to 10.5%
Florida	7.1%	6.8%
Georgia *	5.0%	10% to 15%
Kentucky	23.4%	7.5% to 16.4%
Louisiana	11.8%	9.5% to 12%
Maryland	4.3%	13.4%
Mississippi	1.7%	0
North Carolina	3.2%*	1% to 9%
Oklahoma	Average of 18%	
South Carolina	18.7%	17.1%
Tennessee	18.3% to 19%	8.5% to 16.5%
Texas *	NA	4.5%
Virginia	26.5%	14.8%
West Virginia **	0.8% to 6.1%	9.4% to 9.9%

NA — Not Available

\* Increases for tuition only.

\*\* In West Virginia, the increases shown are averages for types of institutions. Free-standing community colleges increased tuition and required fees by an average of less than 1 percent. Community colleges that are part of four-year institutions increased tuition and fees by an average of 6.1 percent. Four-year college increases averaged 9.9 percent, and university increases averaged 9.4 percent.

## *Continued attention to incentive pay and other salary issues*

*Some states  
provide pay  
raises*

A handful of states were able to allocate funds in their state budgets for teacher and faculty pay raises. (In addition, some school districts, colleges and universities may provide raises that are not specifically reflected in state budgets.) Teachers and faculty in *Virginia* will receive pay raises of 2.25 percent. In *North Carolina*, teachers will receive increases of 1.8 percent and pay for community college faculty will increase 0.5 percent. In addition, faculty at two- and four-year colleges and universities will receive a one-time bonus of \$550.

Teachers in *Kentucky, Louisiana, Mississippi* and *Tennessee* will see raises, but no increases were earmarked for college and university faculty. In *Louisiana*, the average increase is expected to be \$350, and *Kentucky* teachers will receive \$1,080. As the third step in the five-year plan, *Mississippi* teachers will receive 6 percent increases. *Tennessee's* budget includes funds to help raise the average teacher salary in the lowest-paying districts.

*South Carolina* is estimating that it will be close to its ongoing goal of keeping the average teacher salary at least \$300 above the Southeastern average. This should be accomplished through a nearly 1 percent increase in the salary schedule and bonuses for nationally certified teachers and for specialists who work with low-performing schools.

Several SREB states have experimented with incentive pay to compensate teachers who take on additional responsibilities, to reward teachers in schools that meet or exceed performance expectations, or to attract teachers to geographic or subject areas in which there are shortages or to low-performing schools. A number of states are initiating new programs or have amended existing programs.

Every school district in *Florida* will have to include a career ladder in its salary schedule in 2004-2005. The state Board of Education will approve guidelines and criteria for career ladders by December 2003, and districts must submit their plans to the board by March 2004.

*Georgia* legislation will allow teachers (when funding is available) to earn 5 percent raises if their students' average scores increase significantly on state tests or other tests chosen by the state Board of Education. These raises will take effect the year after the "significant increase," which will be defined by the state board.

In *Louisiana*, the Teach Louisiana First Program is to provide pay incentives to highly qualified teachers who agree to teach in low-performing schools or in rural schools that have academic deficiencies. Teachers who meet program qualifications will be eligible for annual bonuses of \$4,000 to \$6,000 for up to four years. The Board of Elementary and Secondary Education will set the criteria for the program.

The *Texas* Legislature created the Master Science Teacher Program during the 2003 session; the initial \$5,000 stipends for this program should be available in 2005-2006. The state currently has programs for master teachers in reading, math and technology.

Most SREB states provide bonuses for teachers who become certified through the National Board for Professional Teaching Standards. In *Kentucky*, legislation allows the Educational Professional Standards Board to decrease the reimbursement

*New  
incentive-pay  
programs  
are initiated*

toward fees for national certification if other sources of funds are received for the same purpose. The board also may limit the number of participants based on funds available and may prorate incentives to successful teachers when funds are limited. Legislation in *Arkansas* increases the initial bonus from the current \$2,000 to \$5,000 by 2005. Teachers will continue to receive an annual bonus (after the initial year) of \$2,000 for the life of the certificate.

*Arkansas* also now requires school districts, through a separate contract, to pay teachers for noninstructional duties (such as lunchroom duty). Teachers who are assigned to more than 60 minutes per week will be paid for those duties. The state also requires local districts, beginning in 2003-2004, to recognize all teaching experience in any *Arkansas* school district for the purpose of determining a teacher's salary and benefits, which shall not be based only on the years in the district where the teacher currently is employed.

With funding for pay raises in short supply, the *North Carolina* General Assembly authorized faculty at two- and four-year colleges and universities who are eligible to accrue annual leave (12-month employees) to receive a bonus of 10 additional days of annual leave for 2003-2004.

More information on teacher salaries is available in SREB's *Focus on Teacher Salaries: Recent Actions in the SREB States*.

## Benefits

National surveys of average salaries do not reflect employee benefits, which can play a role in attracting and retaining teachers. Employer and employee contributions to retirement programs can vary from year to year based on actuarial projections and state budgets. Health insurance costs usually rise and offset some of the impact of pay raises.

In *West Virginia*, the greatest part of the increased funding in the school finance formula will go toward the increased cost of benefits, such as retirement and health insurance. Legislators in *Kentucky* also built additional funding into the budget to help offset the rising costs of health and life insurance. A 2003 legislative resolution in *Louisiana* called for a study of the increasing costs of insurance and how these costs affect local districts' budgets. *Alabama* also increased support for benefits.

In 2001 the *Texas* Legislature created a state health plan for district employees that is being implemented over several years. The prior biennial budget provided teachers and other district employees with \$1,000 per year to offset healthcare costs. The Legislature did provide \$500 per teacher for health-care costs for the 2003-2004 biennial budget, but compensation for other categories of employees was reduced or eliminated.

## Quality teachers

Legislatures in SREB states continued to focus on the importance of attracting and retaining quality teachers. States are making efforts to improve student achievement, and the federal No Child Left Behind Act calls for every child to be taught by a "highly qualified" teacher.

*Funding  
earmarked for  
employee benefits*

*Efforts focus  
on attracting  
and retaining  
teachers*

Several states addressed issues relating to the certification of teachers. *Delaware* legislation extends by one year (from one year to two years) the time period within which an applicant for an initial teaching license must pass the Praxis I exam. The bill also expands the definition of student-teaching experience to include prior teaching experience and experience as a substitute teacher.

*North Carolina* addressed certification issues for teachers from other states who are deemed “highly qualified” under No Child Left Behind and wish to teach in North Carolina. Teachers from other states who are fully certified and “highly qualified” — and who have at least three years of teaching experience, including at least one in North Carolina — will be eligible for certification in North Carolina and will be subject to the same requirements for certification renewal as other teachers.

*Louisiana* participants in alternative programs for teacher education will now have to meet one of two requirements: complete the same number of credit hours in the teaching of reading as required in traditional programs or demonstrate competency in the teaching of reading as determined by the Board of Elementary and Secondary Education.

Studies relating to teachers were authorized in several SREB states. *Delaware* legislation creates a task force to study and address teacher recruitment and retention. *South Carolina* will study the effectiveness of certification through the National Board for Professional Teaching Standards in improving student performance. *Tennessee* legislation requires the state Board of Education to propose plans to recruit and retain highly qualified teachers in low-performing schools and in academic areas where a shortage of teachers exists.

In other actions, the *Kentucky* Education Professional Standards Board was directed to conduct a two-year pilot internship program for new teachers. Legislation in *Georgia* restored fair dismissal rights for teachers first hired on or after July 1, 2000. Reform legislation passed in 2000 removed the right for a dismissal hearing for any new teacher (the law did not apply to teachers hired prior to July 1, 2000).

A bill in *Mississippi* added subject areas to the definition of critical needs for the Critical Needs Teacher Scholarship Program (previously only geographic areas were included). Scholarships will be limited to two annual awards for students who have been accepted into an approved program of teacher education, rather than for all four years of college.

More information on teacher issues is available in the following SREB reports:

- *Focus on “Highly Qualified” Teachers: SREB States Take Action*
- *Focus on an Untapped Classroom Resource: Helping Paraprofessionals Become Teachers*
- *Spinning Our Wheels: Minority Teacher Supply in the SREB States*
- *SREB States Continue to Lead the Nation in National Board Certified Teachers*
- *A Highly Qualified Teacher in Every Middle Grades Classroom: What States, Districts and Schools Can Do*

- *Essential Principles of High-Quality Online Teaching: Guidelines for Evaluating K-12 Online Teachers*

## *Accountability and student performance*

SREB states have been reviewing existing programs in light of the requirements of No Child Left Behind. *Arkansas* passed the Omnibus Quality Education Act of 2003 that creates a comprehensive system of education accountability linked to accreditation standards and the requirements of No Child Left Behind. *Florida* legislation sets a timeline for the development of a K-20 accountability system that complies with NCLB requirements. The system will include performance-based funding for each level of the educational system that will be allocated (subject to legislative approval) based on the accountability system.

The *Oklahoma* Department of Education will conduct a review of past education reform efforts and No Child Left Behind requirements to determine if there are duplications or conflicts in the mandates. The state testing program was revised to meet requirements of NCLB.

*Louisiana* is continuing the development of the state's system of education accountability. Voters have authorized the state board to take over the management of consistently low-performing schools based on a school-performance rating system. Schools and districts will be rated every two years. The rating system is largely based on the state testing program and the Iowa Test of Basic Skills but also includes attendance and dropout measures.

Efforts to help at-risk students were addressed in several states. An *Arkansas* committee is to develop a state plan to close achievement gaps in public schools. *Florida* legislation calls for the implementation of a comprehensive program to assist parents and families in effectively participating in their child's education.

*Virginia* now requires local school boards to provide programs of prevention, intervention and remediation for students who fail end-of-course tests in courses that are required for graduation.

*Delaware* will allow students who do not meet the state testing standards for math and reading to avoid mandatory summer school by demonstrating "proficient performance" on the state standards. The state also will review accountability programs in other states.

Local districts in *Texas*, with permission from the commissioner of education, may reduce the school year for some students by up to 10 days so that resources can be directed to a longer year for at-risk students.

## *Legislation affecting high school programs*

Recent focus on smooth transitions for students from one level of education to another has spurred actions to strengthen high school and offer students — both those who are at-risk of dropping out and accelerated students — incentives and nontraditional pathways to complete high school.

*States align  
accountability  
programs with  
No Child  
Left Behind*

*Students are offered incentives and new ways to complete high school*

Several states addressed opportunities for students to complete high school in less than the traditional length of time. Legislation in *Florida* provides for an accelerated high school graduation option that reduces the number of credits required from 24 to 18, allowing students to graduate following the junior year. Students will be required to successfully complete 15 credits in core academic subjects and a reduced number of elective credits. The state also reduced the minimum number of instructional hours for a high school credit from 135 hours to 120 hours in districts that implement block scheduling.

*North Carolina* legislation directs the State Board of Education to encourage the early entry of motivated students into four-year college programs and to assure opportunities at four-year institutions for academically talented high school students. School guidance counselors will have to make ninth-grade students aware of the potential to complete the high school courses necessary for college entry in a three-year period.

A *Texas* bill expands the Early High School Graduation Scholarship to cover fees in addition to tuition. Students completing the recommended or advanced high school program in 36 months or less will earn \$2,000. These students may earn an additional \$1,000 for graduating from high school with at least 15 hours of college credit. Other award levels are specified based on the number of months it takes to complete high school and the number of college credits earned prior to high school graduation.

The *North Carolina* General Assembly wants to promote innovative education initiatives between secondary schools and colleges and universities. These initiatives are to target both students who are at-risk of dropping out before high school graduation and students who would benefit from an accelerated program of study.

In other actions relating to high school, *Arkansas* legislation requires students in grades nine through 12 to attend school for a full day that includes at least 350 minutes of instructional time; the requirement begins in the fall of 2004. The *Mississippi* Department of Education is to study optional graduation diplomas and report graduation and dropout rates annually.

*Texas* will create the Middle College Education Pilot Program for students who are at-risk of dropping out of high school or who wish to graduate from high school early. Another bill requires personal graduation plans for middle and high school students who fail a part of the state testing program and are at-risk of not graduating from high school within five years after entering ninth grade.

Recent SREB reports about high school include:

- *Doing What Works: Moving Together on High Standards for All Students*
- *Progress in Advanced Placement and International Baccalaureate in SREB States*
- *ACT and SAT Scores in the South: The Challenge to Lead*
- *Getting Students Ready for Algebra I*
- *Factors Affecting Mathematics Achievement for Students in Rural Schools*

## Young Children

Legislatures continue to focus on school readiness for young children. Studies were called for in *Delaware*, *Florida* and *Mississippi*. In Delaware, a task force is to review early childhood education programs and develop a plan for implementing universal prekindergarten and full-day kindergarten.

Legislation in Florida required the state Board of Education to complete a study by October 2003 and recommend curriculum, design and standards for the voluntary statewide prekindergarten program required by a constitutional amendment passed last fall. *Mississippi* also had an October 2003 deadline — for recommendations on the need for additional programs for early-childhood education and steps necessary to assure that programs meet standards of excellence.

Another bill in Mississippi applies the compulsory attendance law to 5-year-olds who register in full-day public kindergarten programs. All other students are required to enter school in the year they attain the age of six years by September 1. The state also will conduct a cost-benefit analysis of establishing prekindergarten programs and mandating that students attend kindergarten.

The *Arkansas* Department of Education is to implement statewide school-readiness screening for each student who enters school in kindergarten or first grade. In addition, students in first and second grades are to be given developmental assessments in reading and math. The Legislature also created the Arkansas Better Chance for School Success Program to provide educational programs for 3- and 4-year-olds, with priority for children in low-performing school districts.

Recent SREB reports on the education of young children include:

- *State-Supported Prekindergarten Programs in the SREB States: Growing in Hard Times*
- *Reading First: Lessons from Successful State Reading Initiatives*

## Education governance and organization

Legislative sessions often include discussions about education governance and organization. *Florida* established a Board of Governors for the state's universities, as required by a constitutional amendment adopted by voters in November 2002. A law also now limits to \$225,000 the state-funded portion of a college president's salary.

In *Virginia*, the governor vetoed a bill that would have changed the appointments to the State Council of Higher Education for Virginia. The bill specified that the Joint Rules Committee of the General Assembly would appoint five members and the governor would appoint the remaining six members. The governor will continue to appoint all members of the council. The state council also will approve or disapprove institutional plans to close academic programs in a high-demand or critical-shortage areas determined by the council.

*Texas* legislation continues the Texas Higher Education Coordinating Board until 2015 and reduces the number of board members from 18 to nine. Other

*Focus continues  
on school readiness*

provisions direct the board to publish college and university performance data, monitor progress on the Closing the Gaps goals of the master plan, develop funding policies in support of the master plan, and establish a pilot project for three two-year colleges to offer certain baccalaureate degrees. Texas also created a legislative committee to study the organization, operations and funding of higher education.

*Arkansas* bills merge several technical institutes with a college or university. *West Virginia* also reorganized a number of colleges. The bill also includes several flexibility measures to facilitate greater efficiency of operations

Purchasing guidelines were changed in two states. Legislation in *North Carolina* exempts the University of North Carolina Board of Governors from state purchasing and contract regulations. In *Tennessee*, colleges and universities are now authorized to purchase goods from group purchasing organizations.

A bill in *Mississippi* requires the State Board of Education, State Board for Community and Junior Colleges and the Board of Trustees of State Institutions of Higher Learning to enter into an agreement providing for the transfer of credits earned from colleges and universities for courses taken by high school students in dual-enrollment programs.

*West Virginia* addressed a variety of issues dealing primarily with local boards of education. The bill requires all local board members to receive training in regard to the No Child Left Behind Act and limits the ability of board members to serve in other public offices (exclusive of service for which the person does not receive compensation). Local boards are to evaluate the performance of the district superintendent at least annually, evaluate their own performance and develop policies to assure their own effectiveness.

*Delaware* called for a review of state Department of Education mandates on local school districts.

*Oklahoma* will be looking at potential cost savings for reorganizations and consolidations of district administrations and is to issue a report in December 2004. Districts are being encouraged to voluntarily consolidate to create fewer districts. Another bill authorizes contracts between local districts to share administrators, teachers and support staff. Oklahoma also transferred the Office of Education Accountability from the state Board of Education to the Oklahoma State Regents for Higher Education.

## *Higher education*

In addition to governance and organization, much of the higher education legislation passed during 2003 sessions dealt with financial-aid issues. Other bills addressed the needs of disabled students and students who are not legal U.S. residents.

New financial-aid programs were created in several states. *Florida's* Access to Better Learning and Education Grant Program is to provide tuition assistance to students attending accredited for-profit postsecondary institutions in the state; and the program includes nonprofit colleges and universities in the second year.

*Louisiana* will set up a loan-forgiveness program for nursing students studying to be licensed practical nurses, registered nurses or nursing faculty members.

*North Carolina* will begin providing tuition grants for four consecutive academic years to any North Carolina resident who graduates from the School of Science and Math and enrolls full-time in an institution of the University of North Carolina. *Oklahoma* will begin a tuition-equalization program for state residents attending an independent college or university. *Tennessee* will implement a lottery that was approved by voters last fall and create a program of merit-based scholarships.

Legislation addressed existing merit-scholarship programs in *Florida*, *Georgia*, *Kentucky* and *Louisiana*. Florida repealed the Florida Bright Futures Scholarship Testing Program (passed in 2002). The testing program had required students to complete at least five examinations (from programs such as the College Level Examination Program, Advanced Placement Program and the International Baccalaureate) for the purpose of gaining college-level credit. The student's scholarship amount was then reduced for the credit earned.

A committee in Kentucky is to study the merit-based scholarship program. Georgia's program for residents who attend independent colleges and universities will now allow the use of the grant during summer sessions. Louisiana students who complete the undergraduate degree in less than eight semesters (the maximum award period) will be able to continue receiving the award for the remaining semesters not used at the undergraduate level. Also some students who enrolled as first-time freshmen at out-of-state colleges or universities will qualify for TOPS awards at Louisiana institutions.

Prepaid tuition programs also received attention during sessions. *Mississippi* will develop rules for the purchase of tuition contracts for nonresidents. The bill specifies that purchasers of contracts cannot seek or accept compensation on behalf of a nonresident for whom the contract is purchased. The bill also authorizes the program to pay for graduate credit hours. *West Virginia* and *Kentucky* have closed their prepaid tuition plans to new enrollees.

Laws in *Florida* and *Kentucky* address the needs of disabled students. The state Board of Education in Florida is to adopt rules for the provision of test accommodations and modifications for disabled students that will allow them to demonstrate their abilities rather than reflect their impairments. Colleges and universities are to allow reasonable substitution for any admission requirement when a student's failure to meet the requirement is due to a disability. Kentucky will require publishers of postsecondary textbooks and instructional materials to provide colleges and universities, at no cost to the institutions, with electronic versions of the materials for students with disabilities.

There has been much talk about tuition rates for students who are not legal U.S. residents but who attend colleges and universities in the region. In *Oklahoma*, legislation requires the State Regents for Higher Education to adopt a policy to allow non-U.S. citizens who enroll in a state college or university to qualify for in-state tuition if they meet certain criteria. The governor of *Maryland* vetoed a similar bill. *Virginia's* governor vetoed a bill, which excluded undocumented aliens

*New financial-aid programs will help students*

*Tuition rates for students who are not legal U.S. residents*

from qualifying for in-state tuition rates. This action, however, does not have the effect of allowing undocumented immigrants to qualify for in-state tuition because the Virginia Attorney General has ruled that current law forbids these persons from qualifying as in-state students.

SREB reports relating to higher education include:

- *Higher Education Studies, Reports and Surveys in the SREB States*
- *Technology Can Extend Access to Postsecondary Education: An Action Agenda for the South*
- *Universities in the Lead: Redesigning Leadership Preparation for Student Achievement*
- *SREB Fact Book on Higher Education*
- *Fact Book Bulletin: Turning Freshmen into Sophomores is Key to College Students' Success*

*Summaries of SREB states' final legislative actions are available upon request. To order any publication listed in this report, contact the Southern Regional Education Board. The reports and the 2003 Final Legislative and Budget Actions also are available on SREB's Web site: [www.sreb.org](http://www.sreb.org).*

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