



SREB

Legislative Report

Governors' legislative and budget proposals

Arkansas (<https://governor.arkansas.gov/>)

The governor proposed his budget for 2019-20, indicating teacher salaries, tax relief, public safety, and budget savings as his top priorities. The proposed general revenue budget would total nearly \$5.8 billion, a 2.2 percent increase over 2018-19. In his budget letter to legislators the governor expressed his intention to increase the minimum salary of teachers by \$4,000 over the next four years, reduce the top marginal tax rate to 6.5 percent in 2020 and realize \$7.5 million in general revenue savings by reducing the number of cabinet agencies from 42 to 15.

State funding for public K-12 schools and the Department of Career Education would remain flat at nearly \$2.2 billion and \$4.8 million, respectively. Funding for Arkansas Department of Education operations would increase nearly 4 percent to \$16.3 million. To fund teacher salary increases the governor proposed transferring \$60 million from the Educational Adequacy Fund to the Public School Fund. In addition, the governor proposed more funding to the Arkansas Teacher Retirement System to support its fiscal health.

Overall higher education funding would rise 0.6 percent to \$749.8 million. Four-year state universities would receive \$599.3 million (up 0.7 percent), and two-year colleges would receive \$117.3 million (up 0.3 percent), while funding for technical colleges would decline to \$33.2 million (down 1 percent).

Delaware (<https://budget.delaware.gov/>)

The governor's 2019-20 general fund budget of \$4.4 billion represents a 3.8 percent increase over 2018-19 while supporting the governor's goals of improving the economy, strengthening public schools, and protecting Delaware's unique quality of life.

The state Department of Education would receive nearly \$1.6 billion, up 5.5 percent. This includes proposed funding of \$32.7 million (a 10.9 percent increase) for early childhood initiatives under the Stars for Early Success early learning quality rating and improvement program. To help low-income children and English learners make progress in closing gaps, the governor proposed \$10 million (up 66.7 percent) for Opportunity Grants to school districts; he wants to invest \$60 million over the next three years into Opportunity Grants.

Nearly \$1.5 billion (up 5.4 percent) of the funds to the state Department of Education would fund school district and charter school operations. This includes a 2 percent pay increase for educators (at a cost of \$20 million) and a \$1,000 per year increase for non-educators. The governor also proposed \$700,000 for the High Needs Educator Student Loan Payment Program, up 250 percent.

The proposal includes initiatives aimed at classroom improvement, including \$1 million to fund year-long residencies for incoming teachers, \$850,000 for the Delaware Literacy Plan which provides statewide professional development and instructional supports, and \$560,000 to provide additional math coaches to middle schools.

The merit-based SEED and Inspire scholarship programs would receive increases of 9.7 percent and 14.2 percent to \$7 million and \$2.2 million, respectively. The University of Delaware would receive \$124.8 million and Delaware State University would receive \$36.3 million, up 3.4 and 3.2 percent respectively. Delaware Technical and Community College would receive nearly \$84.6 million, up 4.1 percent. The governor also proposed a \$15 million Higher Education Economic Development Investment Fund.

Georgia (<https://opb.georgia.gov/>)

In his first State of the State Address since assuming office, the governor highlighted the important role teachers play in advancing the state and characterized his proposed \$3,000 teacher salary increase as a down payment on a promise to ultimately enact a \$5,000 increase. He also placed a priority on school safety measures, including a proposed \$69 million school security grant program and an additional \$8.4 million for the Georgia Apex Program, which provides mental health services in high schools.

The governor's proposed amendments to the 2018-19 budget would provide \$23.2 billion in general funds statewide, up 2.8 percent from the originally adopted budget. Formula funding to K-12 schools under the Quality Basic Education program would rise 1.3 percent over the original appropriation, to \$9 billion, reflecting a rise in enrollment. The Technical College System of Georgia would receive \$403.8 million, up 9.5 percent from the original amount; almost all of the increase is due to \$35 million in one-time funds to establish an aviation academy. The dual enrollment program administered by the Georgia Student Finance Corporation would receive \$108.6 million, a 3.4 percent increase.

In 2019-20 the statewide general fund budget would rise 2.3 percent over the amended 2018-19 amount to \$23.7 billion. While K-12 QBE formula funding would decline slightly to just under \$9 billion (down 0.4 percent), the decline is largely due to an increase in expected local tax collections. Overall K-12 general funds would rise 4.7 percent to nearly \$10.6 billion — primarily as the result of \$491.6 million to support the \$3,000 annual salary increase for teachers and other certified school employees as well as a two percent salary increase for school staff.

State colleges and universities under the University System of Georgia would receive nearly \$2.6 billion, up 5.9 percent, including nearly \$2.3 billion for instructional activities, up 6.4 percent. While funding for the technical college system would decline 7.7 percent over the amended prior-

year amount, to \$372.7 million, this is largely due to the one-time aviation academy funding and is 1.1 percent more than the original 2018-19 amount.

General funds to GSFC for the dual enrollment program would decline 0.1 percent from the amended amount to \$108.5 million. Lottery funds to the commission for financial aid programs would rise 4 percent to \$870.5 million, including \$704.1 million for HOPE scholarships to students at public colleges and universities. Lottery funds directed to the Bright From the Start prekindergarten program would rise 3.1 percent to \$378.7 million.

Maryland (<https://dbm.maryland.gov/budget/>)

The main themes of the governor's proposed budget for 2019-20 are maintaining fiscal responsibility while making vital investments, encouraging economic development and job creation, and maintaining and improving Maryland residents' quality of life. Regarding quality of life, the governor's priorities include ensuring that every school district in the state receives an increase in direct education aid from the state, dedicating gaming revenues to education initiatives, and reserving \$200 million to implement recommendations of the Commission on Innovation and Excellence in Education, known as the Kirwan Commission.

State general fund aid to K-12 education would rise 4.9 percent to nearly \$6.4 billion, including Foundation Program funding just over \$3 billion, up 6.6 percent. Also included in the state aid would be \$1.3 billion (up 1.9 percent) for aid to school districts with larger numbers of economically disadvantaged students, \$767.9 million (up 4.8 percent) for school district employee benefit costs, \$311.1 million (up 8 percent) for Limited English Proficient students, \$303 million (up 7.2 percent) for student transportation expenses, and \$32.8 million (up 19.7 percent) to continue expansion of full-day prekindergarten.

State-funded colleges and universities would receive over \$1.5 billion, up 4.3 percent, while aid to community colleges would total \$268 million, up 2.7 percent. A further \$63 million, up 2.6 percent, would be provided for community college employee benefits. State aid to non-public colleges would rise 5.6 percent to \$59.4 million while funding for need-based Educational Excellence Awards would rise 1 percent to \$83.7 million. In addition to the \$15 million in the governor's budget for the first year of the Maryland Community College Promise Program — a last-dollar scholarship to enable students to attend community colleges at no cost — the governor also proposes an additional \$8.3 million in funding to expand the program to four-year universities.

Mississippi (<http://www.governorbryant.com/>)

In his eighth and final State of the State address in January, the governor noted that state revenue is projected to increase by 2.6 percent and recommended no cuts to agency budgets in his budget proposal for the 2019-20 fiscal year. The proposal continues the practice of setting aside 2 percent of estimated revenue — \$116 million — of which almost half would go to the rainy-day fund. Other priorities include putting additional revenue into state employee retirement systems and providing more funding for the Mississippi Department of Child Protective Services.

Under the proposal, overall funding for public education would increase to \$2.5 billion, up 0.9 percent. That amount includes a 1 percent overall increase in the Department of Education's budget. Within the department's budget is \$25 million for a teacher pay raise in 2019-20, with the governor recommending the same increase the following year — this would provide an overall pay increase

of just under 3 percent. The governor also proposed increased funding for Jobs for Mississippi, a program designed to increase high school completion and assist students in finding employment, up 50 percent to \$1.2 million.

Funding for higher education would total \$829.1 million, an increase of 0.5 percent. Within that amount, funding for student financial aid would increase 21.4 percent to \$48.2 million. This is intended to cover funding gaps and allow students eligible to receive multiple grants to stack those awards. It also includes \$600,000 to provide the first Rural Physicians Scholarship awards since 2016-17. The Community College Board's administrative funding and support funding would be unchanged from the 2018-19 levels of \$6.5 million and \$231.1 million, respectively.

South Carolina (<https://www.admin.sc.gov/budget/executive-budget>)

The governor described his recommended 2019-20 appropriations measure as a fiscally responsible budget that invests heavily in education, provides a rebate of surplus funds to taxpayers and lays out a plan to freeze tuition at state colleges and universities. The proposal includes a 5 percent salary increase for teachers, at a cost of \$154.6 million, projected to raise statewide average teacher salaries above the regional average. The governor also proposed \$100 million in one-time funding to establish the Rural School District Economic Development Closing Fund, administered by the state Department of Commerce, to fund infrastructure improvements and economic development in rural school districts with the lowest local tax revenue generation.

The governor proposed a statewide general fund budget of \$8.7 billion for 2019-20, up 5.4 percent over the originally adopted 2018-19 budget. General funds for higher education would total \$728.6 million, up 9.4 percent. This includes a 2.3 percent increase, to \$449.2 million, for universities and a 9.2 percent increase, to \$168.6 million, for the Technical College System. The Commission on Higher Education would receive \$73 million, more than double the prior-year appropriation; most of the increase, \$36 million, would be provided as supplemental funding to institutions that do not increase in-state tuition and fees for the 2019-20 academic year.

The \$3.4 billion in general funds for K-12 education in 2019-20 is a 9.7 percent increase; this includes over \$3.1 billion in aid to school districts, up 10 percent. Education Improvement Act funding, from an earmarked 1 percent sales tax, is projected to rise 2.9 percent in 2019-20 to \$861.2 million. The governor wants to direct \$129.1 million in EIA funds, a 13.6 percent increase, to the statewide Public Charter School District, and another \$39.3 million for teacher benefits, up 11.4 percent. His EIA recommendation also includes \$3.1 million to provide a computer science and coding teacher at every school in the state, and \$1 million for Betabox experiential, hands-on learning STEM workshops.

With lottery funds projected to decline 7.2 percent to \$445.8 million, the governor recommended increases for tuition assistance at two-year institutions (\$52.6 million, up 2.9 percent) and merit-based LIFE and Palmetto Fellows scholarships (\$245.8 million, up 6.8 percent, and \$67.7 million, up 22.3 percent, respectively), and decreases for the merit-based HOPE Scholarship (\$14.7 million, down 5.3 percent), need-based grants (\$18.1 million, down 9.7 percent) and supplemental lottery tuition assistance grants at two-year institutions (\$8.8 million, down 11.7 percent).

Virginia (<http://dpb.virginia.gov/budget/>)

In December 2018, the governor released his proposed amendments to the 2018-20 biennial budget adopted in June 2018. His proposals are based on a growing economy in Virginia, economic news including Amazon locating a new corporate headquarters in the state, and the assumption that the

General Assembly will approve legislation to levy Internet sales taxes. His proposal recommends additional general fund spending of \$2.1 billion over the biennium. The proposal would increase state reserve funds to \$1.1 billion, including last year's surplus.

For the 2018-19 budget, he recommends \$22 billion, an increase of 5.3 percent over the 2017-18 amount. General funds for all levels of education would total 8.4 billion, an increase of 0.6 percent over the original amount and 4.6 percent above the prior year budget. The largest part of education funding is direct aid to public schools — the \$6.3 billion recommended is 0.7 percent above the original 2018-19 budget and 4.8 percent above 2017-18 amount. Operating funds for two- and four-year postsecondary institutions would total more than \$1.3 billion in 2018-2019, the same level as previously adopted, and 4.8 percent above the 2017-18 level.

For 2019-20, state general funds would total \$22 billion — a 4.7 percent increase above the originally adopted level. The \$8.8 billion in general funds recommended for all education programs is an increase of 9.1 percent above the amount adopted for 2018-19 and 4.7 percent over the amount originally adopted for 2019-20. Direct aid to public schools would see a 1.7 percent increase over the originally adopted amount to \$6.5 billion. This includes an additional \$87.5 million for an additional two percent teacher pay raise on top of the previously budgeted 3 percent increase. It includes \$35.9 million to provide additional counselors in elementary, middle grade, and high schools. It also includes \$9.6 million for the VPI Plus preschool program to replace expiring federal funding.

The budget amendments would fund state colleges and universities in 2019-20 at almost \$1.4 billion, an increase of 1.3 percent above the enacted level. The budget amendments include an additional \$15 million for need-based tuition assistance for students at public four-year institutions. The State Council of Higher Education for Virginia would receive an increase of 9.2 percent over the adopted 2019-20 level. The total funding of \$109.4 million would include \$4 million to support the New Economy Workforce Credential Grant Program at a level that would allow 1,800 additional individuals to participate. Also, \$5.2 million would be provided for the Virginia Tuition Assistance Grant program, for students at private institutions, to increase the maximum annual undergraduate award to \$3,400.

West Virginia (<https://budget.wv.gov/>)

In contrast to the bleak multi-year budget outlook when the governor first took office two years ago, his proposal for the 2019-20 fiscal year reflects an improved fiscal picture and recommends nearly \$4.7 billion in statewide general fund appropriations — a 6.7 percent increase. The more than \$1.8 billion in formula funding to schools represents a 0.6 percent funding increase and includes funding sufficient for an average 5 percent teacher salary increase on top of the 5 percent increase enacted in the 2018-19 budget.

Overall, general funds for K-12 education would total just over \$2 billion, up 2 percent. This includes nearly \$43.9 million for vocational education, up 33.9 percent; most of the increase, \$10 million, would be directed to job training as a part of the Jim's Dream drug abuse prevention and treatment program. The proposal also includes \$5 million in new funding to the state Department of Education to establish the childhood drug abuse prevention education component of Jim's Dream. State colleges and universities would receive \$269.4 million, a 3.7 percent increase, while community and technical colleges would receive \$67.9 million, up 3.6 percent.

Notes from other SREB states

At the time of this writing, legislatures in most SREB states have begun their regular 2019 legislative sessions; Alabama and Florida will convene in March while Louisiana begins in April. Virginia's session was scheduled to conclude in late February, but legislators reconvene in early April to consider any gubernatorial vetoes.

Governor's budget proposals have been released in Florida, Oklahoma and Texas while proposals are still forthcoming in Louisiana, North Carolina and Tennessee. Analyses of those proposals will be included in upcoming *Legislative Report* releases.

The governor in Arkansas had, at the time of this publication, signed the measure enacting the teacher salary increase described above.

Arkansas, Kentucky and West Virginia are expected to conclude their regular legislative sessions in March. Summaries of final legislative and budget actions in these and all other SREB states will appear in forthcoming editions of *Legislative Report*.

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