# STATE OF LOUISIANA
# LEGISLATIVE AUDITOR

**Research of Education Issues in Southern Regional Education Board States**

**January 1999**

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*Legislative Auditor*

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**State of Louisiana**

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January 13, 1999

The Honorable Thomas A. "Tom" Greene,
Chairman, Senate Education Committee
and
Members of the Senate Education Committee

The Honorable John J. Hainkel, Jr.,
Chairman, Senate Finance Committee
and
Members of the Senate Finance Committee

Dear Legislators:

This report gives the results of our research on various education issues in Southern Regional Education Board (SREB) states and provides information on how southern states collect and use different education related data. Our research was conducted as part of a legislative request to review education issues in nine Louisiana education districts.

I trust that this report will be of use to you in your legislative decision-making.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

GWH:DGK:dl

[SREB]

# Research of Education Issues in Southern Regional Education Board (SREB) States

## BACKGROUND AND OBJECTIVES

We conducted research on various education issues in SREB states to provide the legislature with information on how southern states collect and use different education related data. We focused our research on education costs and revenues as well as how financial, student, and teacher data are transmitted from local school districts to state Departments of Education (DOE) and ultimately to their legislatures. In this report, we present information on the following SREB states: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, South Carolina, Oklahoma, Tennessee, Texas, Virginia, and West Virginia. We mention the state of Louisiana where applicable. However, for additional information relating to Louisiana on the various education issues discussed in this report, see our *Study of Education Issues in Nine Louisiana School Districts* where we discuss similar issues.

## METHODOLOGY

The methodology used for this research consisted of contacting officials from SREB states to identify and request reports similar to Louisiana's Annual Financial and Statistical Report (AFSR). Louisiana's AFSR provides financial, teacher, and student data on Louisiana's 66 school districts. All SREB states submit similar reports. We reviewed these reports and interviewed officials from the SREB states to determine sources of education revenues as well as the types of education expenditures for each SREB state. In addition, we determined how SREB states communicate education data in the following areas from local school districts to their state legislatures:

- Education cost and finance
- Teacher information
- Student information

Finally, we interviewed officials from the SREB, the federal Department of Education's National Center for Education Statistics (NCES), and the National Education Agency (NEA) to better understand how national organizations use SREB states' education data.

## What percent of education dollars in SREB states comes from federal, state, and local funding?

All of the SREB states we surveyed operate their state's education system using a mix of federal, state, and local revenue. Our research found that the greatest part of education revenues comes from state and local sources. A small portion comes from the federal government. Exhibit 1-1 below provides revenue by federal, state, and local sources for grades K-12 for FY 96. According to NCES officials, FY 96 information is the most recent available information for all SREB states.

**Exhibit 1-1**
**Population Data and FY 1996 Education Revenue for SREB States**

| SREB State | *Population | Federal | State | Local | Total Education Revenue |
|---|---|---|---|---|---|
| **Alabama** | 4,319,154 | $348,717,481 | $2,310,951,610 | $1,112,271,353 | $3,771,940,444 |
| **Arkansas** | 2,522,819 | 188,064,260 | 1,322,272,699 | 691,954,097 | 2,202,291,056 |
| **Delaware** | 731,581 | 54,836,715 | 547,837,449 | 219,551,677 | 822,225,841 |
| **Florida** | 14,653,945 | 972,472,807 | 6,422,329,400 | 5,820,145,477 | 13,214,947,684 |
| **Georgia** | 7,486,242 | 520,690,353 | 3,956,280,914 | 3,150,851,495 | 7,627,822,762 |
| **Kentucky** | 3,908,124 | 290,624,509 | 2,280,139,508 | 922,125,629 | 3,492,889,646 |
| **Louisiana** | 4,351,769 | 477,761,328 | 1,978,049,859 | 1,479,186,864 | 3,934,998,051 |
| **Maryland** | 5,094,289 | 281,709,057 | 2,175,947,752 | 3,238,193,015 | 5,695,849,824 |
| **Mississippi** | 2,730,501 | 304,023,502 | 1,285,425,878 | 635,311,268 | 2,224,760,648 |
| **N. Carolina** | 7,425,183 | 443,121,435 | 3,971,824,771 | 1,740,024,545 | 6,154,970,751 |
| **Oklahoma** | 3,317,091 | 266,969,689 | 1,694,432,725 | 839,730,439 | 2,801,132,853 |
| **S. Carolina** | 3,760,181 | 308,082,323 | 1,955,378,420 | 1,433,771,515 | 3,697,232,258 |
| **Tennessee** | 5,368,198 | 358,034,527 | 1,985,414,499 | 1,798,699,218 | 4,142,148,244 |
| **Texas** | 19,439,337 | 1,557,596,685 | 9,312,158,528 | 10,751,357,033 | 21,621,112,246 |
| **Virginia** | 6,733,996 | 361,751,827 | 2,123,203,180 | 4,341,492,793 | 6,826,447,800 |
| **W. Virginia** | 1,815,787 | 160,083,669 | 1,253,994,501 | 575,499,211 | 1,989,577,381 |

*****This information was obtained from "State Rankings 1998" for 1997. All other information was obtained from the National Center for Education Statistics.

**Source:** Prepared by Legislative Auditor's staff using information provided by the National Center for Education Statistics, "National Public Education Financial Survey, FY 1996" and "State Rankings 1998."

Louisiana's revenue per capita for education purposes in 1996 was $904. Alabama, Kentucky, and South Carolina have similar populations and the education revenue in these states was $873, $893, and $983, respectively. The amount of revenue for education purposes in Louisiana is not out of line with similarly populated SREB states.

## How are education costs broken out in SREB states?

To provide a consistent comparison of public elementary and secondary education expenditures by function area, we contacted NCES. The NCES collects and reports financial data on all U.S. public elementary and secondary education through the National Publication Financial Survey. In that survey, SREB states are requested to categorize expenses in a certain manner. NCES uses the information to develop charts and tables for its publications. Exhibit 1-2 below provides the percentage distribution of current expenditure categories for SREB states for FY 96. According to NCES officials, FY 96 information is the most recent information available for all SREB states.

**Exhibit 1-2**
**Total Operating Expenditures by Function for FY 1996**

| SREB State | Instruction | Instructional Support | Food Services and Enterprise Operations | Total Operating Expenditures |
|---|---|---|---|---|
| **Alabama** | $2,032,706,203<br>63% | $970,023,687<br>30% | $237,633,976<br>7% | $3,240,363,866 |
| **Arkansas** | 1,244,144,521<br>62% | 613,192,823<br>31% | 137,410,607<br>7% | 1,994,747,951 |
| **Delaware** | 447,549,180<br>62% | 244,095,279<br>34% | 34,596,292<br>5% | 726,240,751 |
| **Florida** | 6,675,271,863<br>58% | 4,238,643,428<br>37% | 566,443,849<br>5% | 11,480,359,140 |
| **Georgia** | 4,116,128,810<br>62% | 2,109,943,704<br>32% | 403,573,817<br>6% | 6,629,646,331 |
| **Kentucky** | 1,942,324,285<br>61% | 1,081,738,759<br>34% | 147,431,729<br>5% | 3,171,494,773 |
| **Louisiana** | 2,099,916,427<br>59% | 1,130,311,161<br>32% | 315,604,308<br>9% | 3,545,831,896 |
| **Maryland** | 3,263,165,217<br>61% | 1,796,246,045<br>34% | 251,796,175<br>5% | 5,311,207,437 |
| **Mississippi** | 1,246,653,852<br>62% | 603,501,594<br>30% | 150,165,447<br>8% | 2,000,320,893 |
| **N. Carolina** | 3,479,891,048<br>62% | 1,740,685,444<br>31% | 362,417,407<br>6% | 5,582,993,899 |
| **Oklahoma** | 1,680,375,491<br>60% | 949,349,552<br>34% | 174,363,060<br>6% | 2,804,088,103 |
| **S. Carolina** | 1,821,432,376<br>59% | 1,064,316,226<br>34% | 199,746,407<br>6% | 3,085,495,009 |
| **Tennessee** | 2,378,111,848<br>64% | 1,151,816,180<br>31% | 198,558,087<br>5% | 3,728,486,115 |
| **Texas** | 11,540,336,115<br>61% | 6,179,630,000<br>33% | 1,081,496,306<br>6% | 18,801,462,421 |
| **Virginia** | 3,601,235,441<br>60% | 2,045,378,922<br>34% | 322,993,864<br>5% | 5,969,608,227 |
| **W. Virginia** | 1,122,083,768<br>62% | 578,585,920<br>32% | 105,334,659<br>6% | 1,806,004,347 |

**Source:** Prepared by Legislative Auditor's staff using information provided by the National Center for Education Statistics, "National Public Education Financial Survey, FY 1996."

**Operating Expenditures.** Operating expenditures are used for the day-to-day operation of schools. They include all expenditures for grades preschool through age 12. Expenditures associated with repaying debts, capital outlays and programs outside the regular preschool through grade 12, such as adult education and community services, are not included. The following is a breakdown of the three categories used by NCES.

- **Instruction.** According to NCES, instructional expenditures are for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies, and purchased instructional services.

- **Instructional Support.** According to NCES, this category includes expenditures for activities, which support instruction. Examples include operation and maintenance of buildings, school administration, and student transportation. In addition, student support services such as therapists and guidance counselors are included. Finally, other instructional staff such as librarians are also included.

- **Food Services and Enterprise Operations.** These are non-instructional services. NCES defines non-instructional services as those expenditures that are for food services and enterprise operations. Enterprise operations include activities financed by user charges such as computer services. However, according to NCES, 93% of expenditures in this category are used for food services.

Based on information in Exhibit 1-2, each state spends approximately the same percentage of money on instruction and instructional support, which includes teacher salaries. However, as shown in Exhibit 1-3 on the following page, average teacher salaries differ within each SREB state. This could be due to how much each state is able spend on teacher salaries versus other operational and instructional expenses.

## What is the average teacher's salary in SREB states?

Each year state departments of education are asked to provide education data for the NEA through a survey. Based on the survey responses, the NEA uses the data in its publications: *Estimates of School 1996-97* and *Rankings of the States 1997*. The NEA survey provides very specific instructions as well as definitions used in calculating average teacher's salary.

According to the NEA, the average annual salary for teachers in public elementary and secondary schools is the total amount regularly paid or stipulated to be paid to an individual before deductions for Social Security, retirement, health benefits, et cetera. The average salary does not include benefits. Also, salaries for public school teachers do not include instructional staff (such as classroom aides), only public classroom teachers. The NEA defines classroom teacher as a school staff member

assigned the professional activities of instructing pupils in self-contained classes or courses in classroom situations. These positions are usually expressed in full-time equivalents.

Exhibit 1-3 below illustrates the average salary for public school teachers in all SREB states. According to the table, Delaware reported the highest average teacher's salary ($41,148), while Mississippi reported the lowest ($27,720). In addition, the exhibit shows the total state average annual pay and total number of teachers for each SREB state. In most cases, the average salary for teachers is more than each state's average annual pay.

**Exhibit 1-3**

**Salaries in SREB States, 1996-97**

| SREB State | Average Salary | *Total State Average Annual Pay | Total Number of Teachers |
|---|---|---|---|
| **Alabama** | $32,549 | $25,180 | 44,294 |
| **Arkansas** | 30,319 | 22,294 | 26,896 |
| **Delaware** | 41,436 | 30,711 | 6,464 |
| **Florida** | 33,889 | 25,640 | 131,419 |
| **Georgia** | 35,596 | 27,488 | 79,304 |
| **Kentucky** | 33,797 | 24,462 | 37,407 |
| **Louisiana** | 28,347 | 24,528 | 48,883 |
| **Maryland** | 41,148 | 30,293 | 45,782 |
| **Mississippi** | 27,720 | 21,822 | 29,203 |
| **N. Carolina** | 31,286 | 25,408 | 72,173 |
| **Oklahoma** | 30,369 | 23,329 | 39,420 |
| **S. Carolina** | 32,830 | 24,039 | 39,023 |
| **Tennessee** | 34,222 | 25,963 | 49,627 |
| **Texas** | 33,038 | 28,129 | 240,371 |
| **Virginia** | 35,837 | 28,001 | 74,210 |
| **W. Virginia** | 33,257 | 24,075 | 20,915 |

*Average annual pay information from 1996 was the most recent contained in "State Rankings 1998."

**Source:** Prepared by the Legislative Auditor's staff using information from the National Education Association and "State Rankings 1998: A Statistical View of the 50 United States."

The three states of similar population to Louisiana are Alabama, Kentucky, and South Carolina. Although Louisiana is somewhat larger in population than all three of these states, our average teacher salaries are lower. Based on these averages, Alabama pays $4,202 more, Kentucky pays $5,450 more, and South Carolina pays $4,483 more. To place this into greater perspective, Louisiana's total state average annual pay is only $652 lower than Alabama, yet is $66 greater than Kentucky and $489 greater than South Carolina. These statistics show that Louisiana is not paying as much for teacher salaries

as these other states, but also show that these three states are paying their teachers significantly more than the total state average annual pay.

Based on the population figures shown in Exhibit 1-1, Louisiana has a teacher for every 89 people in the state. Louisiana has more teachers per capita than the three states of similar population. Alabama has a teacher for every 98 people, Kentucky has a teacher for every 104 people, and South Carolina has a teacher for every 96 people.

## Do SREB states hire non-certified teachers to teach outside of their subject areas?

According to the SREB's *Educational Benchmarks 1998* report, most states require that written tests or performance assessments are passed before teachers are allowed to teach in the classroom. Although teachers across the SREB are required to take written tests or performance assessments to obtain a general certification to teach, we found that all SREB states allow teachers to teach subjects in which they are not certified. In addition, most states will hire teachers if they are working toward certification in certain subject areas. Finally, our research found that in some states teachers holding provisional certification were hired because of a shortage of certified teachers. Only one state, South Carolina will not allow non-certified teachers to teach. According to an education official in South Carolina, all teachers must be certified in order to teach.

Based on information provided by officials we interviewed in SREB states, we found that teachers routinely teach out of their field of expertise. For example, teachers with degrees in history or math may be allowed to teach English classes. According to a DOE official in Delaware, problems arose when their state revamped its teacher certification requirements, to require middle school teachers to become subject certified. Before this, a K-8 certification could be used for teaching middle school regardless of the subject area. He stated that because of changes in teacher certification requirements, Delaware now has a shortage of certified teachers in certain subject areas. This type of occurrence has led to teachers across the SREB teaching outside their certified areas.

Louisiana is not that different from the SREB states described above. For example, there are teachers in our state teaching certain subjects that they are not certified to teach. However, in most cases, these teachers are certified in other areas, but also have temporary authorizations to teach when teacher shortages do exist.

## Do SREB states mandate maximum class size and student/teacher ratio for K-12?

We surveyed eight SREB states that are close in proximity to Louisiana to determine maximum class size and student/teacher ratios. Our research found that a number of these states are implementing class size reduction programs and others are in

the process of development. We also found that like Louisiana, many SREB states mandate certain class sizes and student to teacher ratios through law, policy or standards. However, these mandates are determined by grade level and each SREB state uses different grade categories to establish its maximum class size limits and ratios.

Seven of the eight SREB states (Alabama, Arkansas, Florida, Georgia, Mississippi, South Carolina, Tennessee, and Texas) reported implementation or were considering implementing some sort of class size reduction initiative to include requiring maximum class sizes. Only one state (South Carolina) does not have any maximum class size policies, nor are they involved in any class size reduction initiatives for grades K-12. We also found that only half of the SREB states (Arkansas, Mississippi, South Carolina, and Texas) have policies in place that establish specific student/teacher ratios. The remaining SREB states surveyed (Alabama, Florida, Georgia and Tennessee) do not have any information related to pupil/teacher ratio.

**Summary of Surveyed States (Maximum Class Size and Pupil/Teacher Ratio)**

**Louisiana**

- Maximum Class Size: (BESE: Bulletin 1741, Policy 2.038.01)
  K-3 26
  4-12 33

- Maximum Class Size for Health and Physical Education for the purpose of teaching minimum competencies (BESE: Bulletin 1741, Policy 2.038.02)
  K-8 40

- Pupil/Teacher Ratio: Louisiana state law (R.S. 17:151B provides that student/teacher ratio cannot exceed 20:1 for the district, although limited waiver of this is possible.)
  K-3 20:1
  4-12 There is no legal limit for pupil/teacher ratio.

**Alabama**

- Maximum Class Size: (Alabama State Board of Education policy)
  K-3 18
  4-6 26
  7-12 29

- Pupil/Teacher Ratio: Not available

**Arkansas**

- Maximum Class Size: (Arkansas Education Accreditation standards)

| | |
|---|---|
| K | 22 |
| 1-3 | 25 |
| 4-6 | 28 |
| 7-12 | 30 |

- Pupil/Teacher Ratio: (Arkansas Education Accreditation standards)

| | |
|---|---|
| K | 20:1 |
| 1-3 | 23:1 |
| 4-6 | 25:1 |
| 7-12 | Not Available |

**Florida**

- Maximum Class Size: Being Studied

- Pupil/Teacher Ratio: Not Available

**Georgia**

- Maximum Class Size: (Department of Education Policy)

| | |
|---|---|
| K | 21 |
| 1-3 | 25 |
| 4-8 | 33 |
| 9-12 | 35 |

- Pupil/Teacher Ratio: Not Available

**Mississippi**

- Maximum Class Size: Accreditation Requirements of the Mississippi Board of Education

| | |
|---|---|
| K | 22 |
| 1-4 | 27 |
| 5-12 | 33 |

- Pupil/Teacher Ratio: (Mississippi State Law)

| | |
|---|---|
| K-4 | 24:1 |
| 5-12 | 27:1 |

**South Carolina**

- Maximum Class Size: Not Available

- Pupil/Teacher Ratio: (South Carolina Education Accountability Act of 1998)
  1-3 15:1
  4-12 At the discretion of the local school districts

**Tennessee**

- Maximum Class Size: (Education and Improvement Act of 1992)
  K-3 25
  4-6 30
  7-12 35

- Pupil/Teacher Ratio: Not Available

**Texas**

- Maximum Class Size: (Texas State Law)
  K-4 22

- Pupil/Teacher Ratio: (Texas State Law)
  K-12 20:1

As seen from this information, a number of SREB states are implementing class size reduction programs and others are in the process of development. In addition, we found that like Louisiana, many SREB states mandate certain class sizes and student to teacher ratios through law, policy or standards. However, there is no consistency across the states in terms of what constitutes an appropriate class size or pupil/teacher ratio.

## Do SREB states ensure that financial, teacher and student data are audited before they are transmitted from the local schools, to the school districts, then to the legislature?

Similar to Louisiana, our research found that the majority of SREB states' education departments rely on the local schools and school districts to submit reliable and valid education data. Although most states perform electronic edit checks on the data to identify duplicate identification numbers, et cetera, the data are not actually audited before they are sent to state legislatures. As a result, states' education departments develop AFSR type reports, which are submitted to their legislatures that may include data that are not valid or reliable. Likewise, SREB states are transmitting un-audited data to national entities such as the federal Department of Education's NCES, the SREB, and the NEA for use in various publications and reports. Conceivably, education data reported on the national level may not be valid or reliable.

Through interviews with various SREB states' officials, we found all SREB states (100%) do not perform comprehensive audits on financial, teacher and student data submitted by local schools before issuing their AFSR type reports. However, most of these states do audit financial data and some states (Florida, Mississippi and Texas) audit certain types of student data such as enrollment, but only after AFSR type reports have been issued to their respective legislatures. Therefore, SREB states rely heavily on the local schools and districts to submit reliable and valid data. As a result, NCES, SREB, and NEA use states' information, which could be inaccurate.

## Do SREB states use multiple databases to store and transmit financial, teacher and student data?

As in Louisiana, our research found that the majority of SREB states use multiple database systems to store and analyze various types of data submitted by local schools and school districts. Eleven of the 15 SREB states' education departments (73%) use multiple databases to store and report financial, teacher and student data. The remaining states of Arkansas, Texas, West Virginia, and Georgia use single databases. The Texas Education Agency (department) also provides "limited access" of data to the State Auditor, Office of Planning and Budgeting, and Fiscal Office.

Although we found that the majority of SREB states use multiple database systems, our research also identified a trend toward integrating data management systems to provide more reliable and useful reports. In Louisiana, the Department of Education is currently in the initial planning stages of a five-year plan to provide decision-makers with accurate and meaningful education information and reduce the redundancy of data elements by integrating all departmental databases. This effort is called the Louisiana Educational Accountability Data System (LEADS). Similar to Louisiana, of the 11 states that use multiple databases, 8 (73%) are developing new systems (Alabama, Kentucky, Maryland, Mississippi, Delaware, South Carolina, Tennessee and Virginia). The majority of these states are either integrating multiple databases, improving accounting systems, or improving reporting processes. According to officials in these states, the development of new systems should enhance the quality, validity and relevance of reports similar to the Louisiana AFSR.

Mississippi and Tennessee are examples of states that are integrating their databases as part of a legislative mandate. When the new systems are complete, both states will still have multiple databases; however, their databases will be fully integrated. One other multiple database state, South Carolina, is working toward consolidating to a single database system. South Carolina currently has 35-40 databases, which it is working to consolidate into one "data warehouse." This "warehouse" will consist of one large database of financial, teacher and student data transmitted from education districts across South Carolina.

As mentioned earlier, four (27%) states' education departments use a single database system to store and analyze various types of data submitted by local schools and school districts. The states of Arkansas, Georgia, Texas and West Virginia all have single database systems for financial, teacher and student data. For the most part, education officials from these states cited ease of maintenance, improved data quality and quality control as the reason for changing from multiple to single databases. Finally, education officials from these states stated there were very few problems with the data collection and submission associated with a single database. The state of Texas however cited the potential for a single database to become too large or outgrow itself.

As seen from this information, there is no consistency across the SREB states in terms of whether multiple databases are better than single databases. However, we did find that states with multiple databases were either in the process of integrating existing databases or planning to do so in the future. Based on discussions with SREB states' officials, there are pros and cons relating to both types of systems. Different factors such as the condition of existing systems, user preferences, and budgetary constraints can affect a state's choice. What is an effective and efficient system for one state, may not necessarily be the appropriate choice for another.

## Do SREB states have separate retirement systems, sabbatical and extended sick leave for their teachers?

As in Louisiana, 9 of the 15 SREB states (60%) have separate teacher retirement systems. In the remaining 6 states (Maryland, Mississippi, Delaware, North Carolina, South Carolina, and Tennessee), teachers belong to a state retirement system. We also found that all states, with the exception of Arkansas and Mississippi, have policies that allow teachers to take sabbatical leave. Of the 12 states that offer sabbatical leave to teachers, the states of Florida, Delaware, Tennessee, and West Virginia pay for the teacher's leave. In the remaining states, the cost of sabbatical leave is paid for by the local school districts and in Alabama and Kentucky the leave is unpaid. The maximum number of days a teacher may take sabbatical leave ranges from one semester to two years.

We also found that all SREB states, with the exception of Mississippi, have policies that allow teachers to take extended sick leave. Of the 14 states that offer extended sick leave, the states of Alabama, Arkansas, Florida, Delaware, North Carolina, Oklahoma, and Tennessee pay for the extended sick leave. In the remaining states, the cost of extended sick leave is paid for by the local school district, and in the state of West Virginia the leave is unpaid.

In all the states, with the exception of Alabama, Arkansas, and Mississippi, that offer sabbatical leave, the leave counts toward retirement. Likewise, in all the states, with the exception of Alabama, Arkansas, Mississippi, Texas, Virginia, and West Virginia, that offer extended sick leave, the leave also counts toward retirement.

As stated above, the majority of the SREB states have separate teacher retirement systems. Although we did not do a detailed analysis of the various benefits of each state's system, we did find that all states offer some type of cost-of-living adjustments (COLAs) for retired teachers. In addition, the majority of states offer their teachers some type of sabbatical and extended sick leave, with some benefits paid primarily through state dollars.

## How do SREB states define "at-risk" students and is additional funding provided for "at-risk" students?

Regardless of how SREB states define "at-risk," our research found that SREB states have funding formulas similar to Louisiana's Minimum Foundation Program (MFP). The intent of MFP type formulas is to equalize education funding between school districts that receive state funding. SREB states also provide additional funding to districts with "at-risk" students by adjusting their funding base by cost of pupil. We found that 50% of the SREB states we researched calculate additional funding by using the free and reduced lunch criterion. The Federal Department of Agriculture uses this criterion to identify students who are qualified to participate in its National School Lunch Program.

Of the eight SREB states we surveyed (Alabama, Arkansas, Florida, Georgia, Mississippi, South Carolina, Tennessee, and Texas), all but Arkansas and Texas use the term "at-risk" for identifying special needs students. Similar to Louisiana, we found that four states (Alabama, Mississippi, South Carolina, and Tennessee) all define "at-risk" as those students receiving free and reduced meals. Alabama was the only state that also used standardized test scores in its definition of "at-risk."

In comparison, the states of Florida and Georgia define "at-risk" as those students requiring special services such as alternative schools and bilingual education. These states do not use the free and reduced lunch criterion to define kids who are "at-risk." Although the states of Arkansas and Texas do not use the term "at-risk," they still identify special needs students for funding adjustments. It should also be noted that many students across SREB states that qualify for special programs also qualify to participate in the free and reduced lunch program, regardless of how the states define "at-risk."

Exhibit 1-4 on the following page provides additional information on how many children in each SREB state participates in the School Lunch Program as well as the percentage of children in each state living in poverty.

**Exhibit 1-4**
**SREB States Participating in the School Lunch Program**

| SREB State | Participants in National School Lunch Program* | Percent of School Age Children Living in Poverty** |
|---|---|---|
| **Alabama** | 548,240 | 20.7 |
| **Arkansas** | 311,012 | 19.5 |
| **Delaware** | 67,077 | 12.4 |
| **Florida** | 1,267,804 | 19.8 |
| **Georgia** | 1,024,709 | 19.6 |
| **Kentucky** | 500,038 | 27 |
| **Louisiana** | 666,600 | 27.7 |
| **Maryland** | 375,705 | 14.9 |
| **Mississippi** | 402,540 | 26 |
| **N. Carolina** | 790,975 | 17.5 |
| **Oklahoma** | 366,794 | 24.2 |
| **S. Carolina** | 458,402 | 21.1 |
| **Tennessee** | 605,671 | 20.6 |
| **Texas** | 2,287,303 | 22.5 |
| **Virginia** | 633,551 | 17.9 |
| **W. Virginia** | 209,851 | 22.4 |

*1997 information was the most recent available from the "State Rankings 1998."

**1996 information was the most recent available from the "State Rankings 1998."

**Source:** Prepared by the Legislative Auditor's staff using information from the "State Rankings 1998: A Statistical View of the 50 United States."

As mentioned previously, Louisiana is not alone when using the free and reduced lunch criterion to identify kids who are "at-risk." However, states that are using this criterion to identify "at-risk" kids for the purpose of making funding adjustments should ensure that federal eligibility and verification guidelines are used. If used correctly, such guidelines may help to prevent states from using students who are receiving free and reduced lunches erroneously, as a basis for overall funding adjustments.

## Do SREB states require the ACT for their high school graduates?

Our research found that all SREB states, with the exception of Tennessee, do not require the ACT as part of the high school exit examination. Tennessee requires that all high school students take either the ACT, SAT or the Work Keys exam to exit high school. As a result, any reporting and comparing of SREB states' ACT scores may not be totally comparable since averages may vary based on what percentage of students actually take the test within a respective state.

Higher education institutions in all 15 SREB states require either ACT or SAT scores for admission. Taking the ACT or SAT for entry into college is a higher education

requirement in the SREB states as opposed to a high school requirement for graduation. According to *SREB Educational Benchmarks: 1998,* ACT and SAT scores increased for those students who took a college preparatory program in high school. The *SREB Benchmark* goes on to say that in the South the percentage of high school students taking such preparatory programs has doubled in the last ten years from 21% to 42%.

## What "model" programs do SREB states use to ensure that financial, teacher and student data are accurate?

Our research found that the legislature in one SREB state (Florida) created the "Best Financial Management Practices" program in 1997, as a first step to ensure that Florida's 67 education districts are being held more accountable. Florida has approximately 2.2 million pre-kindergarten through 12$^{th}$ grade students and approximately 3,000 schools.

This program was developed because the legislature and the public lacked confidence in the state's education system and how the local school districts were spending the state's money. The intent of the program is to determine if local school districts have an existing framework to measure the effectiveness of programs and link financial planning and budgeting to district priorities. Finally, the reviews are designed to focus on student performance related to what the districts are spending.

The Florida Legislature charged the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the state's Auditor General to develop the "Best Financial Management Practices" program for Florida school districts. Both entities work for a joint legislative auditing committee, which answers directly to the legislature. In addition, school boards must vote unanimously to request and pay for a "Best Financial Management Practices" review. However, the legislature required the Commissioner of Education to adopt best financial management practices.

A joint review consists of reviewing the extent to which the district is using "best practices" in the following areas:

- Management Structures
- Performance Accountability System
- Personnel Systems and Benefits
- Use of Lottery Proceeds
- Use of State and District Construction Funds
- Facilities Construction
- Facilities Maintenance
- Student Transportation
- Food Service Operations
- Cost Control Systems

If the review finds school districts are not using "best practices," OPPAGA works with the school district to develop recommendations and an action plan for change. If a district is using "best practices," it is awarded a "Seal of Best Financial Management" by the state Board of Education.

Since the program is fairly new, at the time of this writing OPPAGA has only conducted one review, which makes it somewhat difficult to determine if the program will be successful in the future. However, according to the OPPAGA project manager, there has been positive feedback about the program and some discussion about mandating that all districts go through a review at the state's expense.

## Overall Conclusion

In our research, we found that most SREB states operate their education system very similar to the Louisiana Department of Education. We found common themes relating to education costs, revenue sources, teacher certification, and the definition of "at-risk" students for funding purposes. However, more importantly, we found similarities relating to how financial, teacher and student data are transmitted from local school districts to state Departments of Education and ultimately to their legislatures. As stated previously, all SREB states (100%) do not perform comprehensive audits on financial, teacher and student data submitted by local schools before issuing their annual statistical reports. Therefore, like Louisiana, SREB states are relying heavily on the local schools and districts to submit reliable and valid data. As a result, SREB states could be using financial, teacher and student data that are inaccurate, as well as reporting it to national entities such as the SREB, the federal Department of Education's National Center for Education Statistics, and the National Education Agency.

Because of a lack of confidence in some states' education systems, accountability initiatives as well as modifications of accounting systems and database systems are occurring. Louisiana is no different than its SREB neighbors in this respect. Many states are realizing the need to seriously consider and focus on state education issues. We saw this in our research, by identifying a trend among SREB states where legislatures and the public are beginning to expect more accountability relating to how education dollars are spent. They also want to know if these dollars are being spent effectively and efficiently. As mentioned previously, we found examples of accountability initiatives and efforts to better organize, store, and use financial, teacher and student data. Hopefully, these trends will continue and the SREB states, including Louisiana, will begin to see improvements in education.