

SENATE COMMITTEE ON EDUCATION



Report to the 78th Legislature

November 2002

SENATE EDUCATION COMMITTEE

77th Legislature

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November 26, 2002

The Honorable Bill Ratliff
Lieutenant Governor
Members of the Texas Senate
State Capitol Complex
Austin, TX 78711

Dear Governor Ratliff and Members of the Texas Senate:

The Senate Education Committee is pleased to submit its final interim report with recommendations for consideration by the 78th Legislature.

Respectfully submitted,

Handwritten signature of Senator Teel Bivins in cursive.

Senator Teel Bivins, Chairman

Handwritten signature of Senator Judith Zaffirini in cursive.

Senator Judith Zaffirini, Vice-Chair

Handwritten signature of Senator Kip Averitt in cursive.

Senator Kip Averitt

Handwritten signature of Senator David Cain in cursive.

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Handwritten signature of Senator Florence Shapiro in cursive.

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Handwritten signature of Senator Todd Staples in cursive.

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Handwritten signature of Senator Carlos F. Truan in cursive.

Senator Carlos F. Truan

Handwritten signature of Senator Leticia Van de Putte in cursive.

Senator Leticia Van de Putte

Charge One

Study accountability in public schools, including the performance and accountability of (a) charter schools, (b) alternative education programs, and (c) juvenile justice alternative education programs.

Background

Texas has worked to refine its standards based accountability system over time. The result has been a clearly defined set of state standards for student academic achievement from grade to grade. These standards are the foundation of our state accountability system and are the basis of our state adopted curriculum, the Texas Essential Knowledge and Skills (TEKS). Everything from the textbooks used in our classrooms to the training received by our teachers is grounded in the TEKS. The success of students and schools in achieving the academic progress set out in the TEKS can be readily measured by state assessments designed specifically for that purpose. This trio of standards, curriculum and assessments are the key components of accountability in Texas.

The Texas Assessment of Basic Skills (TABS) was first administered in 1980, followed by the Texas Educational Assessment of Minimum Skills (TEAMS), and the Texas Assessment of Academic Skills (TAAS) in the early 1990's. Under TAAS, school districts and campuses were rated using the disaggregated test results, along with the Academic Excellence Indicator System (AEIS), which includes disaggregated student dropout rates, attendance and course completion rates. A campus report card provides AEIS data in even greater detail and rounds out the accountability system by enabling parents and the general public to examine the effectiveness of their local campus and all other campuses across the state.

Since the first administration of TAAS in 1991, the percent of all students passing all portions of the test increased from 44.6 percent to 82.1 percent in 2001. One of the strongest aspects of the disaggregated system has been that while it clearly demonstrated lower passing rates for African American, Hispanic and economically disadvantaged students in 1991, it also provided the impetus for school districts to focus resources on the students most in need, and to directly address those needs based on the data provided. The result has been a percentage increase in the performance of disaggregated student groups which mirrors the percentage increase of the student population as a whole. On the foundation of standards, curriculum, assessment and ratings, an educational system in Texas has been built of growing, demonstrable strength. While room for progress always remains, it is reassuring to see the achievement trends of all students rising meaningfully and measurably.²

Higher standards, based on the academic excellence indicators, were implemented in 2002 for the District Accountability Ratings. Under the new ratings, 17 districts were

² TEA TAAS Data 1990-91 and 2000-01

deemed academically unacceptable. The number of districts rated exemplary dropped from 17.1 percent in 2001 to 13.8 percent in 2002. However, under the higher standards, there are still more districts rated exemplary now than there were in 1999. This slight dip in ratings may give some indication of what to expect with the transition to higher standards under the Texas Assessment of Knowledge and Skills (TAKS) test.

The State Attorney General ruled in March, 2002, that the general responsibility for the creation and implementation of a statewide assessment program of students' knowledge and skills belongs to the State Board of Education (SBOE). The development of appropriate assessment instruments is the responsibility of the Texas Education Agency.³ Additionally, in September, 2002, the Board requested an opinion from the Attorney General's office on the Board's authority in regard to the adoption of additional Academic Excellence Indicators.

Future Changes

In 2003 students will take the TAKS test for the first time; however they have been undergoing field tests to facilitate the development of the test since the 2001-2002 school year. Students and school officials are bracing for lower scores on the new assessment with tougher standards. Schools have begun the process of identifying students at-risk of failing and taking appropriate action. The method of identifying students who are at-risk varies from school to school, making it impossible to compare or predict at this time the effectiveness of these early identification efforts. The passing standard for TAKS assessments is scheduled to be established by the SBOE in November 2002.

Students in grades 3-11 will now be assessed in at least two subject areas each year. During the 2003 school year the 5th grade science assessment will be administered for the first time, as well as social studies assessments in both the 10th and 11th grades. A new language arts assessment will also be administered in place of separate reading and writing assessments in the 10th and 11th grades as well. (see Appendix, Exhibit B)

Standards

The Academic Excellence Indicator System (AEIS) continues to be used to rate and acknowledge districts and schools, and to provide a comprehensive profile of characteristics and performance. Some important systemic changes occurred in 2002. Ratings standards were increased so that in order for schools to achieve the *Academically Acceptable* rating, 55.0 percent of all students and each student group must pass the reading, writing, and mathematics assessment. In 2001, a minimum passing rate of 50.0 percent was required for this rating.

AEIS dropout standards have also changed. In order for schools to achieve *Academically Acceptable* status, their dropout rate must fall at or below 5.0 percent, a change from 5.5 percent in the past. A *Recognized* rating can be achieved by schools with a dropout rate

³ Opinion JC-0478, Office of the Attorney General of the State of Texas

of 2.5 percent or lower, down from 3.0 percent in the past. The standard for an *Exemplary* rating remains unchanged, 1.0 percent. In conjunction with tougher standards for dropout rates, TEA has added a new position for a deputy commissioner for dropout prevention to work in this area.

The new accountability system designed in response to SB 103, by the 76th Legislature, focuses on student progress from year to year. This being the case, the transition to the more rigorous TAKS assessment is inherently different in the first year of administration from succeeding years. In 2003, districts will receive a ratings preview in December, rather than the August rating under TAAS as in past years. Since there is no previous year data for TAKS, the traditional ratings mechanism to which we became accustomed under TAAS will not be applicable until two years of TEKS data are available.

History of the Texas Accountability System

The Texas accountability system has become a national model for standards based tracking of student achievement. Starting with HB 72, of 1984, and culminating in the new Texas Assessment of Knowledge and Skills (TAKS), accountability has been the foundation of educational reform in Texas for nearly two decades, and has been the basis on which greater student progress and increased local control have become a winning combination with measurable results.

Impact of Senate Bill 103

The future of the accountability system and the standards on which it is based was set out in SB 1 in 1995 and SB 103 in 1997. Implementation of the new TAKS test as the accountability instrument begins this coming spring, 2003. Grades three through 11 will be tested under the provisions of SB 103 (see Appendix, Exhibit C). Full implementation will be complete in 2005, when the exit level test given in the 11th grade becomes the test that all students must pass to graduate.

Currently 9th grade is the point at which the highest levels of students are retained. It is hoped that the implementation of the new 9th grade TAKS test can be used to identify students' strengths and weaknesses and improve student performance as they move toward graduation. (see Appendix, Exhibit D)

SB 103 phased out end-of-course exams, such as the Algebra I end-of-course exam, but the commissioner was given the authority in the 77th Legislative Session to continue creating end of course exams if a need for such exams was determined. In January 2002, then Commissioner Jim Nelson issued a letter to districts that at that time the agency had determined not to create additional end of course exams, since the more comprehensive testing in grades 9, 10, and 11 would cover the curriculum previously tested by the end of course exams. The results of the Algebra I exam had never shown clear student progress and had been a source of concern to educators. There has been discussion of a need to continue that particular end-of-course exam, but at this time no change has been made.

Alternative Assessment for Special Education

In 1997 legislation passed that required an alternative assessment instrument be developed by the state for special education students. No other state had passed such legislation, and the work of the Texas Education Agency in implementing this new assessment was ground breaking. Inclusion of the results of this assessment began in 2000. After three years of inclusion, the results of these tests have not negatively impacted accountability ratings as some critics had feared, but rather focused attention on the needs of all other students as well as measuring their progress. This new assessment provided data on the progress and the needs of a new group of students, previously not included in the accountability system. With more meaningful performance data, school districts have responded to the needs of this population and been able to more efficiently use resources to meet those needs.

Charter School Accountability

Several changes were made to charter school accountability in 2001 and further provisions were put in place by HB 6 of the 77th Legislature to monitor and evaluate the success of charter schools. Texas Education Code § 12.118 calls for the Commissioner of Education to designate an impartial organization with experience evaluating school choice programs to conduct an annual evaluation of open-enrollment charter schools. The State Board of Education, which was given authority to grant charters with SB 1 in 1995, designated three entities: the Center of Urban and Public Affairs at the University of Texas at Arlington; the Texas Center for Educational Research with researchers from the Center for the Study of Education Reform at the University of North Texas; and the Center for Public Policy at the University of Houston to jointly evaluate open-enrollment charter schools for five years (from 1996-97 to 2000-01).

The *Texas Open-Enrollment Charter Schools Fifth-Year Evaluation* found that in general, established charter schools have made notable gains in both TAAS reading and math across the years. While TAAS passing rates for charter schools are below state passing rates, charter schools often serve a large population of at-risk students. The evaluation analyzed schools that serve a population of 75 percent or more at-risk students separately from those charter schools who serve less than 75 percent of students considered to be at-risk. There is a wide variance in how individual charter schools apply the state-defined criteria for “at-risk,” so for evaluation purposes, the evaluators used economically disadvantaged status as the indicator for at-risk. Of the 200 charter school campuses in 2000-01, 67 (one-third) served 75 percent or more at-risk students, while 133 (two-thirds) served less than 75 percent at-risk students.

The Texas Education Agency is compiling a report on alternative accountability for charter schools as required by HB 6. Since the passage of that legislation however, the federal government passed the *No Child Left Behind* (NCLB) Act. The passage of this act may make alternative accountability an option that is no longer available to Texas.

In addition to the evaluation requirements, further accountability measures in HB 6 authorized the commissioner of education to close charter programs if the charter is rated academically unacceptable for two or more years. This provision in TEC § 39.131, expedites the closure of schools that do not fulfill their educational responsibility to the children they serve. HB 6 also authorized the commissioner to modify, place on probation, revoke, or deny the renewal of a charter if the commissioner determines that the charter holder failed to protect the health, safety, or welfare of the students enrolled at the school (TEC § 12.114 and 12.115). This allows the commissioner to react quickly, should a charter not fulfill its duties, to order temporary closure of all programs operated under the charter until a hearing can be held to determine the future of the charter.

The Alternative Accountability System

At-risk students have been a primary focus of the accountability system. The needs of these students can be measured more accurately than ever before. School district resources are driven to meet those needs by the structure of the accountability system, which requires districts to maintain the high performance of at-risk students in order to maintain their overall accountability ratings.

The state has developed an alternative accountability system for campuses which serve at-risk or special needs students. In the past, this system has allowed districts to select which indicators they wished to be rated on and has used different ratings for those campuses than regular campuses. Campuses under this system were rated “Needs Peer Review” rather than low performing, if student achievement did not meet the necessary requirements for improvement set by the commissioner. When written in 1993, Chapter 39 of the Education Code defined the accountability system and created the authority of both the State Board of Education and Commissioner of Education to design and implement this system, but was silent on any type of alternative accountability system. Since that time statute changes have referenced the alternative system, but again, not explicitly created the authority for it.

It appears, under the provisions of the federal *No Child Left Behind* Act, that the current alternative accountability system may not be viable. The Act requires a single system of accountability in each state. Correspondence and discussions between TEA and the U.S. Department of Education appear to have concluded that the alternative system here in Texas falls outside the provisions of *No Child Left Behind* and is therefore not allowable.

JJAEP Accountability

Juvenile Justice Alternative Education Programs (JJAEPs) are one form of alternative education in Texas. In 1995, the State of Texas enacted Chapter 37 of the Texas Education Code, which allowed disruptive students to be removed from class while at the same time assuring that these students would continue to receive an education. One placement option for students after removal was the JJAEP that are operated by county juvenile boards in counties with populations of more than 125,000. The legislature gave

the juvenile boards tremendous flexibility in the development of these programs. Currently 26 counties are required to operate a JJAEP.

Academically the mission of JJAEPs is to enable students to perform at grade level. A JJAEP must focus on English language arts, mathematics, science, social studies and self discipline, and must provide high school equivalency programs. For purposes of accountability, a student enrolled in a JJAEP is reported as if the student were enrolled in the regularly assigned district. Each JJAEP is subject to minimum standards and accountability measures adopted by the Texas Juvenile Probation Commission.

Based on the examination of JJAEP students' TAAS scores, statewide academic performance of these students increased from 2000 to 2001, most evident in reading compared to math. Moreover, greater proportions of students passed TAAS in 2001 compared to 2000. The majority of the county JJAEPs experienced improved TAAS scores. Even though the percentage passing increased for both tests to 65 percent, the percentage of students not scoring a passing grade was still substantial at 35 percent.⁴

Longer periods of assignment in JJAEPs resulted in greater academic growth as measured by TAAS scores. Additionally, various programmatic characteristics were associated with increases in scores. For example, the program that transitioned students back to regular school at the end of a grading period showed a higher increase in both math and reading scores than did those with other conditions of completion.

Attendance rates reflected the need for improvement in this area. Two counties showed a consistent rate of 90 percent or greater over a two-year period. Five additional counties were able to raise their attendance rates to 90 percent or better. It is evident that attendance is a critical issue that needs attention.

Conclusion

Since the implementation of a standards-based accountability system which is founded in the alignment of standards, curriculum, assessment and ratings, student performance has risen consistently and measurably. As the evolution of the system suggests, an accountability system is by its nature required to adapt over time with higher standards and improved assessment instruments. Texas has met this challenge and must remain diligent in its efforts. *No Child Left Behind* re-enforces the need for Texas to continue with its improvements to our entire system of accountability, so that the needs of every child, regardless of circumstances, has the opportunity to succeed academically.

Alternative assessments for special education students have provided much needed data on the performance of this group of students. The development of this assessment broke new ground and proved again that Texas accountability initiatives are delivering the intended results.

⁴ TJPC and TEA Joint Report on JJAEP Performance Assessment, May 2002.

The Alternative Accountability System currently in use for some campuses with high at-risk populations may face a questionable future under the provisions of *No Child Left Behind*. Related to this is the report required of TEA by HB 6 for a study of an alternative accountability system for charter schools. Further guidance from the federal government is needed before any certain conclusions can be reached in area of alternative accountability systems

Improvements to the system are currently in progress and will be closely monitored next session. The level of interest in the Texas accountability system, both nationally and from the perspective of each student, will ensure that system continues to serve the purpose for which it has always been intended – measuring student success while efficiently and effectively driving resources to students needing them most.

Recommendations

1. Continue monitoring the implementation of SB 103, its impact on students and its overall progress toward better measurement of student progress.
2. Monitor the impact of improvements made by HB 6 on charter school performance.
3. Consider the impact of *No Child Left Behind* on the accountability of campuses serving primarily at-risk students.
4. Consider the benefits and detriments of longer placements in JJAEPs.
5. Monitor the findings of the Attorney General regarding the authority of the State Board of Education in Chapter 39.

Charge One Appendix

Exhibit A

TEXAS EDUCATION AGENCY

2002 STATE ACCOUNTABILITY DATA TABLES

BASE INDICATORS

DROPOUT TABLE							
Student Groups	Number of Dropouts	2000-01, Grades 7-12			1999-2000, Grades 7-12		
		Cumul. Member.	Student Group Percent	Dropout Rate	Number of Dropouts	Cumul. Member.	Dropout Rate
All Students	17,563	1,818,940	100.0%	1.0%	23,457	1,794,521	1.3%
African American	3,288	259,665	14.3%	1.3%	4,675	253,986	1.8%
Hispanic	9,489	679,412	37.4%	1.4%	12,540	658,869	1.9%
White	4,482	823,564	45.3%	0.5%	5,852	827,657	0.7%
Econ. Disadvantaged	6,534	673,821	37.0%	1.0%	8,303	646,760	1.3%

TEXAS ASSESSMENT OF ACADEMIC SKILLS (TAAS) TABLE									
Student Groups	Spring 2002, Grades 3-8 & 10					Spring 2001, Grades 3-8 & 10 ***			
	Number Passing	Number Taking	EOC Credit **	Student Group Percent	Percent Passing	Number Passing	Number Taking	EOC Credit **	Percent Passing
READING:									
All Students	1,654,844	1,813,261	2,998	100.0%	91.3%	1,586,184	1,784,086	2,979	88.9%
African American	213,900	246,717	252	13.6%	86.7%	200,073	242,488	245	82.5%
Hispanic	622,440	716,007	951	39.5%	86.9%	568,601	681,290	881	83.5%
White	762,180	791,681	1,638	43.7%	96.3%	765,014	804,300	1,699	95.1%
Econ. Disadvantaged	735,359	855,300	735	47.2%	86.0%	673,821	818,844	744	82.3%
MATH:									
All Students	1,690,841	1,824,968	2,998	100.0%	92.7%	1,621,189	1,797,448	2,979	90.2%
African American	214,753	248,199	252	13.6%	86.5%	200,014	244,084	245	81.9%
Hispanic	651,548	722,838	951	39.6%	90.1%	598,810	688,778	881	86.9%
White	766,995	794,684	1,638	43.5%	96.5%	768,353	808,239	1,699	95.1%

Econ. Disadvantaged	768,301	864,072	735	47.3%	88.9%	706,886	828,262	744	85.3%
WRITING:									
All Students	666,562	751,457	2,998	100.0%	88.7%	651,710	741,799	2,979	87.9%
African American	84,583	100,156	252	13.3%	84.5%	82,276	99,288	245	82.9%
Hispanic	241,799	288,829	951	38.4%	83.7%	230,244	277,373	881	83.0%
White	316,455	337,075	1,638	44.9%	93.9%	317,144	341,249	1,699	92.9%
Econ. Disadvantaged	270,025	326,324	735	43.4%	82.7%	256,755	313,886	744	81.8%
SOCIAL STUDIES:									
All Students	215,650	257,530	N/A	100.0%	83.7%	195,884	254,540	N/A	77.0%

** The number of students who met the testing requirement for graduation by passing end-of-course examinations and did not take any exit-level TAAS test in spring of the year shown. These numbers are included in the number passing and the number taking.

Exhibit B

Table 3: TAAS vs. TAKS
A Comparison of Subjects and Grades Assessed

Subject	Grades									
	3	4	5	6	7	8	9	10	11	
Reading	✓	✓	✓	✓	✓	✓	★	☒		
Writing		✓			★	☒		☒		
English Language Arts								★	★	
Mathematics	✓	✓	✓	✓	✓	✓	★	✓	★	
Science			★			☒		★	★	
Social Studies						✓		★	★	

Legend:

✓ = tested with TAAS and will continue to be tested with TAKS

★ = not tested with TAAS but will be tested with TAKS

☒ = tested with TAAS but will not be tested with TAKS

Test content at all grade levels will be affected by the changes in the exit-level requirements for graduation.

Subjects to be assessed on TAKS exit-level: English III, Algebra I, Geometry, Biology, Integrated Chemistry and Physics, early American and U.S. History, World Geography, World History.

Exhibit C

Implementation of Senate Bill 103 Transition from TAAS to the Texas Assessment of Knowledge and Skills (TAKS)

IMPACT ON STUDENTS ENROLLED IN GRADE 9 AND GRADE 10 IN 2001-2002

School Year	10th Graders (2001-2002)	9th Graders (2001-2002)
2001–2002	Grade 10 – Exit Level TAAS	Grade 9 – No Statewide Testing
2002–2003	Grade 11 – TAAS Retest, if necessary First Administration of New Grade 11 Exit Level Assessment (TAKS) – Not a Graduation Requirement	Grade 10 – New Grade 10 Assessment (TAKS)
2003–2004	Grade 12– TAAS Retest, if necessary Expected Graduation Year Senior TAAS Retest	Grade 11 – New Exit Level Assessment (TAKS) – Graduation Requirement
2004–2005		Grade 12 – New Exit Level Assessment Retest (TAKS), if necessary Expected Graduation Year

Exhibit D

Texas Assessment of Knowledge and Skills (TAKS) Program
(Senate Bill 103, as enrolled)
Implementation: 2003-2005

Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10	Grade 11	Grade 12
<i>ENGLISH-VERSION ASSESSMENT</i>									
Reading	Reading	Reading	Reading	Reading	Reading	Reading			
	Writing			Writing			ELA	ELA	
Math	Math	Math	Math	Math	Math	Math	Math	Math	
		Science					Science	Science	
					Social Studies		Social Studies	Social Studies	
<i>SPANISH-VERSION ASSESSMENT</i>									
Reading	Reading	Reading	Reading						
	Writing								
Math	Math	Math	Math						
		Science							
<i>READING PROFICIENCY TESTS IN ENGLISH FOR LEP STUDENTS</i>									
RPTE	RPTE		RPTE				RPTE		
<i>STATE-DEVELOPED ALTERNATIVE ASSESSMENT FOR SPECIAL EDUCATION STUDENTS</i>									
Reading	Reading	Reading	Reading	Reading	Reading	Reading			
	Writing			Writing			ELA		
Math	Math	Math	Math	Math	Math	Math	Math		

Notes:

Shaded cells indicate a new assessment.

Local diagnostics are given for reading in K-2nd grade.

Alternative assessment will be administered to special education students for whom the other assessment is not an appropriate measure of academic progress.

Exhibit E

Figure 3
Grade-Level Retention by Grade, Grades 7-12, Texas Public Schools, 1998-99 and 1999-00

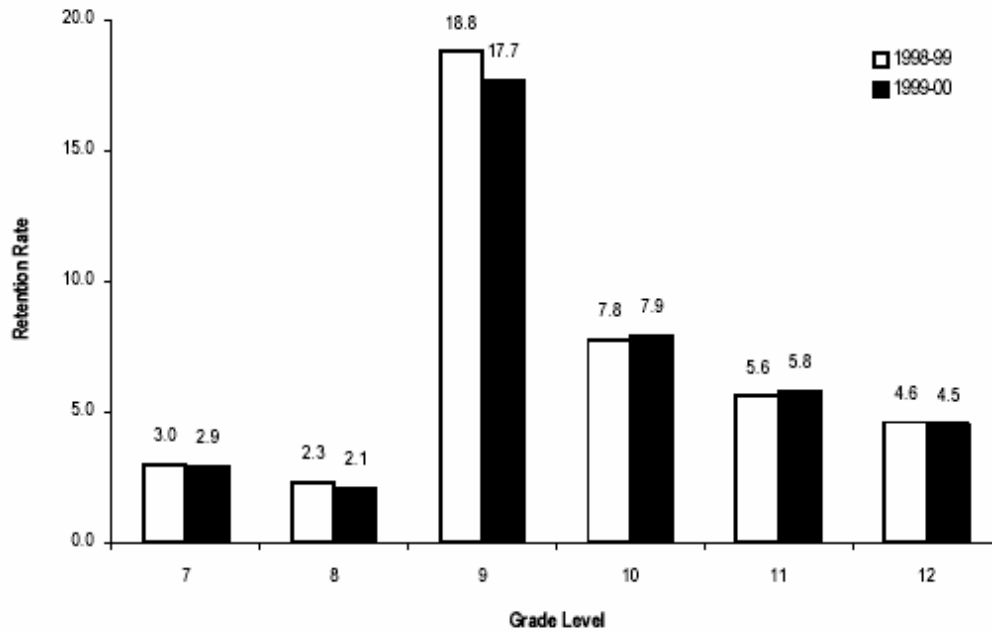


Table 3
Grade-Level Retention by Grade, Grades 7-12, Texas Public Schools, 1998-99 and 1999-00

Year	Grade							
	7		8		9		10	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
1998-99	8,642	3.0	6,533	2.3	59,738	18.8	19,552	7.8
1999-00	8,513	2.9	6,169	2.1	58,451	17.7	19,923	7.9

Year	Grade					
	11		12		Total 7-12	
	Number	Rate	Number	Rate	Number	Rate
1998-99	12,063	5.6	9,583	4.6	116,111	7.4
1999-00	12,806	5.8	9,631	4.5	115,493	7.2

Source: *Grade-Level Retention in Texas Public Schools 1999-00*, TEA, July 2002.

Charge Two

Monitor the implementation of H.B. 3343, 77th Legislature, relating to the operation and funding of certain group coverage programs for school and educational employees and their dependents.

During the 77th Legislative Session legislators worked together to address the challenge many school districts faced in providing affordable insurance to district employees. Prior to the 2001 session districts were required to make available to employees a group health insurance plan that was comparable to the Employee Retirement System's (ERS) plan for state employees but state involvement in school employee health insurance was limited.¹ After the 2001 session, H.B. 3343 charged the Teacher Retirement System (TRS) with establishing a statewide health insurance plan which began coverage September 1, 2002. This bill came in response to a growing concern over the accessibility and affordability of health insurance to Texas school employees and the state's role in the providing coverage.

Summary of the bill

H.B. 3343 required TRS to provide at least two tiers of group coverage including a catastrophic plan, which must be comparable to the coverage provided under TRS-Care 2, and a primary care plan, which must be comparable in scope and, to the greatest extent possible, in cost to the coverage provided by ERS to state employees.

The bill required that all school districts with 500 or fewer employees and each regional education service center must participate in the program. Districts with 500-1,000 employees had the option to participate in the program beginning September 1, 2002. Districts with more than 1,000 employees have the option to enter the program beginning September 1, 2005. However, those districts may elect to participate before September 1, 2005, if the TRS determines that participation by such districts would be administratively feasible and cost effective. Districts that were members of a risk pool or that were self-funded may not be required to participate. Charter school employees are eligible if the school agrees to open records requirements with regard to the program.

With regard to participating entities, all full-time employees and all part-time employees that are members of TRS are eligible for the program and employees choose the level of coverage on an individual basis. Retirees were not included in this new plan and remain covered by TRS Care.

HB 3343 requires the state to provide \$900 per year per participating employee to the school district to help pay the costs of coverage. This money is sent to districts through the Foundation School Program formulas. The participating entity (school district, other

¹Tex. Ed. Code § 22.004.

educational district, participating charter school, or education service center) must contribute \$1,800 per year per employee towards the cost of coverage; however, entities that do not already contribute this amount receive a minimum effort transition assistance that will decrease in amount each consecutive year. The transition assistance will continue to be available to districts that did not contribute \$1,800 in the school year 2000-2001 but who are taxing at the maximum maintenance and operations level of \$1.50.

Entities are also required to contribute an amount at least equal to the average amount that the district contributed towards the health insurance program on behalf of each employee during the 2000-2001 school year. If the amount required exceeds \$1,800, the additional contributions must be used for benefits or compensation above 2000-2001 levels.

The TRS is required to distribute \$1,000 per employee to all districts, other educational districts, participating charter schools and regional education service centers which the entity must hold in trust and distribute to the employee. The employee may choose to take the \$1,000 as supplemental compensation or may apply it to a cafeteria plan if the employee participates in a cafeteria plan provided by the district under Section 125 of the Internal Revenue Code. The additional compensation can be applied toward the cost of the insurance coverage or to pay plan deductibles.

If the amount contributed on behalf of an employee by the district and state exceeds the amount necessary to obtain the level of coverage selected by the employee, then the employee can apply the additional funds towards a higher level of coverage or towards dependent coverage. Married couples may combine state and district contributions to pay for family coverage.

HB 3343 also considers effects that the new health insurance plan may have on dependents of school employees who have previously received benefits under the federal Children's Health Insurance Program (CHIP). Federal regulations prohibit federal funding for children under this program who have access to statewide health care plans. To prevent hardship and increased costs on these parents, H.B. 3343 provides state funds to the Health and Human Services Commission to continue providing coverage to these dependents.

Discussion of districts and employees included in the plan

The deadline for districts, charters schools, and other entities to notify TRS that they would join the TRS Active Care program was September 30, 2001, but TRS worked with entities to allow later enrollment. Of the small districts with 500 or fewer employees, 778 of the 830 districts joined the program for a 94 percent participation rate. The remaining districts were allowed to not enter the program under HB 3343 exemptions for districts that were self-insured or members of a cooperative. Of the 111 districts with 500-1000 employees, 54, or 49 percent, opted into the program. All of the 20 educational service center, 67 percent of the charter schools, and 73 percent of the other educational

entities also joined the program. Overall 85 percent of all eligible entities, or 978 entities, are participating in the new TRS Active Care Program.

Of the 978 entities that are participating in the Active Care program, 870 were participating as of September 1, 2002. The remaining 108 will be joining throughout the next 16 months. Some of these entities are finishing out contract commitments with other health care providers. Others, mainly central Texas districts that previously used Scott and White HMO services, were allowed to remain with Scott & White for one year until TRS considers adding HMO services to the TRS Active Care program.

These 978 entities bring into the Active Care Plan more than 170,000 employees. Of these, 104,373 are employees and another 72,117 are dependents. Employees chose between employee only coverage, employee and spouse coverage, employee and children coverage, and employee and family coverage. Many of the 104,373 employees chose employee-only coverage. Only 5,983 employees chose coverage for the employee and spouse; 12,768 chose coverage for the employee and children; and 11,362 chose coverage for the employee and family. The remaining 74,260 chose coverage for the employee only.

One group that was not included in any TRS Active Care plan was retirees who have returned to work at a district or elsewhere. HB 3343 kept those employees in the TRS Care program for retired teachers and prohibited their enrollment in TRS Active Care. One problem that arose from this situation is that there were some retirees who upon retirement had either waived TRS Care or opted for a low level of coverage. Instead of getting comprehensive TRS Care coverage the district where they were rehired covered them on the district health plan. When these districts joined TRS Active Care, the retirees were displaced. TRS allowed them to opt into any level of TRS Care coverage, by authorizing a limited open enrollment for these individuals, in order to ensure these employees had adequate coverage. It was originally estimated that 500 employees would fit in this category but just over 100 have taken advantage of the opportunity as of mid October, 2002.

Discussion of the plan options

While the bill required that TRS develop at least two plan design options with varying levels of benefits, TRS established three plan design options ranging from “catastrophic” to an ERS equivalent plan at varying costs.

Plan 1: Plan 1, or the “catastrophic” plan, provides basic coverage that is richer than a truly catastrophic plan (details of all plans and costs are available in Charge Two Appendix). State and minimum district funding more than offset the monthly cost of Plan 1 employee-only coverage. Plan 1 includes preventative benefits including immunizations for children, routine physical examinations, well baby care, vision exams and hearing exams for a \$15 co-payment. After the plan has paid \$500 in preventative benefits (excluding immunizations for children under 6), any further charges will be treated as a normal medical expense, subject to deductible and coinsurance.

A \$1,000 deductible must be satisfied before the plan shares in non-preventative medical costs. After the deductible, the participant pays 20 percent of the network charges and 40 percent of the non-network charges to a maximum out of pocket cost of \$2,000. The plan then covers 100 percent of the costs for the remainder of the plan year. Plan 1 offers a discount drug card through Medco Health and all prescriptions apply to the deductible and coinsurance.

Plan 2: Plan 2 is a plan not required by HB 3343 but which provides comprehensive coverage to employees at prices below the ERS equivalent plan. The maximum cost of this coverage to employees is \$7 per month beyond the state and district contributions. It offers office visit and prescription drug co-payments. Preventative benefits mirror Plan 1 benefits except that the co-payment for Plan 2 is \$25.

Except for benefits covered by a co-payment (visits to a network doctor), a \$500 deductible must be satisfied for any individual before the plan shares costs. After that, the participant pays 20 percent of network charges and 40 percent of non-network charges to a maximum out-of-pocket cost of \$2,000. The plan will then pay 100 percent of the costs for the remainder of the plan year. Prescription drugs are available for reduced rates from network pharmacies or from a mail order pharmacy. They are not subject to the \$500 deductible.

Plan 3: Plan 3 is comparable to the Health Select plan offered to state employees, and employee-only coverage costs the employee \$91 per month above the state and district contributions. The preventative care plan pays 100 percent of immunizations for children under six and 100 percent of other immunizations, routine physicals, well baby care, vision, and hearing exams after a \$15 co-payment.

With regard to the main health plan, there is no deductible for network charges. Visits to a network doctor cost \$15. There is a \$50 emergency room co-payment that is waived if the patient is admitted. The participant pays 10 percent of other network charges, to a maximum out-of-pocket cost of \$500. After that, the plan pays 100 percent of the network costs for the remainder of the plan year. For non-network charges, the participant must pay a \$500 deductible before the plan shares the costs. The participant then pays 30 percent of non-network charges, to a maximum out-of-pocket cost of \$1,500. After that the plan pays 100 percent of non-network costs for the remainder of the plan year. There is a \$1 million lifetime maximum for non-network charges.

Prescription drugs are available for reduced rates from network pharmacies or from a mail order pharmacy. They are not subject to the \$500 deductible.

Employee choices: Of all enrolled employees, 41 percent chose to enroll in Plan 3 which offers ERS comparable benefits. According to the 2001-2002 Comparability Study less than 22 percent of employees of school districts with less than 1,000 employees were participating in comparable insurance plans. This means that TRS Active Care has doubled the percentage of employees in these districts that are covered

by comparable plans. Fifty percent of enrolled employees chose Plan 2 and the remaining nine percent enrolled in Plan 1.

Choice of plan administrators

The TRS sent Requests for Proposals for third-party administrators, networks, and pharmacy benefits manager, stipulating by rule that the network administrator have a \$1 billion capitalization, 300,000 enrollees and statewide coverage. After analyzing bids, the TRS chose Blue Cross Blue Shield of Texas as the third-party administrator and as the network provider. As plan administrator the company will aid in enrollment and training of districts and other entities. They process claims and provide phone line support to answer questions from participants. The Blue Cross Blue Shield network includes approximately 95 percent of the hospitals and 50 percent of the physicians in Texas. Medco Health was chosen as the pharmacy benefits manager. They will provide the pharmacy network and administer a mail-order drug program.

Training and Enrollment

The TRS, along with Blue Cross Blue Shield and Medco Health representatives provided training sessions for 2000 benefits administrators in order to ensure smooth implementation of the health insurance plan. In addition, they provided enrolled entities numerous training materials, conducted 30 presentations to various organizations, answered thousands of calls, and performed various other presentations and broadcasts to educate enrollees and administrators.

After benefit administrators were trained in April 2002, spring enrollment began that same month and lasted through May 2002. Another round of enrollment occurred in July 2002 through August of 2002 before the TRS Active Care program became effective in September 2002.

Discussion of the \$1000 Pass Through

As discussed briefly above, all employees who are active contributing members of TRS and who are employed by districts, participating charter schools, service centers and other entities are eligible to receive \$1,000 per year that is distributed by the TRS on a monthly basis. The TRS provided all entities with a model explanation in both English and Spanish of the \$1,000 supplement for both entities that offered cafeteria plans and for those that did not so that participating entities could pass the information along to their employees. TRS also distributed an election form which they required each enrolling member to return acknowledging that the employee understands how the money may be distributed and the tax consequences of their choice.

If the employee chooses to take the \$1,000 as compensation or if the employing entity does not offer a cafeteria plan under Section 125 of the Internal Revenue Code, the \$1,000 is subject to federal taxation. Otherwise, under a cafeteria plan, the \$1,000 is not

subject to federal taxation. In cases where payment is taxed, districts that pay Social Security deductions on behalf of their employees will have to match the tax paid by the employee. H.B. 3343 provided funding for these districts to cover the cost of the employer match.

The \$1,000 was meant to help school employees pay for their portion of health care costs and is available to all employees, regardless of their lack of enrollment in TRS Active care.

TRS and TEA are working very closely to carefully collect data on school employees that are eligible for this disbursement. They are requiring districts to report the number of eligible employees on a monthly basis, being careful to recognize dual employment situations to avoid double payment, and return to work retirees who are not eligible for the payment.

Funding

Total funding dedicated to the new school employee health insurance plan during last session was \$1.28 billion. Those funds were distributed to the TRS, the TEA, and the Health and Human Services Commission to be used in the various parts of the program. TRS received implementation funds of \$25 million to be used in the 2002 year for start up costs. Due to extremely efficient use of this funding, only \$3 million has been used for implementation. In fiscal year 2003 the remainder of the \$1.28 billion will be used as the TRS Active Care program starts its first full year of operation.

TRS was allocated \$42 million as start up funds for the beginning of the program for claims that must be paid during the first month of program activity. This was necessary due to the fact that districts would not receive state funds, and therefore, would not be required to send premium payments to TRS until after the first claims would need to be paid. TRS needed the \$42 million to pay initial claims. TRS was also allocated \$588.7 million to send out to districts and other entities in trust for entity employees for the \$1,000 per month pass through to employees. This funding will be sent to each entity on a monthly basis so that \$83.33 is distributed to each employee each month. This funding is sent directly to the district by the TRS. Under current law, this portion of the funding will continue next biennium and will grow at the rate of growth in employees.

TRS also distributes \$102.4 million to districts and other entities that are required to spend \$1,800 per year, or \$150 per month, toward each employee's health insurance costs. This funding is a minimum effort transition assistance to certain districts to aid them in gradually increasing the amount of funding they allocate to employee health insurance. This year as much as \$150 per employee per month will be allocated to each entity, depending on past spending levels, but this amount will decrease by \$25 per employee per month until it is completely phased out. Therefore, funding requirements from the state for this portion of the program will decrease each year.

TEA receives \$542.1 million to distribute to districts through the Foundation School Program formulas. The majority of this money, \$515.5 million, is for payment to the districts of the \$75 per month per employee (\$900 per year) that the state contributes towards the employee's health insurance costs. The Tier 2 Guaranteed Yield was increased from \$24.99 to \$25.81 in fiscal year 2002 and \$27.14 in fiscal year 2003. The Equalized Wealth Level was raised from \$296,000 to \$300,000 in fiscal year 2002 and \$305,000 in fiscal year 2003. A hold harmless for districts that do not receive or retain aid through the formula changes was created to provide the \$900 per employee per year.

During the fiscal year 2002, districts can use changes in funding through the formulas for any lawful purpose. However, in 2003 districts are required to spend 75 percent of the new formula revenue that they receive for the minimum effort transition and the \$900 per year allotment to the employee's health insurance coverage.² If 75 percent of the increase in revenue to the district is not enough to provide the \$900 per year per participating employee, then the state will use an additional amount of the \$51.5 million to provide the funding. The \$51.5 million ensures that all districts receive the full \$900 per employee. If 75 percent of the increased revenue through the formula provides more than the \$900 per employee then the additional revenue is considered part of the minimum effort transition assistance.

The state has essentially set up a defined contribution plan and the amount of funding needed to meet the \$900 commitment will change as the number of school employees increases and as school finance variables fluctuate.

The remaining \$5.6 million of the \$1.28 billion funds the Children's Health Insurance Program participants that are affected by this bill and the supplemental funding for school districts that pay Social Security tax on the \$1,000 pass through.

Change in funding needs for next biennium

Under current law, the increased funding needs for the 2004-2005 biennium over \$1 billion.³ This increase in funding is due to many factors. Most importantly, the program will receive full funding for both years of the biennium as opposed to only 2003 in the 2002-2003 biennium. The start-up costs and implementation costs are eliminated for the next biennium and the minimum effort transition assistance decreases for the 2004-2005 biennium. However, other factors such as the \$900 state allotment and the \$1,000 pass through increase with the growth in number of school employees.

² Guide to the Texas School Employees Uniform Group Health Coverage Act (House Bill 3343), Legislative Budget Board, May 2002.

³ Fiscal Note for H.B. 3343, Legislative Budget Board, May 26, 2001.

Future Developments

Even during the implementation of TRS Active Care, TRS was looking down the road at program expansions. H.B. 3343 requires that large district, districts over 1000 employees, should have the opportunity to join the program by September 1, 2005 or earlier if TRS finds it to be economically and administratively feasible. At the November 22, 2002 meeting of the TRS, the board determined that it would be administratively feasible and cost-effective to allow large districts to enter the Active Care program prior to September 1, 2005 as long as TRS received six months notification in most cases. One consideration that went into this decision was the retirees who are reemployed with the larger districts. As discussed above, when the districts join TRS Active Care, the retirees are displaced, but as with the return-to-work retirees working for small and mid-sized districts, the retirees of large districts would be able to make a new election for TRS Care coverage. TRS considered the possible effects on the TRS Care Fund before deciding to allow large districts to participate.

During the September 18, 2002, hearing, the Senate Education Committee raised the consideration of including retirees who have returned to work in the TRS Active Care program instead of the TRS Care program. The thought was that, as current employees of school districts, the retiree should still be covered as a district employee. HB 3343 did not allow for this option so any change would require legislation. Initial fiscal analysis shows that there may be a cost savings to the state.

Additionally, in late September 2002, TRS elected to begin allowing Health Maintenance Organizations (HMOs) to bid for possible contracts to offer benefits under the TRS Active Care program. These considerations are being made to allow the widest range of coverage options for the members of the TRS Active Care Program. This directly relates to many Central Texas districts that have previously been covered by the Scott & White HMO. Special steps were taken to allow these districts to continue coverage with Scott & White for the first year of TRS Active Care enrollment when it appeared that some districts would have higher costs under the state plan and would not be able to use the current health care providers. Now TRS is working to make the Scott & White HMO a part of the TRS Active Care network.

Additional Testimony

The various teacher and school district organizations testified to the committee, providing their perspective on the merits and faults of the bill and the implementation process. All speakers praised the efforts of the TRS in implementing the program. They also thanked the legislature for taking the enormous first step in solving the health care problems of school employees. They mentioned that the program has provided access to an ERS comparable plan that was not available to many employees prior to H.B. 3343. The overriding concern was the remaining cost to the employees, but several other concerns were mentioned.

All teacher groups emphasized the importance of the regional HMOs being included as service providers. The Texas Classroom Teachers Association (TCTA) would like to see a binding employee vote to determine whether the large districts will enter the program. The Texas Federation of Teachers (TFT) is concerned that the maintenance of effort provisions are not strong enough to “keep districts from shifting substantial costs of health-care coverage from the district to the employee.” The Association of Texas Professional Educators (ATPE) suggested that close monitoring of the district contributions before and after HB 3343 should occur. TFT and the ATPE are also worried that employees and districts are not receiving the guidance necessary to make good decisions about how to administer and use the \$1,000 pass through. They state that employees do not have the choices that HB 3343 provided with regard to the use of cafeteria plans to avoid federal tax liability.

Several teacher groups mention the availability of HRAs (Health Reimbursement Arrangements) which may allow for more flexible use of the \$1,000 pass through for employees. The HRA may be more flexible than a cafeteria plan because it allows the employee to carry over balances in the account from year to year instead of losing the balance at the end of the year if it is not used. It also may allow funds in the account to be used towards other health insurance premiums. However, the account must be funded by the employer and not through any sort of salary deductions or employee contribution. The fact that the \$1,000 pass through is currently provided to the employee may be a restriction on the use of these accounts. Dedication of the funds to health care alone may be a way to use the HRAs.

Recommendations

1. Continue to closely monitor implementation.
2. Continue to study the option of including retired teachers who have returned to work in the TRS Active Care program instead of the TRS Care program.
3. Continue to fund the program at current levels.
4. Continue to study the use of Health Reimbursement Accounts to shelter the \$1,000 pass through from federal taxation.
5. Continue to encourage communication and collaboration between the TRS and participating entities and employees.

Charge Two Appendix



Highlights of Approved Plan Design

	Plan 1	Plan 2		Plan 3		
				Network	Non-Network	
Medical						
Deductible						
Individual	\$1,000	\$500	N/A	\$500		
Family	\$3,000	\$1,500	N/A	\$1,500		
Coinsurance (Plan pays after deductible)	80% of Network / 60% of Non- Network Charges	80% of Network / 60% of Non-Network Charges	90% of Network Charge	70% of Allowable Charges		
Office Visit Copay	Deductible and coinsurance	\$25 in Network Deductible and coinsurance Non-Network	\$15	Deductible and coinsurance		
Emergency Room	Deductible and coinsurance	Deductible and coinsurance	\$50 Copay (Waived if admitted)	Deductible and coinsurance		
Hospital Admission	Deductible and coinsurance	Deductible and coinsurance	Coinsurance	Deductible and coinsurance		
Out-of-Pocket Maximum (in addition to deductible)						
Individual	\$2,000	\$2,000	\$500	\$1,500		
Family	\$6,000	\$6,000	None	None		
Lifetime Maximum	Unlimited	Unlimited	Unlimited	\$1,000,000		
Prescription Drugs						
<i>Retail</i>		Network	Non-Network			
Generic	Deductible and Coinsurance	\$5	\$5	\$5	\$5	
Brand Copay (Formulary)		\$25	\$25	\$20	\$20	
Brand Copay (Non-formulary)	(Discount card included)	\$45	\$45	\$35	\$35	
			(Patient also pays amount over network cost)		(Patient also pays amount over network cost)	
<i>Mail Order</i>						
Generic	Deductible and Coinsurance	\$10	N/A	\$10	N/A	
Brand Copay (Formulary)		\$50	N/A	\$40	N/A	
Brand Copay (Non-formulary)	(Discount card included)	\$90	N/A	\$70	N/A	
Proposed Monthly Cost						
These figures are proposed costs. The left column is the total premium payable to TRS. The right column is the maximum cost to employees who are TRS members. A minimum of \$308 per month in state and local district funding will be provided for employees who are TRS members to offset their share of the cost of TRS-ActiveCare.						
	Plan 1		Plan 2		Plan 3	
	Total	Maximum Employee Cost*	Total	Maximum Employee Cost*	Total	Maximum Employee Cost*
Employee Only	\$237	\$0**	\$315	\$7	\$399	\$91
Employee Plus Spouse	\$539	\$231	\$717	\$409	\$907	\$599
Employee Plus Child(ren)	\$377	\$69	\$502	\$194	\$635	\$327
Employee Plus Family	\$593	\$285	\$789	\$481	\$997	\$689

* If the district contributes more than the \$150 minimum, this amount will be less.

** Assuming that premium conversion is available to the employee, \$71 remains to be used at the employee's discretion.

Charge Three

Evaluate traditional and alternative certification programs and their effect on the recruitment and retention of teachers. The Committee shall look at the (a) use and re-employment of retirees in public schools, the (b) use and re-employment of retirees in teaching future educators in the state's colleges of education, (c) pre- and post-graduation incentives to enter the teaching profession, and the (d) impact of advanced professional development and the certification programs on retaining experienced teachers in the classroom.

Background

Last interim the Senate Education Committee studied the growing teacher shortage that existed in a booming economic time. The committee looked at recruitment and retention strategies that the state, the various preparation programs, and school districts could undertake to reduce the shortage and ensure that qualified teachers were teaching in our classrooms.

The recommendations of this committee last interim included the establishment of a statewide health insurance program. We accomplished that goal during the 2001 session. Our recommendations also included the development of a teacher home loan program, the easing of restrictions on retirees returning to work, and the expansion of the Teach for Texas program to alternative certification students. These recommendations and more were also implemented last session.

Today we find ourselves in a different economic situation, which may lessen the shortage. However, the State Board for Educator Certification (SBEC) reported to the Joint Committee of House Public Education and Appropriations studying the teacher shortage that a shortage remains across all areas of certification. Despite the fact that more individuals may be turning to the teaching profession, the state still has the challenge of retaining the teachers that we train and recruiting new, qualified teachers. Indeed, even with a downturn in the state economy, the shortage of teachers actually increased from the 2000-2001 to 2001-2002 academic year. SBEC estimates that, in the 2001-2002 academic year, the number of teachers without a full certificate was almost 34,000 while the number of teachers without the proper certificate for their teaching assignment was approximately 45,000. Thus, between 10 and 20 percent of the teachers in Texas are not properly certified.

In studying these issues, the Senate Education Committee worked with the SBEC, the Teacher Retirement System (TRS), and the Texas Education Agency (TEA), along with various other groups. The committee would like to extend a special thank you to the staff at those agencies that provided information and compiled the data that made this report possible. The Committee also surveyed the 102 educator preparation programs in

existence during April 2002, asking questions about the types of programs and certifications offered, the capacity of the programs, the extent to which capacity was reached, recruitment and retention strategies used, entity use of retirees, and suggestions for legislative changes. Seventy-two of those programs responded. A summary of those results is included in the text of this report and the tabulated results are available in Charge Three Appendix, Exhibit A.

An overriding theme from testimony of preparation programs, teacher groups, school district groups, and others was that the state needs to focus on teacher retention. A major concern of nearly all groups giving testimony on this interim charge was the number of teachers who leave the profession for varying reasons including compensation and benefits and working conditions. The committee received extensive testimony that retention should be a focus this next legislative session. The primary retention strategy mentioned in testimony was the TxBESS and other new teacher support programs. While general retention efforts were not the focus of the interim charge, the recommendations received by the committee will be helpful when the 78th Legislature looks at retention in 2003.

Evaluation of Traditional and Alternative Certification Programs

Overview of the types of programs

As to the types of teacher preparation programs, Texas has three general types of programs. The most common is the traditional or undergraduate programs where the candidate is seeking both a baccalaureate degree and teacher certification. These programs prepare individuals only for the classroom certificates and are housed at accredited degree-granting four-year institutions of higher education. These programs have historically been defined by semester hours. Typically, these programs include field-based courses coupled with at least a semester of student teaching.

Then there are post-baccalaureate programs where the candidate has a baccalaureate or higher degree and is seeking only educator certification from a university. These university-based programs prepare individuals for teacher certificates as well as for the professional certificates (generally for individuals who have the prerequisite teacher certification) such as Principal, School Counselor, etc. These programs, like the undergraduate ones, have historically been defined by semester hours. As with the undergraduate programs, the post-baccalaureate will include field-based courses with either student teaching or a period of teaching on either an emergency permit or a probationary certificate for those seeking teacher certification or a practicum for those seeking the professional certificates.

The third type is the alternative certification program (ACP) where degreed individuals are seeking educator certification. These are truly non-traditional venues for preparing candidates for certification. Like the post-baccalaureate program mentioned earlier, the ACPs can prepare candidates for teacher certificates as well as for the professional certificates such as Principal, School Counselor, etc. However, unlike the traditional and

post-baccalaureate programs, the ACPs can be housed at entities other than universities or colleges. ACPs have been established at universities, education service centers, school districts, community colleges and private entities. Consequently, the curriculum can be delivered in semester hours, clock hours, or a combination of the two. In addition to field-based training, these candidates serve at least a year of mentored internship as the teacher of record on a probationary certificate.

Legislative and administrative history

Before the passage of House Bill 72 in 1985 and Senate Bill 994 in 1987, only minimal standards, based on course semester hours, were in place to regulate certification. Students were allowed to obtain degrees and majors in education. House Bill 72 created the alternative certification programs designed to provide mid-life career changers with a mechanism to enter the teaching profession without going through a university undergraduate program. It also required subject matter examinations and minimum competency/literacy tests and provided the foundations for the school district accountability system that we know today.

Senate Bill 994 required teacher candidates to have an academic major and limited the amount of “education” or pedagogy courses that could be required for certification to only 18 hours, including student teaching. This essentially eliminated the “Education” degree in Texas.

In 1995 Senate Bill 1 started a change from a system of prescribed semester hour requirements and restrictions to a standards based system of educator preparation that focused more on results, less on prescribed process, and allowed more flexibility for the preparation programs. With the passage of Senate Bill 1, the SBEC was established and charged with implementing the transition.

Since its inception in 1996, the SBEC has worked with the profession to fulfill the requirements of SB 1. The result has been the development of a new three tiered certificate structure of EC-4, 4-8, and 8-12 to replace the current elementary (1-8) and secondary (6-12) structure. Educator certificates are now based on a set of standards created by Texas educators that incorporate the applicable Texas Essential Knowledge and Skills (TEKS), the state mandated curriculum for public school students, along with the proficiencies developed by the learned societies and associations. These educator certificate standards reflect the knowledge and skills that the educator must possess to become certified to teach in the Texas public schools. These standards will go into effect beginning with school year 2002-2003 for all of the foundation curriculum areas such as Mathematics, Science, and Elementary EC-4. The enrichment areas such as Art and music will be phased in over the next four years.

New certification exams called the Texas Examination of Educator Standards (TExES) have been developed for each certificate’s standards to measure candidates’ mastery of those standards. Texas educator preparation programs are now in the process of aligning their training and courses with these standards and the TEKS. The state’s accountability

system is based on how well each entity's candidates perform on the (TExES). With the development of the new certificate structure and standards, Texas is in the process of moving away from the prescriptive system of semester hours contained in the 1987 standards and TAC to a standards-based system to prepare educators for our public schools.

Along with the move to the standards-based system came the Accountability System for Educator Preparation (ASEP) which determines the accreditation rating for each preparation program. ASEP, beginning in Spring 2003, will look at TExES pass rates of completers of preparation programs in seven categories: all students; male; female; white; African-American; Hispanic; and Other. Each preparation program must meet either an initial pass rate (70 percent), defined as the passing rate for students taking the exam through December after completion, or a final pass rate (80 percent), defined as the passing rate for those taking the exam through December of the second year after completion.

Due to the standards based system and the interrelated accountability system, SBEC has been able to craft a single set of rules for all routes to certification. It has been able to approve entities other than the traditional preparation entities, such as community colleges and private entities. Preparation entities now have more local control but all are held to the same level of quality.

Education preparation providers

Traditional, alternative, and post-baccalaureate programs are offered by various types of entities. Colleges and universities are the accustomed group of providers and are still the only entities that are able offer traditional programs and post baccalaureate programs. School districts, education service centers, community colleges, and private entities are able to provide alternative certification but not traditional and post-baccalaureate.

In conducting the survey of all preparation entities in Texas, the committee discovered that traditional and post-baccalaureate programs are offered by about 60 percent of the 72 education preparation providers that responded. About 50 percent of providers offer alternative certification programs. Twenty-six of the providers only offer ACPs while 41 of them supply both traditional and post-baccalaureate programs.

Each of the programs varies in scope. While some are comprehensive programs offering preparation for certification at any and all levels, advanced degrees (superintendent, principal, master teacher, counselor, etc.) and endorsements, others may have a very narrow scope providing training for only one or few certification areas. Statewide there are 11 percent more programs to provide preparation for secondary (grades 8-12) certificates than similar programs for elementary (early childhood-grade 4) or middle grade (grades 4-8) certificates.

The survey results also showed that a majority of the programs are not at capacity and may expand to accommodate more students. Specifically, only 12.5 percent of

preparation programs said they had reached capacity. However, another 33.3 percent said they were undecided as to whether capacity had been reached. Texas A&M University testified to the committee that it was turning away students.

During the September 18, 2002, hearing of the Senate Education Committee on this topic, the committee heard from a panel of the various types of education preparation programs. Representatives from Texas A&M University; Hardin Simmons University; Region XI Service Center; Laredo Community College; Pasadena ISD; and Education Career Alternatives Program, a private company, testified as to their specific programs and the unique problems and solutions necessary to solve the teacher shortage in their area. Many of the programs represented also serve as model programs that the legislature should encourage to proliferate.

Texas A&M testified that universities are embracing the idea of alternative teacher preparation programs through their post-baccalaureate programs and other alternative pathways aimed at mid-career professionals and para-professionals. Most universities are seeing program growth. Limits on program growth are due to shortage of resources rather than the number of interested applicants. A&M has refocused its efforts in recruiting candidates into hard to fill areas. For example, the university offers information and a free class to students in the math and sciences to encourage them to consider teaching. Texas A&M emphasized that the teacher shortage that exists is a result of failure to retain teachers once they enter the classroom, not failure to train and certify teachers.

Hardin Simmons University stated that the success of their program was due to the high level of involvement of faculty in the recruitment, retention, and advisement of students in the program. The cost of their program was estimated to be \$25,000. Hardin Simmons concurred with Texas A&M that the preparation programs are not the cause of the teacher shortage; retention factors including work place conditions, salary, and lack of mentoring are the primary causes.

The Region XI Education Service Center is one of seventeen education service centers that have an ACP. Only three service centers do not have any type of alternative certification--regions 5, 15, and 16. Region 8 has an alternative program for Superintendent's, Region 17 has only a master reading teacher program, and all other regions have at least one certification program for teachers. Region XI testified that the cost of their program was \$3,500. The program had 221 interns working in schools this year, as opposed to 472 last school year, due to the lack of jobs in some certification areas, such as EC-4. The service center did coordinate with the districts it serves to determine need areas, but due to economic conditions the turnover expected did not materialize.

While the Fort Worth area has had problems finding jobs for all of the alternative certification candidates, Laredo Community College testified that the Laredo area desperately needs qualified candidates to enter certification programs there, especially EC-4 certification. The college turns away many candidates because of the lack of basic

skills. Those that are admitted pay extremely low prices, \$995-\$1,995, to become certified. The remainder of the cost is borne by Laredo ISD and the community college due to the great need for teachers, but funding is a problem. Developmental programs are needed to improve the basic skills of applicants in that area. The area also needs mentor and support programs. There are currently 13 other community college ACPs. A list may be found in Charge Three Appendix, Exhibit B.

Pasadena ISD is one of five school district ACP programs. Houston ISD, Dallas ISD, and Pasadena ISD have extensive certification routes in their programs. Fort Worth ISD has a program that will be closing this year because the district will join with the Tarleton University ACP. Clear Creek ISD has a master reading teacher certification option only. In testimony to the committee, Pasadena ISD said that in the 12 years of existence the program had produced approximately 630 candidates. The district pays the cost of the program if the teacher commits to teach in the district for three years. The district also pays experienced teachers \$550 dollars per year to mentor new teachers. The district believes that this is the most important part of the program. The attrition rate for this program has been only 16 percent, compared to 40 percent for other teachers in the district.

Education Career Alternatives was the first private ACP program in the state and was chartered in November, 2000. By January, 2001, the program had 50 interns and now has 975 interns teaching in the classroom. They produced 325 certified teachers in 2002.

State Board for Educator Certification data

SBEC provided the committee with substantial data related to an evaluation of traditional and alternative programs and gave an overview of the data at the September 18 hearing. The referred to data can be found in Charge Three Appendix, Exhibit C.

From the 1995-1996 school year to the 2001-2002 school year the percentage of teachers employed that were not certified rose from 3.6 percent to 11.7 percent. Only 14.1 percent of new teachers hired in 1996 were not certified. Nearly 53 percent of new teachers hired in 2002 were not certified. These figures are at least partially due to the number of candidates working while enrolled in ACP programs but not fully certified. Of the 22,504 teachers that left teaching in 2002, 6,357, or 22 percent of them were not certified. The percentage of those leaving in 1996 that were not certified was 13.8 percent.

Of all newly hired teachers in 2001, only 23 percent of them held new standard certificates; another 25 percent were returning teachers with certification. The majority of the remainder held either out of state certifications, alternative certifications, or some sort of permit. Of all teachers employed in the 2000-2001 academic year, only one percent of teachers held an alternative certification, while 88 percent held standard certificates. From 1989 to 2001 the ACP programs have consistently increased the number of candidates in their programs. In fact, in 1989 only 3.8 percent of initially certified teachers obtained certification through an ACP program. In 2001, that percentage had increased to 24.5 percent and had consistently increased each year.

In every year since 1995 the percentage of candidates that were Hispanic or African American was greater for ACP programs than for traditional programs. Additionally, teachers that go through alternative routes are more likely to serve in predominantly minority and economically disadvantaged schools than are teachers that went through traditional routes.

In comparing the routes for degreed candidates seeking certification while teaching, it is helpful to consider that the percentage of teachers getting certified within five years under post-baccalaureate programs has decreased in the last six years from 67.3 percent to 53.7 percent, while the percentage becoming certified in alternative programs has increased slightly from 57.1 percent to more than 59.7 percent. Also, in comparing the certification program based on the percentage of initially certified teachers employed in Texas public schools, the percentage of completers from ACPs employed in Texas public schools was greater than the percentage of completers from traditional programs. After two years, the percentage of completers from ACP and traditional programs who were employed was about the same. After two years, the percentage of completers from traditional programs employed in Texas public schools was greater than the percentage from ACPs. This was true regardless of the ethnicity of the teacher or the student demographics of the school in which the teacher first started teaching. Thus, while ACP programs have: (a) dramatically increased their production of teachers; (b) produced a greater percentage of minority teachers than traditional programs; and (c) place a greater percentage of their completers in predominantly poor and minority schools, teachers from ACP programs tend to leave the field at a higher rate than teachers from traditional programs.

Recommendations

1. Maintain stable teaching standards so that educator preparation programs can implement and adjust to the new standards system.
2. Explore increasing the availability of e-learning approaches for educator preparation, especially to reach rural areas.
3. Encourage universities and colleges to model the Texas A&M initiative of providing a free class to young college students in hard to fill areas such as math, science, and languages to encourage them to teach.
4. Encourage districts to begin their own ACP programs for needed areas.
5. Provide districts with the greater flexibility in hiring highly qualified teachers.

Use and Reemployment of Teachers

During the last two legislative sessions, the legislature has begun to look at retired school employees as one group that could be brought back into the classroom to solve the teacher shortage. Legislative changes during those sessions have relaxed some of the restrictions that districts and retirees faced with regard to return to work. However, it is hard to project what effect those changes have had on the actual number of retirees returning to the classroom. The number of retirees in the classroom has grown (as the data in this report will reflect) but so have the number of total retirees, making it hard to determine the numerical effect of the changes in law.

History of legislative change

State law states that “a person who has retired under the retirement system revokes that retirement if the person becomes employed in any position in a public school during the first month following that person’s effective date of retirement.”¹ This prevents any school employee from retiring and then immediately returning to work. However, a one month sit out is all that is required under this provision.

Prior to 1999, state law allowed for limited opportunities for school employees to return to the classroom after retirement due to other restrictions. State law provided that a retiree was “not entitled to service or disability retirement benefit payments, as applicable, for any month in which the retiree is employed in any position by a Texas public educational institution.”² This provision had several exceptions including return as a substitute for no more than 90 days, return to a position that was half-time each month, and return to a full-time position for no more than six months each year.³ These exceptions allowed classroom teachers to return to teaching on these limited bases but in no case was a classroom teacher allowed to return as a full-time employee for the full year without losing some of their annuity benefits. The six month provision did, and still does, allow the teacher and other school employees to return on a nine month contract to work full-time with loss of only three months of annuity benefits. This option still provides substantial opportunity for the district and employee to utilize return to work options.

In 1999, Senate Bill 1128 added an exception that allowed classroom teachers to return on a full-time basis without loss of any annuity benefit to teach in an acute shortage area, as defined by the commissioner of education, as long as they had been separated from service with all public schools for at least 12 months and were certified to teach in that area. The 12 month sit out requirement was placed into law in order to avoid a substantial actuarial effect on the TRS Pension Fund. This negative actuarial effect would have occurred if a period shorter than 12 months was used that affected the

¹ Tex. Gov’t Code § 824.005(b) (2002)

² Tex. Gov’t. Code § 824.601 (2002)

³ Tex. Gov’t Code § 824.602 (a) (2002)

retirement patterns of school employees. This actuarial effect is discussed more thoroughly in the following section. SB 1128 opened the door to the use of retirees to help curb the teacher shortage problem in Texas.

During the 77th Legislative Session, Senate Bill 273 opened the door a little wider by allowing retirees who retired before January 1, 2001, to return to the classroom on a full-time basis in any position without any loss of their monthly annuity. This allowance does not require a 12 month sit out period and is not restricted to teachers in acute shortage areas. Teachers who retired after January 1, 2001, are still restricted by the sit out period and are limited to acute shortage areas if they want to return to the classroom full-time for the full year. As mentioned above they can also return as a substitute, on a half-time basis, and for six months on a full-time basis (including returning on a nine month full-time contract with loss of only three months of pension benefits). Senate Bill 273 allowed for the local school districts to determine what the acute shortage areas are based on guidelines provided by the commissioner.

Actuarial results of easing return to work provisions

Certain changes that would ease restrictions on return to work options may have an actuarial impact on the TRS pension fund. Gabriel, Roeder, Smith & Company, an actuarial firm hired by TRS, performed a comprehensive analysis of the actuarial effects of changes in return to work provision on the TRS pension fund. The following discussion is a summary of a letter submitted by them to the TRS in explanation of this effect.

Actuarial impacts occur when the behavior patterns of retirees are changed by certain policy changes. Currently, not all TRS members retire when first eligible. In fact, from August 31, 1996, to August 31, 2001, 75,600 TRS member retired and continued to draw pensions. For those retirees, the average age was 61 and they had an average of 25 years of experience. This means that they worked an average of three years beyond eligibility, but some worked much longer. This retirement behavior is reflected in the actuarial assumptions that TRS uses in estimating the actuarial accrued liability, the unfunded liability, and the amortization period for the TRS pension fund.

The critical concern of any change in law related to the return to work provision is whether the change will alter the basic retirement pattern of members by encouraging members to retire earlier than they would have without the change. If the systematic behavior of retirees is altered by liberalizations in the return to work provisions (e.g. reducing the 12 month sit out, removing the acute shortage area limitation, or even continually moving the years before which a retiree can retire and return with no limitations), three things would happen. First, since the member is retiring earlier, the retirement benefits will be paid out over a longer period of time. Second, the TRS pension funds will not receive the employee and state contributions on behalf of the member that it would have if the member had not retired. Third, because there are fewer years of service credit, the retirement benefit is smaller.

The first two consequences, which cause negative effects on the pension fund, far outweigh the third which has positive effects on the fund. The effect of any change in retirement behavior of the retiree would be an increase in normal cost of the TRS and an increase in the unfunded liability of the pension fund.

While there will not be an updated actuarial evaluation for the pension fund until the end of 2002, it is known that the pension fund acquired substantial actuarial liabilities this past legislative session through annuity and multiplier increases. In addition, the continuation of poor investment market returns may mean that during the upcoming session the legislature will be able to adopt only measures that have no actuarial cost, at current contribution rates. However, the state could commit additional funding to amortize the costs of any measures that create actuarial liabilities.

Private entities contracting with retired teachers

Companies like JR3 Education Associates, L.L.C. have recently formed to act as temporary employment agencies for retired school employees. JR3 claims that through temporary employment companies, retired teachers can retire and immediately return to work without violating the state restrictions on return to work. This is because the retired teacher contracts with the company and the company hires the teacher to a school district. The teacher is not an employee of the school district; therefore, the consequences of the Government Code's revocation of retirement and loss of pension fund benefits do not exist. The employee is able to work as a full-time teacher while receiving full TRS benefits. They avoid the 12 month sit out period and the acute shortage area requirement.

JR3 provides the employee with professional liability insurance, workers compensation, and unemployment insurance. Because the employee is retired, they receive the benefits of TRS Care instead of school district insurance or TRS Active Care. The employee no longer pays the 6.4 percent of salary contribution to the pension fund or the 0.25 percent of salary to TRS Care and the state no longer pays the 6 percent and 0.5 percent to the pension fund and TRS Care fund respectively. While the state saves the contributions and the TRS Active Care funding it may have provided, it must provide funding to TRS to make up for the increased liabilities to the pension fund and TRS Care fund and decreased revenues generated from the employee.

Companies like JR3 provide another option for retired school employees to remain in the classroom. However, it may provide an incentive to teachers and other school employees to retire as soon as they are eligible. The legislature must remember that if the existence of the company causes retirees to change their retirement behavior and retire early, the TRS pension fund may be affected just as the previous analysis recognized. JR3 estimates that they have contracted with 350 employees and 100 school districts as of September 2002. This number is not large enough to cause a significant effect on the pension fund; however, future effects can not be predicted.

Several legal issues may be present with regard to employees who contract with these private entities and are hired to school districts. The main concern is whether these

retirees are legally considered employees of the private company or the school district. If they are deemed employees of the district, the restrictions on return to work may cause them to revoke their retirement and lose their monthly pension benefits. Legislative changes may be necessary to clarify the status of these retirees and determine whether the fiscal impacts of large numbers of retirees retiring early is something the state can provide for. In doing so, it will be important for the legislature to closely monitor the growth in the number of contracts with these private entities.

Data on retirees provided by TRS

As part of the study of the use and reemployment of retirees in public schools, the Senate Education Committee asked the TRS to compile data on retirement and reemployment trends. Below is a summary of TRS findings. Currently, 21,400 teachers are eligible for normal age retirement (i.e. rule of 80 or age is 65 with at least five years of service). If current teachers continue to work, another 60,000 will be eligible to retire between 2003 and 2010. The number of additional teachers eligible to retire each year will increase as noted below:

2003	6,000
2004	6,500
2005	7,000
2006	7,300
2007	7,800
2008	8,000
2009	8,600
2010	8,800

These figures do not include the number of teachers who could retire under early age provisions (member is at least age 55 with at least five years of service credit or has at least 30 years of service credit, regardless of age). Currently, 16,000 teachers are eligible for early age retirement. These numbers show us that there is a large pool of teachers currently teaching who would be eligible to take advantage of relaxed return to work provisions. They also tell us that there are a large number of experienced teachers that the state stands to lose from its classrooms. However, these large numbers also tell us that relaxation of return to work provisions could have substantial negative effect on the pension fund.

It is helpful to consider the number of teachers who have retired in recent years in order to estimate future trends. The following numbers include both normal age retirees and early age retirees:

1998	4,100
1999	3,500
2000	5,100
2001	5,400
2002	5,500 (through 8/27/2002)

For 2002 the teachers retiring under normal age provisions had an average age of 57.9 years and had an average of 29.2 years of service. The average age decreased slightly during the last five years but the average years of service increased slightly. Over the last four years, on average, 27 percent of the teachers retired in the first year that they were eligible for normal age retirement.

As much of our testimony at the hearing on this issue indicated, Texas must also analyze the number of teachers who are leaving the classroom before they are eligible to retire. The number of teachers withdrawing their retirement accounts from TRS during the last five years has been in the 6,200 to 7,400 range as noted below:

1998	6,200
1999	7,400
2000	7,400
2001	7,400
2002	7,000

During these years the percentage of these teachers who withdrew funds with less than five years of experience ranged from 64-70 percent. The above numbers do not include teachers who may have terminated employment but left their retirement accounts with TRS. Some teachers withdrawing accounts do return to work in schools. It appears that approximately 24 percent of the individuals identified as teachers in 1995 took refunds and have subsequently returned to employment in a district.

In studying return to work, it is important to look at the number of school employees who have returned under recent policy changes discussed previously. Based on data reported by school districts to TRS, the total number of retirees working during each of the last four years has increased slightly:

1999	10,429
2000	11,405
2001	11,925
2002	12,448

These numbers reflect employees who are directly employed by the district and not contracted with private temporary employment companies. TRS estimates that 60 percent of these employees are teachers.

The effects of SB 1128 in 1999, allowing teachers in acute shortage areas to return to work after a 12 month sit out, and SB 273 in 2001, allowing anyone who retired before January 1, 2001, to return without restriction, are reflected in the following data:

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Substitutes	5,711	6,110	1,702
1/2 time or less	3,592	4,100	1,189
Full-time	2,102	1,715	714
<u>Retired prior to 1-1-2001*</u>			<u>8,843</u>
Total	11,405	11,925	12,448

* (Based on data provided for April 2002)

Administrative/Professional	862
Teacher/Librarian	5,286
Support Staff	1,987
Bus Driver	384
<u>Nurse/Counselor</u>	<u>324</u>
Total	8,843

It is clear that the number of retirees returning to the classroom has grown over the past few legislative sessions. However, it is hard to say how many new teachers we have in the classroom due to the relaxations in return to work provisions because the number of total retirees has grown as well. It is true however that, at a minimum, SB 1128 and SB 273 allowed for greater opportunities for employees to return to the classroom on a full-time basis with no loss of pension benefits. Those retirees wanting to return to the classroom were able to fill full-time positions desperately needed by districts.

Recommendations

1. Consider moving the January 1, 2001, date that allows for unlimited return to work to January 1, 2003.
2. Closely monitor the legal developments concerning private temporary employment companies; monitor the growth of these companies.
3. Closely monitor the actuarial status of the TRS pension fund before making any decisions with regard to relaxing the restrictions on return to work.

Use of Retirees in Educator Preparation Programs

Retired teachers that have spent years educating Texas children may often be the best source to train and mentor new teacher due to their tremendous experience and hands on knowledge of the tasks that new teachers must be prepared to undertake. The Senate Education Committee included in its survey of preparation programs questions about the

use of retired teachers in educator preparation programs. Over 90 percent of the programs responded that they did use retired school teachers in some aspect of educator preparation. Nearly 70 percent of programs use retired teachers as adjunct instructors and 65 percent use them as mentors or to train mentors.

The Texas Association of Colleges of Teacher Education (TACTE) testified to the committee that the most common uses of retired teachers were to supervise student teachers and interns, as lecturers in preparation courses, as presenters at workshops for student teachers, as one-time presenters in selected courses, and on advisory committees and curriculum development teams for colleges of education. Retired superintendents are also hired to teach superintendents' programs. TACTE notes that careful selection of individuals is critical so that students receive positive, expert role modeling from successful experienced professionals.

Southwest Texas State University gave specific testimony about its use of retired teachers. Southwest typically hires between 20 and 25 retirees each semester. The university believes that retirees "add value to teacher education through instructional wisdom, professional support, advice, and guidance to prospective and first year teachers." Retirees are "ideal at bridging the gap between theory and practice" when they work as mentors to student teachers and interns and as instructors in the classroom. Southwest has recently started using retirees in its New Teacher Induction Program (NTIP) that is based out of the Texas State University System Office. This system wide program is meant to provide mentoring and developmental support to new teachers working in the vicinity of member universities in order to increase the retention rate of new teachers. This program is partially funded by the Houston Endowment.

Recommendation

1. Provide mentor programs that will allow districts and educational preparation programs increased opportunity to utilize the skills and experience of retired teachers as mentors.

Incentives to Enter Teaching

The committee was charged with looking at pre- and post-graduation incentives to enter the teaching profession. In doing so the committee asked the educator preparation programs about their recruitment and retention efforts and about legislative initiatives that could improve teacher recruitment and retention. The following is a summary of the findings from the survey, followed with a description of various recruitment and retention initiatives in Texas.

The preparation programs named 41 different efforts to recruit students into their programs. If more than one institution employed the same method of recruitment, that method was listed in the survey results following this summary. All other methods, such as working with the university's admission office to align goals for enrolling more teachers, are included in the "other" category. The five recruitment strategies most

commonly used by programs were participation in career fairs and college nights, newspaper stories and advertisements, a website for the program (often linked to other relevant sites such as SBEC, the regional ESC, and the school district), the program's reputation as passed by word of mouth, and information sessions on campus or elsewhere for candidates interested in teaching. The programs most commonly cited "word of mouth" as their most effective recruitment tool followed by partnerships, newspaper advertising, and financial aid in the form of scholarships, grants or tuition assistance.

Advising and mentoring are the most common strategies educator preparation programs employ to retain teacher candidates until they are graduated and certified. Although the survey does not provide a clear distinction between advising and mentoring, context of the responses suggests advising is provided by faculty and other staff who counsel students in academic courses, progress toward degree/certification, pedagogical methods and career choices. Mentoring focuses less on assisting teacher candidates academically and more on supporting them in their field experiences. It may be offered by other students, faculty, and/or former and current teacher to support a candidate's entrance into teaching and guide him or her through teaching experiences. Other popular forms of retention include creating a learning community of small, resource-rich groups to support candidates, and providing certification exam reviews.

Educator preparation programs use similar methods to retain teachers in the profession as those used to support them through certification. Although a few programs admit to doing nothing, half of the respondents participate in TxBESS (the Texas Beginning Educator Support System) or other mentoring programs and another 20 percent continue to advise their graduates as needed. Approximately one-third of programs provide professional development to their graduates to sustain them in the profession. About 18 percent of programs maintain contact with their graduates via mail and/or evaluations during the first few years of their profession.

The educator preparation programs identified the following legislative initiatives as initiatives that would support the continued preparation of quality teachers and help alleviate the teacher shortage. Collectively, the programs provided 37 different suggestions. Continuing and increasing the Teach for Texas Conditional Grant program or similar tuition assistance programs topped the list of legislative recommendations, followed closely by increasing teacher pay, and funding TxBESS or a similar statewide teacher mentor program which includes pay for mentors. Fifteen programs suggested increasing funding for educator preparation programs, especially those who do not currently benefit from a higher education formula. See the survey results for a complete list of suggestions offered by two or more preparation programs.

Teach for Texas Conditional Grant Program

Program Purpose

To encourage students to become certified teachers and to encourage these newly certified teachers to teach in a field having a critical shortage of teachers or in communities having a critical shortage of teachers.

Criteria for Applications

- Individuals who have obtained a letter of recommendation from their dean of the college/school/or department of education;
- Have a current GPA of at least 2.5 on a 4.0 scale;
- Have completed at least 75 percent of the semester credit hours attempted in the most recent academic year;
- Submit an application for financial aid;
- Are enrolled at least 3/4 time in an approved educator certification program as: a junior, a senior, a renewal recipient in the final fifth year required by some institutions in order to be recommended for certification, or a post-baccalaureate student enrolled for the first time in a traditional educator certification program;
- Enter into an agreement with the Coordinating Board committing to teach full-time as a certified teacher for five years at the preschool, primary or secondary level in a public school in Texas in the person's chosen critical shortage field or in a community experiencing a critical teacher shortage;
- Sign a promissory note acknowledging the conditional nature of the grant and promise to repay the grant plus interest at an annual fixed interest rate of seven percent and other charges stated in the promissory note; and
- Have no conviction for a felony or an offense under Chapter 481, Health and Safety Code (Texas Controlled Substances Act), or under the law of another jurisdiction involving a controlled substance as defined in Chapter 481, Health and Safety Code, (unless other applicable eligibility requirements set forth in rule have been met).

The teaching obligation incurred by accepting one or more awards through the Teach for Texas Conditional Grant is fixed at a single, five-year period. If a recipient fails to maintain the requirements set forth in the promissory note and in the agreement to teach, the grant automatically becomes a loan. To avoid repayment, recipients must:

- Remain continuously enrolled at least ½ time in an eligible educator certification program;
- Maintain satisfactory academic progress (complete at least 75 percent of the semester credit hours attempted in the most recent academic year and earn a GPA of at least a 2.5 on a 4.0 scale);
- Become certified as a teacher within 18 months of the date of completion of the minimum educator preparation program requirements;
- Complete the full five-year teaching obligation within six years.

Teach for Texas Conditional Grant may only be used in Texas public and private, non-profit colleges and universities with formal teacher certification programs in a bachelor's degree program. Students who continue to meet all of the criteria, including enrollment, may be eligible for the Teach for Texas Conditional Grant contingent upon availability of funds for a maximum of 90 semester credit hours after receiving the grant. Annual awards will vary and are based upon the applicant's anticipated program completion date, the amount of previous awards, and institutional packaging policies. The maximum aggregate amount that may be awarded to a recipient in this program is currently

\$11,800. In 2001-2002, 458 awards were given for a total of \$2,350,000 or an average of \$5,3131 each. Between 50 and 100 qualified applicants were turned down because of lack of funding for the program.

Teach for Texas Alternative Certification Conditional Grant Program

Program Purpose

To attract to the teaching profession persons who have expressed an interest in teaching, to support their certification as classroom teachers, and to encourage these newly certified teachers to teach in fields having a critical shortage of teachers or in communities having a critical shortage of teachers. The Teach for Texas Alternative Certification Conditional Grant (TFTACCG) is a loan program with cancellation provisions for teaching.

Criteria for Applications

- Individuals who are employed (or are contracted to begin employment) as a full-time classroom teacher in a public preschool, elementary, or secondary school in Texas;
- Have been accepted into a State Board for Educator Certification (SBEC) approved alternative certification preparation program on or after September 1, 2001;
- Are recommended for an award by the program officer at the approved alternative certification program;
- Meet additional application ranking criteria as determined by the Texas Higher Education Coordinating Board (THECB) should the number of applicants exceed availability of funds;
- Enter into an agreement with the THECB committing to teach full time as a certified teacher for five years at the preschool, primary or secondary level in a public school in Texas in the person's chosen critical shortage field or in a community experiencing a critical teacher shortage;
- Sign a promissory note acknowledging the conditional nature of the grant and promise to repay the grant plus interest at an annual interest rate of 7.0 percent and other charges stated in the promissory note; and,
- Have no conviction for a felony or an offense under Chapter 481 Health and Safety Code (unless other applicable eligibility requirements set forth in rule have been met).

If a recipient fails to maintain the requirements of the Promissory Note and the Teaching Agreement, the grant automatically becomes a loan. To avoid repayment, recipients must:

- Remain enrolled in or make steady progress in the educator certification program;
- Become certified as a teacher within 18 months after the program completion date;
- Complete the five-year teaching obligation within six years from beginning the service obligation period.

The recipient must provide regular, periodic reports of enrollment or employment status and location to the Texas Higher Education Coordinating Board (THECB) within a reasonable period of time, as determined by the THECB. The loan repayment schedule will call for a minimum annual repayment of \$1,200 or an amount required to repay the loan within 10 years, whichever is greater.

Teach for Texas Alternative Certification Conditional Grants may be used by eligible students enrolled in State Board for Educator Certification approved alternative educator certification programs. The annual amount in TFTAACCG is equal to two-time the average annual amount awarded in the TEXAS Grant Program. The annual amount is subject to change each September 1. In 2001-2002, 462 awards were made for a total of \$2,470,000 or an average of \$5,346 each. According to the Higher Education Coordinating Board, 200 qualified applicants were turned down because of lack of funding for the program.

Texas State Affordable Housing Corporation 2002 Teacher Home Loan Program

The Teacher Home Loan Program was created as a result of legislation passed in the 77th Texas Legislature. House Bill 3451 allocated \$25 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single-family mortgage loans to eligible Texas Teachers (individuals/families) that are "First time Home Buyers".

The Program acknowledges teachers for their commitment to their profession and to help them achieve the dream of home ownership by providing affordable mortgages and down payment/closing cost assistance. The Program is available state-wide on a first come, first-served basis, to first-time home buyers who wish to purchase a newly constructed or existing home with a 30 year fixed rate mortgage loan.

Through this Program, eligible teachers are able to apply for a Fixed Rate Mortgage Loan which offers down payment and closing cost assistance in an amount equal to 5.5 percent of the mortgage loan amount. The 5.5 percent assistance is being offered as a grant to the borrower.

To be eligible for a mortgage loan under the Program, a teacher must:

- Not have had an ownership interest in any principal residence during the last three years;
- Be a classroom teacher (as defined by Section 5.001 of the Education Code) employed by a public school district and have been working as a teacher for the three-year period preceding the application date; this three-year period may be interrupted for the purpose of completing additional educational course work in support of the individuals teaching profession;
- Have been residing in Texas for the five-year period preceding the date she/he files an application for a mortgage loan;
- Meet the income and purchase price eligibility limits for the Program;
- Meet standard mortgage underwriting requirements which demonstrate credit worthiness;

- Must occupy the purchased home as their primary residence.

The interest rate for the current release of funds (Series 2002-2) available under the program is 6.52 percent. As additional funds are released, the interest rate may vary based on market conditions. Eligible borrowers need to contact one of the Program's participating lenders.

The Texas State Affordable Housing Corporation (TSAHC) announced in August, 2002, that \$5 million is available in the second release of funds for the 2002 Teacher Home Loan Program. In addition, the Internal Revenue Service (IRS) has approved TSAHC's request for increased "average area purchase price safe harbor limitations" for all statistical areas in Texas for single-family bond issues. The safe harbor maximum home price limits available to both local and state bond issuers had not been updated since 1994. The issue of outdated prices has impeded bond programs in all areas of the state. The IRS ruling for TSAHC contains significantly higher average area purchase prices for all areas of Texas and the new limits are effective immediately for the Texas Home Loan Program.

Educational Aide Exemption (EA)

Program Purpose

To encourage employees of public school districts in Texas to seek out and acquire certification as teachers by providing free tuition and reduced fees to program participants.

Criteria for Application

- Texas residents;
- Have applied for financial aid through the college to be attended, including filing the FAFSA or by qualifying based on Adjusted Gross Income;
- Have demonstrated financial need;
- Are a school employee serving in any capacity;
- Have worked as an Educational Aide in a Texas public school for at least one school year during the five years preceding the term or semester for which the exemption is received or have been a Substitute Teacher with at least 180 days experience as a substitute during the past five years;
- Are enrolled in courses required for teacher certification at the institution of higher education granting the exemption; and
- Meet satisfactory academic progress requirements for their college or university.

The program provides employees of public school districts tuition and mandatory fees (other than class and laboratory fees) for teacher certification classes. The grants may only be used at public colleges and universities in Texas. Eligibility for this program is determined by the financial aid office at each college. In 2001-2002, the total number of awards granted to students was 4,533 and the average award was \$573. Funding for this program comes from the Foundation School Program. Since 1997, the Legislature has appropriated \$2 million each biennium for this program.

Careers to Classrooms

Careers to Classrooms, established by HB 704 of the 77th Session, has yet to be funded by the Legislature. HB 704 establishes a program to assist persons in obtaining state certification as an elementary or secondary school teacher or educational aide and to facilitate their employment in Texas school districts.

Texas Education Agency (TEA) is required to establish a program to assist individuals in obtaining certification as an elementary or secondary school teacher or educational aide, and to facilitate the employment of those persons in school districts in Texas that:

- Receive federal grants for having developed or adopted challenging content and student performance standards on the basis of having concentrations of educationally-disadvantaged children in the district; and
- Have a shortage of qualified teachers, in science, mathematics, computer science, or engineering, or educational aides.

Eligibility requirements for a person planning to participate in the program include:

- To become certified in this state as a public elementary or secondary school teacher, the person has received a baccalaureate or advanced degree from an institution of higher education; and
- To become certified in this state as an educational aide, the person has received an associate, baccalaureate, or advanced degree from an institution of higher education.

In selecting persons to participate in the program TEA shall give preference to a person who:

- Have substantial, demonstrated career experience in science, mathematics, computer science, or engineering and agrees to seek employment as a teacher in one of those subjects in a public elementary or secondary school in this state; or
- Have substantial, demonstrated career experience in a field that is identified by the agency as a field important for state educational objectives and agrees to seek employment as a teacher in a subject related to that field in a public elementary or secondary school in this state.

A person selected for the program must enter into a written agreement with TEA under which the person agrees to:

- obtain certification in Texas as an elementary or secondary school teacher or as an educational aide within the period TEA requires by rule;
- accept an offer of full-time employment for at least two school years in a school district receiving a federal grant and experiencing a shortage of qualified teachers in science, mathematics, computer science, or engineering, or educational aids.

HB 704 requires TEA to pay each program participant a stipend equal to the lesser of \$5,000 or an amount equal to the total federally-defined cost of attendance at an institution of higher education, including:

- Tuition and fees;
- an allowance for books, supplies, transportation, and miscellaneous expenses;
- an allowance for room and board;
- an allowance for expenses incurred by a student for dependent care;
- an allowance for expenses related to a student's disability.

HB 704 requires the person to reimburse TEA for a portion of the stipend if the person fails to obtain certification or employment, or voluntarily leaves or is terminated from employment in a public school in Texas after working for less than two years. The bill also authorizes TEA to enter into an agreement with a school district that first employs as a full-time elementary or secondary school teacher or an educational aide a participant in the program who has received certification.

Troops to Teachers

Troops to Teachers (TTT) was originally established in 1994 as a U.S. Department of Defense program. The National Defense Authorization Act for Fiscal Year 2000 transferred the responsibility for program oversight and funding to the U.S. Department of Education but continued operation by the Department of Defense. The *No Child Left Behind* (NCLB) Act of 2001 provides for the continuation of Troops to Teachers through Fiscal Year 2006. Reflecting the focus of the NCLB, TTT's primary objective is to help recruit quality teachers for schools that serve low-income families throughout America. TTT helps relieve teacher shortages, especially in math, science, special education and other high-needs subject areas, and assists military personnel in making successful transitions to second careers in teaching.

Service Requirements:

- Active duty personnel who retired or separate with six or more years of service on or after October 1, 1990;
- Current members of the Reserve or Guard with six or more years of creditable service towards retirement. The last period of service must be honorable. Those selected to participate in the Program before retirement, separation, or release from active duty may continue to participate only if the last period of service is characterized as honorable.

Educational Requirements:

- Must hold a Baccalaureate or advanced degree from an accredited institution at the time of registration for academic teacher referral; or
- Have the equivalent of one year of college with six years of experience in a vocational or technical field for vocational/technical teacher referral.

Pending availability of funds, financial assistance may be provided in the form of either:

- A stipend up to \$5,000 to help pay for teacher certification expenses for which individuals must teach for three years in a school located in a "high-need" district; or
- A bonus of \$10,000 to teach in a school serving a high percentage of students from low income families.

The most significant changes to the eligibility criteria are extending financial assistance to those within one year of retirement, and to members of the Guard or Reserve with at least 10 years of service who agree to an additional three years of reserve service. Troops to Teachers will provide Referral and Placement Assistance Services for those who have at least six years of active duty service on or after October 1, 1990, and reserve component members who have six years of service, but do not meet eligibility for financial assistance.

THECB Initiatives

In October 2001, the Texas Higher Education Coordinating Board (THECB) adopted a set of initiatives and action plan for educator recruitment, preparation and retention for 2001-02. Recruitment initiatives included conducting meetings with educator institutions to identify successful strategies for increasing enrollment in educator preparation programs. The THECB staff conducted five regional meetings in February, March, and April 2002. The staff made presentations on Closing the Gaps, the Board's Educator Recruitment, Preparation and Retention Initiatives for 2002, the Texas Teacher Recruitment and Retention Project, and the Hot Careers in Texas project. During these meetings, feedback was heard from the program representatives on recruitment and enrollment strategies and the best and most promising practices for getting students into and completing educator programs. The same top five successful recruitment and enrollment strategies and best and most promising completion practices emerged and were consistently identified by institutional representatives, regardless of the meeting location or the institutions the participants were representing.

The top five recruitment and enrollment strategies include:

1. Scholarships
2. Articulation agreements
3. Academic advising
4. Partnerships with local schools
5. Transfer and field-of-study courses

All of the participants agreed that additional financial aid is needed and that special scholarships for students pursuing preparation in high need areas should be provided.

The top five best and most promising completion practices include:

1. Hiring Examination for Certification of Educator in Texas (ExCET) coordinators
2. Attracting educational aides into the program
3. Providing ongoing field experiences
4. Accessibility to faculty
5. Flexible schedules

Recommendations

1. Provide mentor programs in order to guarantee each novice teacher an induction process that will increase retention.
2. Consider establishing a pay-for-performance system.
3. Launch a statewide advertisement campaign to bring certified teachers back into the classroom.
4. Encourage school districts and educator preparation programs to coordinate closely to increase recruitment of high school students into teaching and to provide support to novice teachers in the classroom.
5. Expand Teach for Texas grant program.
6. Allow post-baccalaureate students and students obtaining graduate degrees in an education related area to have access to Teach for Texas grants.
7. Offer reenlist pay for certified teachers to return to the classroom if they have been absent for more than two years.
8. Set up a clearing house for teachers that are looking for jobs and job availabilities.
9. Encourage districts to conduct exit interviews with teachers who leave the profession.
10. Consider relaxing the requirements for teachers to become eligible for assistance under the Teacher Home Loan Program.

Advanced Professional Development and Certification Programs

Putting quality teachers in every classroom and retaining those teachers in the classroom is an ongoing goal of the state of Texas. Encouraging teachers to continue their professional development and providing them with meaningful progressions in their profession is one recruitment and retention technique available. The National Board for Professional Teaching Standards (NBPTS) offers one option for teachers to receive advanced certification. The certification process is meant to identify and certify the most effective teachers.

Overview of National Board Certification process

The NBPTS was formed in 1987 with a mission to maintain high and rigorous standards for what accomplished teachers should know and be able to do, provide a national voluntary system certifying teachers who meet these standards, and advocate related education reforms to integrate National Board Certification in American education and to capitalize on the expertise of National Board Certified Teachers.⁴ All certificates

⁴Testimony of Al Summers, National Board for Professional Teaching Standards, Vice President, Senate Education Committee, September 18, 2002.

incorporate standards developed by a committee of active classroom teachers, education leaders and content knowledge experts to reflect the best practices for all teachers. The evaluation process is designed to assess experience, accomplished teachers.

According to the NBPTS, the certification process is a rigorous two-part year-long assessment, based on high and rigorous standards for what accomplished teachers should know and be able to do. The teacher is required to submit a classroom based portfolio which evaluates the teacher's everyday work with their students including the delivery of curriculum, their ability to reach each and every student in the class, their design of student work and the assessment of that work and feedback they give to students based on student responses. They are also graded on their interactions with families, how they work with their community and incorporate community resources in their teaching, and the professional development of teacher. They are also required to take a half day assessment on content knowledge.

Effectiveness of the program to identify the top quality teachers

There is only limited research on the effectiveness of the program at identifying expert teachers and comparing student achievement of board certified teachers with the achievement of students of teachers who have not obtained national certification. One study has been conducted that determined two things about the National Board Certification Program.⁵ First, it determined that the teachers that successfully complete the program did statistically significantly better in 11 of 13 attributes of exemplary teaching identified by the researchers. Second, National Board Certified teachers produced more students who demonstrated a "deep understanding" of the unit taught than non-board certified teacher. Another researcher has criticized the program as being costly, ineffective at testing content knowledge, and illegitimate in not using input from supervisors of the candidate.⁶ That researcher questions the quality of the assessment process as not being any better at identifying superior teachers than supervisors, principals, or parents.

According to testimony of the NBPTS, their research team is working with the Dana Center and the National Center for Educational Accountability to do further Texas based research on the effectiveness of the program. This research will aid the Texas Legislature in determining whether teachers should be provided state funded incentives to pursue National Board Certification.

Recommendation

1. Analyze the future research provided by the Dana Center and the NBPTS in order to determine the effectiveness of funding directed to the advanced certification.

⁵Bond, L., T. Smith, W. Baker, and J. Hattie, "A Distinction that Matters. Why National Teacher Certification Makes a Difference." (September 2000)

⁶Podgursky, M. "Should States Subsidize National Certification?" Education Week, April 11, 2001.

Charge Three Appendix

Exhibit A

SURVEY RESULTS

Texas Senate Education Committee Survey of Educator Preparation Programs

72 of 102 Institutions responded for a 71% response rate.

1. What type of educator preparation programs do you offer: traditional, alternative or post graduate?

43	59.7%	Tradition
37	51.4%	Alternative
44	61.1%	Post Baccalaureate

Count of the combines.

0	00.0%	Traditional and Alternative
30	41.7%	Traditional and Post Baccalaureate
11	15.3%	Traditional, Alternative and Post Baccalaureate

Count of the solitaries.

2	02.8%	Traditional is the solitary type
26	36.1%	Alternative is the solitary type
3	04.2%	Post Baccalaureate is the solitary type

2. What is the scope of each type of program (i.e., for what type(s) of does each prepare its participants)? Please discuss any advanced professional development programs you offer and the extent to which those programs are used.

56	77.8%	Elementary (EC-Grade 4)
56	77.8%	Middle (Grades4-8)
64	88.9%	Secondary (Grades 8 - 12)
30	41.7%	Advanced (Superintendent, Principal, Master Teacher, ...)
42	58.3%	Certificate of Endorsements (Bilingual, ESL, Special Education)
7	09.7%	Technology
3	04.2%	Other

3. Capacity: Is the program at capacity? Please provide your capacity, and the actual enrollment figures for each program over the past five years.

9	12.5%	Yes
37	51.4%	No
24	33.3%	Undetermined

4. How, specifically, do you recruit individuals into your educator preparation program(s)?

18	25.0%	Associations
13	18.1%	Brochures
4	05.6%	Billboards
17	23.6%	Conference/Summer Camp
35	48.6%	Career Fairs / College Nights
3	04.2%	Faculty Contact
2	02.8%	Grow-Your-Own Initiatives
19	26.4%	Information Sessions
12	16.7%	Letters/Mailouts
27	37.5%	Newspaper
20	25.0%	Other
2	02.8%	Recruit outside of Texas
17	23.6%	Partnerships...
4	05.6%	Phone Calls
8	11.1%	Radio
10	13.9%	Professional Recruiter
11	15.3%	Scholarships/Grants/Tuition Assistance
11	15.3%	Television
7	09.7%	Undecided Students
10	13.9%	Campus Visits
22	30.6%	Website/Internet
2	02.8%	Workforce Board
22	30.6%	Word of Mouth

5. What is your most effective recruitment tool?

4	05.6%	Conference/Summer Camp
3	04.2%	Faculty Contact
7	09.7%	Newspaper
13	18.1%	Other
9	12.5%	Partnerships...
7	09.7%	Scholarships/Grants/Tuition Assistance
3	04.2%	Television
2	02.8%	Undecided Students
3	04.2%	Campus Visits
5	06.9%	Website/Internet
33	45.8%	Word of Mouth

6. What specifically do you do to retain students in your program until they graduate and are certified?

44	61.1%	Advising
2	02.8%	Career Consulting
8	11.1%	Class Size(Small)
3	04.2%	Distance Learning
11	15.3%	Field Basing
3	04.2%	Hiring Assistance(help get grads hired)
20	27.8%	Learning Community
25	34.7%	Mentors / Mentoring
23	31.9%	Other
8	11.1%	Quality of Instruction
6	08.3%	Tutors
2	02.8%	Website / Internet
14	19.4%	Certification Exam Review

7. What specifically do you do to help retain your graduates in the teaching profession?

15	20.8%	Advising
8	11.1%	Program Evaluation
2	02.8%	Honors / Recognition
5	06.9%	Letters / Mailings
36	50.0%	Mentors / Mentoring
8	11.1%	Masters Program / Graduate Work
8	11.1%	Others
4	05.6%	Partnerships
22	30.6%	Professional Development
4	05.6%	Website / Internet

8. What legislative initiatives could be considered to support continued preparation of quality teachers and help alleviate the teacher shortage?

2	02.8%	Accountability for Administrators
9	12.5%	Improve Benefits
4	05.6%	Career Advancement
9	12.5%	Improve Work Environment
15	20.8%	Increase Funding
2	02.8%	Job share
23	31.9%	Mentors / Mentoring / TxBess
4	05.6%	National Board Certification
19	26.4%	Other
2	02.8%	Partnerships
4	05.6%	Paid Internships vs. Student Teaching
2	02.8%	Performance Pay / Merit Pay
2	02.8%	Statewide Recruitment Campaign
25	34.7%	Scholarships/Grants/Tuition Assistance
23	31.9%	Salary Increase
2	02.8%	TRS for Teachers offset by Social Security
5	06.9%	Teacher Dropouts (track to school and prep. institution)

9. Do you employ retired school teachers to teach future educators? If so, please discuss your use of retirees.

50	69.4%	Adjunct Instructors
47	65.3%	Mentors / Mentoring
6	08.3%	No
7	09.7%	Other

Exhibit B

TEACHER CERTIFICATION APPROVED PROGRAMS (10/02/02)

Community Colleges (14)

Collin County Community College District

Plano, Texas

Types of Edu. Programs: Teacher grades 4-8 and 8-12.

Collin County

Kingwood College

Kingwood, Texas

Types of Edu. Programs: Technology Application 8-12.

Harris County

Brookhaven College

Farmers Branch, Texas

Types of Edu. Programs: Teacher grades 4-8 and 8-12.

Dallas County

Tyler Junior College

Tyler, Texas

Types of Edu. Programs: Teacher 4-8 and 8-12.

Smith County

McLennan Community College

Waco, Texas

Types of Edu. Programs: Technology Education, grades 6-12.

McLennan County

Lamar State College-Orange

Orange, Texas

Types of Edu. Programs: Teacher grades 4-8 and 8-12.

Jefferson County

Weatherford College

Weatherford, Texas

Types of Edu. Programs: Teacher grades 4-8 and 8-12.

Parker County

Laredo Community College

Laredo, Texas

Types of Edu. Programs: Teacher.

Webb County

Alamo Community College District

San Antonio, Texas

Types of Edu. Programs: Teacher grades 4-8 and 8-12.

Bexar County

Blinn College

Brenham, Texas
Types of Edu. Programs: Teacher Secondary
County

Galveston County Alternative Teacher Certification Program

Galveston College and College of the Mainland
Types of Edu. Programs: Teacher grades EC-4.
Galveston County

North Harris College Teacher Certification Program (NHCTCP)

Houston, Texas
Types of Edu. Programs: Teacher.
Harris County

Cy-Fair College Teacher Certification Program

Phone: (832) 782-5043
Types of Edu. Programs: Teacher.
Harris County

Lamar State College-Port Arthur ABC Teacher Preparation and Certification Program

Port Arthur, Texas
Types of Edu. Programs: Teacher.

Northeast College (will be approved at 11-8-02)

Houston Community College System-Northeast College
Kay Moran, Director

PRIVATE ENTITIES (4)

Alternative Certification for Teachers-Rio Grande Valley (act-rgv)

McAllen, Texas
Types of Edu. Programs: Teacher.
Hildago County

Education Career Alternatives Program (ECAP)

Fort Worth, Texas 76111
Types of Edu. Programs: Teacher.
Tarrant County

21st Century Leadership Principal Preparation Program

Dallas, Texas
Types of Edu. Programs: Principal.

Alternative-South Texas Educator Program

Brownsville, Texas
Types of Edu. Programs: Teacher.

Exhibit C

State Board for Educator Certification Data

Due to the amount of data included in appendix exhibit C, we are unable to include it in its entirety in this digital format. A listing of the data is included below and it can be obtained by contacting the Senate Education Committee office.

Statewide Data

1. Number of Teachers Leaving, Entering and Continuing in the Texas Public School System by Certification Status
2. Sources of Supply for Newly Hired Teachers in Texas Public School in the 2001 Academic Year
3. Sources of Supply for All Employed Teachers in Texas Public School in the 2001 Academic Year
4. Number and Percentage of Initially Certified Teachers by Certification Route (1989-2001)
5. Number of Educators on Emergency Permits by Subject Area (AY 2002)
6. Number and percentage of teachers starting on an emergency permit obtaining certification within five years
7. Number and percentage of teachers starting on an alternative certification (probationary) permit obtaining certification within five years
8. Elements of the Demand for Texas Public School Teachers
9. Percentage of Teachers from Initial Certification Classes of 1995 – 2001 Employed in Texas Public Schools by Certification Route
10. Distribution of teachers from alternative certification programs and traditional programs in schools serving selected student populations and by school accountability rating (certification classes of 1995, 1997, and 1999)
11. Attrition rates in different school settings for teachers from alternative certification programs and traditional university-based programs (classes of 1995, 1997, and 1999)
12. Attrition rates in different school settings and different school-levels for teachers from alternative certification programs and traditional university-based programs (certification classes of 1995, 1997, and 1999)
13. Percentage of teachers employed and teacher attrition rates by teacher race/ethnicity and certification route for initial certification classes of 1995 and 1997

Data by Specific Educator Preparation Program

14. Average Number and Percentage of Teachers Employed One Through Six Years After Obtaining Initial Certification (1995-2000 Certification Classes)
15. Percentage of Teachers Employed One to Six Years After Obtaining Initial Certification by Educator Preparation Organization (Classes of 1995-2001)
16. Cohort Analysis of the Number and Percentage of Teachers Employed in Texas Public Schools After Obtaining Initial Certification for Classes 1995-2000
17. Number and Percentage of Teachers Obtaining Initial Certification from 1995-2000 and Never Teaching in a Texas Public School

ExCET Test Data

18. ExCET passing rates in the major subject areas for teachers enrolled in alternative certification programs and traditional university-based programs (Cumulative: 1995-2000)
19. ExCET passing rates for all tests for teachers from all certification routes (2000)
20. Number of ExCET Tests Takers, Number of ExCET Test Passers, and Percentage of ExCET test Passers by Subject Area (1992-2001)

Charge Four

Study programs designed to increase the accessibility of higher education for Texas students. The Committee shall examine the effect of residency status laws and guidelines on enrollment in Texas colleges and universities, evaluate the impact of the top ten percent rule on enrollment of educationally disadvantaged students, assess strategies to increase recruitment and retention rates of educationally and economically disadvantaged students and monitor the implementation of HB 400, 77th Legislature, relating to assisting prospective students in enrolling in institutions of higher education.

BACKGROUND

Demographic Changes

Every census since 1850 has recorded the percent of growth in the Texas population to be greater than the country as a whole. The year 2000 census was no different. Between 1990 and 2000 the Texas population increased 22.8 percent and increased in number (3,044,452) second only to California. Of the 1990-2000 net growth, 60 percent is attributable to Hispanics, 20 percent to Anglos, 12 percent to Blacks and 8 percent to other ethnic groups. These percentages continue the diversification of the state's population so that in 2000 Anglos make up 53 percent of the total, Hispanics, 32 percent, Blacks, 12 percent and other ethnic groups, 3.3. By 2030 those percentages are projected to have dropped to 37 percent for Anglos and 10 percent for Blacks while rising to 48 percent for Hispanics and 5 percent for other ethnic groups.

At the same time that Texas is topping other states in population growth and diversity, the 2000 census shows Texas closer to the bottom in other categories. With \$39,927 as its annual median-household income, Texas ranks 30th among the states, a reflection of its high percent of economically disadvantaged residents. The educational attainment of Texans is also lower than average. The percent of college graduates in the population 25 years of age or older is 23 percent for a ranking of 27th and the percent of high school graduates in the population 25 years of age or older is 76 percent for a ranking of 45th. These three markers, when correlated with the state's recent and projected demographic changes have signaled an alarm to policy makers. The ethnic groups that are growing the fastest are also those with the lowest high school completion rates and the lowest rates of enrollment in and graduation from colleges and universities.

Closing the Gaps

The Texas Higher Education Coordinating Board's (THECB) *Closing the Gaps by 2015* was adopted in October, 2000, as a plan for closing the educational gaps not only in Texas but also between Texas and other states. Its four goals are to close the gaps in

student participation, student success, institutional excellence and research. The participation goal is to add 500,000 more students by 2015 and THECB has assigned specific enrollment targets for each ethnic group. Recognizing that attracting new students to higher education is only one step on the continuum, the THECB's number two goal is to improve student success by increasing the number of graduates from colleges and universities. For each of the goals there are intermediate targets for 2005 and 2010. In its first annual status report the THECB indicates the progress that has been made between 2000 and 2001 toward the 2005 targets.

Using "traffic light" indicators the THECB reports some concern about the total enrollment progress, favorable progress in Black and White enrollment and a high level of concern about the Hispanic enrollment. Without diminishing its concern that Hispanic enrollment will only reach 75 percent of its 2005 target, the report notes that many of the participation strategies remain to be implemented and emphasizes the importance of a sustained, effective effort.

Progress Toward Participation Targets for 2005

Type of enrollment	<i>Closing the Gaps</i> target for 2005	Fall 2000	Increase in 2001 from 2000	Targeted 2005 Increase*	Percent of Targeted Increase for 2005 Achieved
Total Enrollment	1,169,000	1,021,435	50,573	15,000	34%
Black	132,000	106,611	6,486	23,500	28%
Hispanic	340,000	233,948	15,419	102,600	15%
White	591,000	576,076	16,878	21,000	80%

Source: *Closing the Gaps by 2015, 2002 Progress Report*, July 2002

*The plan's published targets for participation have been adjusted to match revised statewide population projections in spring 2001 by the Texas State Data Center.

Because student success is primarily measured by the numbers of graduates, real progress can not be seen in only one year, but the state did increase the number of certificates, Associate's and Bachelor's degrees to 2.2 percent of the 2005 target.

Statewide Commitment to Higher Education

Our state leaders have become committed to providing a higher education for all Texans, recognizing that if our state is to maintain its strong economy it must meet the challenge of increasing the numbers of participants in higher education across all ethnic groups. This is not a simple goal.

It requires us to

- prepare students to study and learn at the higher education level;
- make students aware of higher education opportunities;
- inform students of the application and enrollment process; and
- provide students from low-income families with financial assistance to make higher education affordable and accessible.

In recent years the Legislature has enacted numerous bills to increase the accessibility of higher education and the committee took a critical look at how well they are working. This report of the committee's work examines efforts including the Top Ten Percent Rule passed by the 75th Legislature and HB 400 passed by the 76th Legislature. It looks at the effect on enrollment in Texas colleges and universities of Texas residency laws. And it considers numerous other strategies for recruiting educationally and economically disadvantaged students and keeping them until graduation.

It has become clear that accessibility to higher education for all students but particularly for economically and educationally disadvantaged students requires cooperation between the higher education community and the K-12 community. Each program that the Committee examined relied on the cooperation of K-12 schools; if only to notify students of the opportunities available to them for continued education. Increasing accessibility of higher education must begin long before a student is a senior in high school.

RESIDENCY

Texas bases its public higher education tuition determination on residency. Every student who attends a public institution of higher education in Texas must be classified as a "resident" or "nonresident" for the purpose of calculating tuition rates and state funding. The difference in tuition is significant - \$44 per semester hour for a resident (in-state) and \$253 per hour for a nonresident (out-of-state). The process used to make the determination of whether a student pays in-state or out-of-state tuition has become important to consider in light of its impact on accessibility to higher education.

Barriers to Access

Under current residency status laws and rules students who fall within the "resident" category benefit from the relatively low tuition available to them. It is particularly advantageous to those who might not otherwise be able to afford the cost of higher education. At the same time the higher tuition required of "nonresidents" acts as a barrier in some cases; particularly for economically disadvantaged students.

All applicants must complete a 20 item questionnaire to determine residency status. This process can be burdensome and the documentation that is often necessary for proof can be difficult to provide. In some cases the questionnaire must be submitted more than once. Not only are students seeking reclassification from "nonresident" to "resident" status required to resubmit the questionnaire but so must any student at a two-year institution who has a change of address.

Complexity of Statutes, Rules and Regulations

The complexity of Texas residency statutes, rules and regulations is reflected in the fact that the THECB receives 75-100 questions per week from registrars, admissions officers, veterans' affairs officers, students and others for clarification. Representatives of the Texas Association of Collegiate Registrars and Admissions Officers (TACRAO) testified to the committee that their members, the front-line staff involved in the application of the law, find the rules and regulations to be complex and cumbersome. The terms used are numerous and unclear to the extent that they find it necessary to apply their own interpretations.

Attempts reported by staff of the THECB and TACRAO to increase understanding of residency status laws and guidelines include publication of *Residence Status Rules and Regulations*, frequent amendments to rules to reflect changes in federal and state law, regional workshops around the state, and an annual conference. Nonetheless there continues to be great inconsistency across the state in determining residency status. It is not uncommon for two institutions with the same student information to draw different conclusions about whether the student should pay in-state or out-of-state tuition.

The confusion and resultant inconsistencies emanate from two aspects of the residency statutes. The first is the definition of "resident" and the second is the 17 waiver and exception programs (totaling \$135 million in FY2001) that allow "nonresidents" to pay "resident" tuition.

Sections 54.052 through 54.059 of the TEC address the definition of "resident" for tuition purposes. Exceptions to those sections are found in Sections 54.060 through 54.065. Even with such extensive coverage of a definition in statute, additional definitions and clarifications are required in rule.

For example, part of the definition of resident requires that the student or his parent/guardian have maintained a residence in Texas for the 12 months preceding enrollment. If the student is independent the residence must have been his/hers. If the student is a dependent the residence must have been the parent/guardian's. The rules address the acceptable proof of dependency such as whether or not the student was claimed as a dependent for federal income tax purposes, or if the parent or guardian's child support is delinquent.

After a decision is made about the student's status as independent or dependent, the student, or the parent/guardian if the student is a dependent, must prove that he/she has been gainfully employed for the preceding 12 months. Gainful employment can be difficult to ascertain. It is defined in rule as "lawful activities intended to provide an income to the individual or allow an individual to avoid the expense of paying another person to perform the tasks (as in child care or the maintenance of a home). A person who is self-employed, employed as a homemaker, or who is living off his/her earnings

may be considered gainfully employed for tuition purposes, as may an individual whose primary support is the government (public assistance program).”

Peer Comparison

By analyzing the residency requirements in the 10 most populous states the THECB found that all of the states determine residency based on a 12-month length of time in the state and consider the location of the parent’s domicile as the determiner of a dependent student’s residency.

There is more variation among the states regarding other requirements for in-state tuition. Seven of the ten use “domicile” and three use “residency” as the location that determines whether a student is a state resident or nonresident. The criteria that must be met for a student to be classified as “independent” differ and the degree to which states rely on statute, rule and policy differ. The number of waivers that the states provide range from one to 17 with only California and Texas having more than ten waivers. The THECB concluded that “Texas statutes are more detailed in establishing criteria for waivers than the other states. The other state statutes tend to be more skeletal in nature, and/or use policy or rules to interpret the statute.”

Residency Requirements in the Ten Most Populous States

Charge Four

Charge Four

Charge Four

STATE	R/S/P1	Domicile	Residency	Length of Time in the State	Independent Status	Number of Exemptions and Waivers
Texas ²	S	No	Yes	12 months	18 years or older who is gainfully employed in Texas for 12 months before registering at an institution.	16 exemptions; 21 waivers
California ³	S	Used in one place, but all other references are to residency	Yes	More than 12 months	Unmarried undergraduates must not be claimed on parents tax return for previous 2 years and their own income must be sufficient to meet their needs; or married and unmarried graduate/professional students, so long as they are independent and haven't been claimed on their parents or others tax returns as a dependent. If student is over 24 years old; ward of the court; or both parents deceased student is independent	Statute: 15 waivers, 2 exemptions Additional exemptions by institution
Florida	S	Yes (if student is dependent, must prove that parents actually domiciled in FL, rather than just maintained a residence)	Yes	12 months	Established legal residence in the state at least 12 months prior to qualification for residency.	10
Georgia	S/P	No (is used in Georgia State P)	Yes	12 months	Be at least 18, and resided in the State for 12 months without attending an institution of higher education P: domiciled in GA not while in attendance at an institution for at least 12 months preceding registration, and has no domicile or intention to be domiciled elsewhere.	Statute: Student from a border state, Non-resident tuition waived for certain students. Policy at Georgia State: 9

Charge Four

STATE	R/S/Pi	Domicile	Residency	Length of Time in the State	Independent Status	Number of Exemptions and Waivers
Illinois	P	Yes	Residency is based on domicile and other factors	12 months before first scheduled class day	Parents/guardian may not claim student on income tax while attempting to establish and/or maintain residency. Student must file own IL income tax. Student must be gainfully employed and reside in IL for one year for reasons other than education.	3
Michigan	P (using UofM policy)	Yes	No	12 months	Employed in a full-time, permanent positions, the employment being the primary purpose for the person's presence in the state (in the case of a spouse, the spouse must meet the same employment requirements).	3 mandated by statute at all higher ed institutions; 5 by policy
New Jersey	S	Yes	No	12 months	unclear	
New York		Yes	No	12 months	Students under age 22 must provide evidence of financial independence to be considered for domicile. Domicile must be established before the last day of registration.	1 (military personnel)
Ohio	S/P	Yes	No	12 months, but under certain circumstances can be less	Resident of state for 12 months preceding enrollment and cannot receive aid from anyone who is not a resident of Ohio.	8 mandated by state statute.
Pennsylvania	R	Yes	No	12 months	A person under age 22 may prove financial emancipation by clear & convincing evidence. At age 22 a student may attempt to establish domicile as set out in §507.3	2 (government employee or military personnel)

Source: Higher Education Coordinating Board (modified)

Notes: 1. Residency determined primarily by **R**ule, **S**tatute, or state education system **P**olicy or a combination.

2. HB 1403 allows unlawfully present students who have lived with a parent at least part of the three-year period preceding their graduation or receipt of a GED in Texas to be eligible to establish residency.

Charge Four

3. California allows any student , except a non-immigrant alien as defined in paragraph (15) of subsection (a) of Section 1101 of Title 8 of the U.S.C., ho has attended high school in CA for three or more years and graduates or receives an equivalent to establish residency.

Residency vs. Domicile

Many states use “domicile” rather than “residency” as the basis for making in-state/out-of-state tuition decisions. According to Texas Attorney General John Cornyn’s Opinion No. JC-0520 ‘domicile’ is defined as the place where a person has the person’s true fixed and permanent home and principal residence and to which the person intends to return whenever absent.” By virtue of the definition, an individual can have only one domicile. In contrast, an individual can have numerous residences, making the use of residency as a determining factor more complex and difficult. In testimony before the committee Commissioner Brown of the THECB pointed out that “Texas statutes partially base residency on domicile but it is not consistent”. He suggested that “using the concept of domicile would specifically exclude that class of students that come to Texas only to go to college and would make it easier to arrive at that conclusion”. He also drew attention to the simplification that would be provided by the use of domicile when determining the status of immigrants who come into the country solely for education.

House Bill 1403

House Bill 1403, passed by the 77th Legislature and codified in Section 54.052(j) of the Texas Education Code (TEC), made it possible for citizens of other countries to attend public colleges and universities by paying in-state tuition if they graduate from a Texas high school, live in Texas for at least three years, and sign an affidavit pledging to apply for permanent residency as soon as they are eligible. Although the legislation increased accessibility to higher education it also added another layer of complexity to the already complicated residency statutes and rules. For the THECB’s reporting purposes students meeting those criteria are considered “foreign students classified as residents (in-district or out-of-district) through HB 1403 or CB Policy”. They are eligible for state financial aid and must register with the selective service. In Fall 2001, 1520 students (633 for universities, 855 for two-year colleges and 32 for health-related institutions) were classified as residents under HB 1403. The committee found that neither the institutions that received these students nor any other state agency has assumed responsibility for ensuring that the students complete the applications for residency required by the legislation.

Cost Implications of Changes in Residency Policy

While it is difficult to quantify the effect that current residency status laws and guidelines have on enrollment in Texas colleges and universities, the conclusion of the THECB is that the current system discourages people from continuing their education in Texas.

TOP TEN PERCENT RULE

The Top Ten Percent Rule allows all students who graduate in the top ten percent of their class from any public or private accredited high school in Texas automatic admission to the Texas public university of their choice.

History

The genesis of the Top Ten Percent Rule was the March 1996 decision by the Fifth Circuit Court of Appeals in the case *Hopwood v. State of Texas (Hopwood)*. The court ruled that The University of Texas at Austin (UT) law school had violated the Fourteenth Amendment of the U.S. Constitution by considering ethnicity in its admissions decisions. In February 1997, Texas Attorney General Dan Morales issued an opinion that Texas institutions of higher education must administer admissions, financial aid and retention programs without consideration of race. In response, the 75th Texas Legislature, in House Bill 2146, directed the THECB to study the impact of the *Hopwood* case on minority applications, offers, and admissions to Texas public colleges and universities. In an effort to maintain enrollment results comparable to those achieved with *Hopwood* through a race-neutral process, while ensuring geographic diversity and enhanced accessibility for economically disadvantaged students the 75th Legislature also passed HB 588. Known as the Top Ten Percent Rule, it was subsequently codified in Section 51.803 of the Texas Education Code.

House Bill 2146

The THECB's *Report on the Effects of the Hopwood Decision on Minority Applications, Offers, and Enrollments at Public Institutions of Higher Education in Texas* considered 1997 data - the transition year between *Hopwood* and the Top Ten Percent Rule and was completed in November 1998. It concluded that there was "no direct evidence that *Hopwood* had resulted in a decrease in African-American and Hispanic first-time enrollment statewide at either community colleges or universities". It added that "the only two institutions that used race or ethnicity as an admissions factor before *Hopwood*, UT Austin and Texas A&M University (TAMU), were the most affected by the ruling". The report concluded that *Hopwood* was "just one of several factors that impact African-American and Hispanic enrollment at public institutions of higher education in Texas", and suggested a "statewide effort to ensure adequate academic preparation and economic resources for all Texans as the most effective way of ensuring that minorities and other under-represented students are prepared for and receive the benefits of higher education". Further, the report urged an immediate and "decisive" commitment to diversity in higher education, predicting that without such a priority, a large part of the Texas population would be "under-prepared to compete in and contribute to our highly complex and technical work world and society".

Impact on Enrollment of Educationally Disadvantaged Students

The Top Ten Percent Rule was implemented with the 1998 freshman class. Its impact on the enrollment of educationally disadvantaged students can be illustrated by combined data collected by UT and TAMU on the summer/fall 2000 entering freshmen - Fall 2000 Cohort. To measure the degree of expanded opportunity, success and retention of Top 10

percent students the universities compared the Top 10 percent students to Non-Top 10 percent and found the following:

UT/TAMU Fall 2000 Cohort

	Top 10 percent	Non-Top 10 percent
Estimated family incomes less than \$40,000 per year	20.13%	14.64%
First Generation student	29.56%	22.43%
Average GPA	3.13	2.77
Earning GPA of 3.00+	63.70%	38.74%
One-year retention rate	93.25%	87.96%

Source: Written testimony submitted to the Texas Education Committee by Drs. Bruce Walker and Frank Ashley, June 17, 2002

STRATEGIES TO INCREASE RECRUITMENT AND RETENTION RATES OF EDUCATIONALLY AND ECONOMICALLY DISADVANTAGED STUDENTS

Commissioner Don Brown informed the committee of the THECB's conclusion that 300,000 of the 500,000 students needed to close the gap in participation will have to be people that are presently "missing" from higher education. Bringing back formerly unsuccessful students and keeping current students, while necessary, is insufficient to meet the participation targets of *Closing the Gaps* across every population group. Because many of the "missing" are economically and educationally disadvantaged, several of the recruitment and retention strategies included in *Closing the Gaps* have focused on that group. Often in conjunction with the Top Ten Percent Rule and in an attempt to attract a more diverse student body, these include programs and financial aid that have been initiated at both the state level and at individual institutions. Many reach out to high schools with high economically disadvantaged student bodies and focus on enrolling 1st generation students.

Statewide Efforts

A list provided by the THECB made it clear that the 77th Legislature had taken several actions to address each of *Closing the Gaps'* four strategies for closing the gaps in participation. Those strategies as well as the actions that were taken to enhance recruitment and retention efforts are included in the following list: In some cases updates received by the committee are included.

I. Make the Recommended High School Program the standard curriculum in Texas public high schools and make it a minimum requirement for admission to Texas public universities by 2008.

- House Bill 1144 makes the Recommended High School Program (RHSP) the standard curriculum in Texas public high schools beginning with students entering the 9th grade in the 2004- 2005 academic year. Students will be allowed to “opt out” into the minimum program with the consent of the student’s parents and a high school counselor or administrator. The number of students, statewide that opted to complete the RHSP in 2000 was 84,821 out of 212,925, or 40 percent. In 2001 there were 110,115 out of 215,316 or 51 percent.

II. Recruit, prepare and retain additional well-qualified educators for elementary and secondary schools.

- House Bill 1130 amends certain provisions of the Educational Aide Exemption Program to expand the number of teacher aides who are eligible to receive the exemption from tuition and fees, and requires school districts and universities to adopt plans designed to facilitate the use of the program and increase the number of certified teachers in Texas.
- House Bill 1721 authorizes the State Board for Educator Certification to issue a certificate to an educator from another state or country that has performed satisfactorily on an exam similar to and at least as rigorous as the ExCET.
- Senate Bill 998 authorizes persons who have worked in an alternative education program or a juvenile justice education program for three years to take the ExCET without completing an alternative educator certification program.
- Senate Bill 1, Rider 46, page III-66 (Strategic Plan for Teacher Certification), requires the THECB, in collaboration with other entities to develop a strategic plan to increase the number of certified teachers in Texas as quickly as possible. In addition, it requires the THECB to work with other entities to develop a teacher certification Web page on traditional and alternative certification programs and teacher employment opportunities.
- House Bill 1144 establishes a Master Math Teacher certification process that will place and pay stipends to math specialists on high-need campuses to teach math and mentor other teachers.

III. Ensure that all students and their parents understand the benefits of higher education and what is necessary to prepare academically and financially for college.

- Senate Bill 573 directs the THECB to establish a statewide public awareness campaign to promote the value and availability of higher education. The Legislature appropriated \$5 million in seed money for the campaign. The Statewide Higher Education Awareness and Motivational Campaign got underway immediately in May 2001. By January 2002 the THECB had conducted an RFP process and contracted with an Austin-based company to conduct research and marketing; created a new nonprofit organization to raise additional funds to supplement state funding; hired a team to oversee the campaign; and scheduled the formal campaign launch for September 1, 2002. In August the launch was delayed until mid-November 2002.

- Senate Bill 158 requires counselors from elementary, middle, and high schools, including those at open-enrollment charter schools, to advise students on higher education beginning in the 2001-2002 academic year.
- House Bill 400 requires each school district whose graduates have low college-going rates to establish a partnership with an institution of higher education to develop and implement a plan aimed at increasing higher education enrollment rates at higher education institutions. This bill also directs the Coordinating Board to administer the Higher Education Assistance Pilot Program, to provide information on enrollment, admissions, and financial aid, and to provide high school graduates with assistance in completing the applications. Extended discussion of this legislation follows.
- Senate Bill 1, Rider 36, page III-63 (Information Access Initiative), requires the Coordinating Board to coordinate with the Texas Education Agency (TEA) and the State Board for Educator Certification (SBEC) regarding sharing, integrating, and housing P-16 public education data.

IV. Establish an affordability policy that ensures students are able to participate and succeed in higher education.

- Senate Bill 1057 decouples the Teach for Texas Conditional Grant Program from the TEXAS Grant Program, expanding the pool of eligible students for Teach for Texas. It also expands Teach for Texas to students enrolled in alternative certification programs. The Legislature appropriated an additional \$11 million for the program, totaling \$15 million for the 2002-03 biennium.
- Senate Bill 1 tripled the amount of funding for the TEXAS Grant Program by appropriating \$240 million in new funds. About \$15 million in TEXAS Grant allocations was returned to the Coordinating Board. Reasons given for the failure of the institutions to distribute all of the funds included: too few students who had completed the RHSP; too short a time frame in which to alert students to eligibility changes; and poor college grades of 26 percent of the 2000-01 recipients, making them ineligible for 2001-02 funds. Representatives of the THECB explained that last year's grant allocations were made based on the financial need of an institution without regard to the likelihood of students completing the RHSP. Next year, no institution will receive an initial allocation of more than 150 percent of this year's allocation and both financial need and preponderance of the completion of the RHSP will be considered.
- Senate Bill 1596 establishes the TEXAS Grant II Program to provide grants to eligible students to attend Texas public community and technical colleges. The Legislature appropriated \$10 million for the biennium, to serve an estimated 4,300 students. All of these funds were allocated to students.
- House Bill 2531 increases the resident tuition rate at general academic teaching institutions by \$2 per semester credit hour each academic year, from \$42 per hour in 2001-02 to \$50 per hour in 2006-07. This bill also increases tuition at law schools and graduate or professional pharmacy programs.
- House Bill 1403 classifies a non-United States citizen as a Texas resident under certain conditions for purposes of tuition and fees and state financial aid.

House Bill 400

House Bill 400, passed by the 77th Legislature and codified in Section 61.088 of the TEC, is another effort to increase the numbers of college bound students. It was the result of several interim studies of K-16 partnerships in 2000 which revealed a need for a more targeted approach to partnerships with a clear goal in mind. The bill provided for both a plan to increase the enrollment of students from high schools with low college-going rates and a higher education assistance pilot. Since its passage target schools have been identified and notified of the assistance available to them. Workshops have been held to assist students in filling out their college applications. Some high schools have expressed the opinion that targeting the bottom ten percent is punitive. An exception process has been developed that allows a high school to document a belief that its college-going rate is not in the bottom ten percent when its graduates attending out-of-state or private institutions are counted. Some higher education institutions would like to have more districts identified for partnerships, while other higher education institutions feel overwhelmed by the number of partnerships they are currently required to have. The higher education assistance pilot has been successful and it has been suggested that the institutions assume the responsibility from the THECB.

Individual Efforts

In addition to statewide efforts to recruit and retain students, many institutions have begun programs of their own. Two of those that were presented to the committee are: Dallas County Community College District's (DCCCD) Rising Star Program: This is a three-year-old program that makes available \$1100 a year for tuition and books to any Dallas County high school graduate who demonstrates economic need and graduates in the top 40 percent of his/her class with a B average or passes the Texas Assessment Skills Program. Bill Wenrich, Chancellor of DCCCD included in his written testimony that "60 to 70 percent of the recipients are first generation college students. They are allowed to earn an associate degree or enroll in job certification and professional training programs. Rising Star and the DCCCD staff begin recruiting students in middle school, teaching them about the promise of college and showing them how they can learn a meaningful skill that will give them a future. Enrollment has gone from 693 students in Fall 1999 to 1,540 in Fall 2001 and is projected to hit 2,199 annually in 2002."

Lamar University's Monitored Probation Program: This is a retention program that began in 1988 to provide early intervention for students with grade point averages (GPA) below 2.0 in an effort to help them succeed. In her written testimony, Madelyn Hunt, Executive Director of the program stated that all students in the General Studies Program with GPAs below 2.0 are required to participate. They receive academic counseling, tutoring, study skills courses, workshops and supplemental instruction. Students are monitored and their academic progress tracked. They also receive letters of encouragement and/or personal phone calls at least twice per semester. Intervention continues until the student's GPA is 2.0 or above. A recent evaluation of the program revealed that improvements in the cumulative GPAs of the Monitored Probation students were significantly higher than those of other probationary students.

Recommendations

- 1) Simplify the residency statutes (Chapter 54, Texas Education Code), using the concept of domicile to determine a student's classification for tuition purposes.
- 2) Simplify the residency statutes (Chapter 54, Texas Education Code), by limiting them to general guidelines and charge the THECB with interpreting and setting rules as needed.
- 3) Simplify the *Residence Status Rules and Regulations*.
- 4) Clarify the terminology in the *Residence Status Rules and Regulations*.
- 5) Implement a common statewide student form for determining tuition classification.
- 6) Eliminate the need for multiple submissions of residency questionnaires for address changes that do not affect a student's residency status.
- 7) Assign responsibility to the admitting institution for ensuring that students classified as residents through House Bill 1403 submit the required application in a timely manner.
- 8) Increase work-study programs and require tutoring as a condition of certain scholarships.
- 9) Use some of the returned TEXAS Grant money for mentoring programs.
- 10) Require TEA to designate students that are "on track" for graduation under the RHSP on 6th and 7th semester high school transcripts and provide that status to colleges and universities for their use in admissions decisions and in the awarding of the TEXAS Grant.
- 11) Consider allowing TEXAS Grant funds to be awarded to "new recipients" using renewal funds.
- 12) Allow financial aid offices to use professional judgment in awarding no more than 3 percent of the total TEXAS Grant awards made by their institution in any fiscal year. These exceptions should be limited to providing a one semester grace period for renewal GPA criteria and waiving the RHSC requirement.
- 13) Restructure the Teach for Texas program from a loan forgiveness program to a loan repayment program.
- 14) Change the target for HB 400 involvement to a specific college-going-rate percentage such as 30 percent rather than the bottom 10 percent, making the designation criterion-referenced rather than norm-referenced.
- 15) Review Sec. 21.049 (b) of the TEC in light of the federal *No Child Left Behind* Act.
- 16) Continue to encourage cooperation, coordination and collaboration among the THECB, the TEA and the SBEC.