

December 18, 2009

TO: School Board Members, Superintendents of Schools and School Business Officials

FROM: Frank Bush, ISBA Executive Director
John Ellis, IAPSS Executive Director
Denny Costerison, IASBO Executive Director

SUBJECT: **2010 Legislative Bulletin***

*This issue (2010-1) is emailed to all board members, superintendents and school business officials. During the short legislative session the **Associations will email the Legislative Bulletin to their memberships rather than using postal mail.** Additionally, the Legislative Bulletins will be **posted on the Web sites** of the Associations. The Associations will utilize technology to communicate about the legislative process on a daily and/or weekly basis by sending emails on committee hearings and other legislative announcements and therefore will also use emails and Web sites to communicate the Legislative Bulletin.

LEGISLATIVE BULLETIN 2010-1

What is the Legislative Bulletin?

The Bulletin is designed to present data on current legislative activity, which includes:

1. An analysis of important legislative developments; and.
2. A digest of introduced legislation influencing directly or indirectly the operations of the public schools.

Recipients may access the Legislative Bulletin via email or Web site:

<http://www.iapss-in.org/>

<http://www.indiana-asbo.org/>

<http://www.isba-ind.org/>

Complete copies of public education bills may be reviewed by accessing:

<http://www.in.gov/legislative/>

Who Receives the Bulletin?

All board members, superintendents and school business officials will receive the **Legislative Bulletin 2010-1** via email or Web site from respective Associations.

Those not on the email address listings may access 2010 bulletins at the respective Associations Web site as noted above.

Important Date - Legislative Update and “A Day-at-the State House” FEBRUARY 18, 2010

On Thursday, February 18, 2010, the Associations will host a Legislative Update at the Indianapolis Downtown Marriott. It is suggested that school board members/superintendents may wish to invite their senator and/or representative to dinner following the meeting. This, in turn, will allow for more in-depth interaction on specific legislation.

All school board members and superintendents of schools are encouraged to spend time with their legislators prior to the 3:30 p.m. Legislative Update.

EVENT: 2010 Legislative Update and “A Day-at-the State House”
PLACE: Indianapolis Downtown Marriott
350 W. Maryland St.
Indianapolis, Indiana
TIME: Legislative Update - 3:30 - 5:00 pm



2010 House and Senate Leadership Rosters

SENATE LEADERSHIP		
President	Becky Skillman	Lt. Governor
President Pro Tempore	David Long	(R) Ft. Wayne
Assistant President Pro Tempore	Sue Landske	(R) Cedar Lake
Majority Floor Leader	Connie Lawson	(R) Danville
Assistant Majority Floor Leader	Brent Steele	(R) Bedford
Majority Caucus Chairman	James W. Merritt	(R) Indianapolis
Asst. Majority Caucus Chairman	Gary Dillion Richard Bray	(R) Pierceton (R) Martinsville
Majority Whip	Brandt Hershman	(R) Monticello
Assistant Majority Whip	Ryan Mishler	(R) Bremen
Minority Floor Leader	Vi Simpson	(D) Bloomington
Assistant Minority Floor Leader	Timothy Lanane	(D) Anderson
Minority Leader Pro Tempore	Richard Young	(D) Milltown
Minority Caucus Chairman	Connie Sipes	(D) New Albany
Asst. Minority Caucus Chairman	James Lewis Jean Breaux	(D) Charleston (D) Indianapolis
Minority Whip	Lindel Hume Earline Rogers	(D) Princeton (D) Gary

HOUSE LEADERSHIP		
Speaker of the House	Patrick Bauer	(D) South Bend
Speaker Pro Tempore	Chester Dobis	(D) Merrillville
Deputy Speaker Pro Tempore	Earl Harris	(D) East Chicago
Democratic Floor Leader	Russ Stilwell	(D) Boonville
Assistant Democratic Floor Leader	Shelia Klinker	(D) Lafayette
Democratic Caucus Chairman	Gerald Grubb	(D) Covington

Assistant Democratic Caucus Chairman	Nancy Dembowski Dan Stevenson	(D) Knox (D) Highland
Democratic Whip	Paul Robertson	(D) Depauw
Assistant Democratic Whip	Dave Cheatham Nancy Michael	(D) North Vernon (D) Greencastle
Republican Leader	Brian Bosma	(R) Indianapolis
Republican Floor Leader	Bill Friend	(R) Macy
Assistant Republican Floor Leader	Jackie Walorski	(R) Elkhart
Republican Caucus Chair	Kathy Richardson	(R) Noblesville
Assistant Republican Caucus Chair	Tom Sanders Eric Koch	(R) Lewisville (R) Bedford
Republican Whip	David Frizzel	(R) Indianapolis
Assistant Republican Whip	Jerry Torr Ed Soliday	(R) Carmel (R) Valparaiso

2010 Selected Committee Lists:

<u>SENATE EDUCATION & CAREER DEVELOPMENT</u>	
CHAIRMAN: Dennis Kruse	(R) Auburn
RM: Carlin Yoder	(R) Middlebury
Jim Buck	(R) Kokomo
Randy Head	(R) Logansport
Jean Leising	(R) Oldenburg
Luke Kenley	(R) Noblesville
Scott Schneider	(R) Indianapolis
Connie Sipes	(D) New Albany
Frank Mrvan	(D) Hammond
Sue Errington	(D) Muncie
R.M.M. Earlene Rogers	(D) Gary

SENATE PENSIONS AND LABOR

CHAIRMAN: Phil Boots	(R) Crawfordsville
RM: Brent Waltz	(R) Auburn
Dennis Kruse	(R) Auburn
Jim Buck	(R) Kokomo
Greg Walker	(R) Westfield
Mike Young	(R) Speedway
Marlin Stutzman	(D) Howe
Bob Deig	(D) Mt. Vernon
Timothy Skinner	(D) Terre Haute
James Arnold	(D) LaPorte
R.M.M. Karen Tallian	(D) Portage

SENATE APPROPRIATIONS

CHAIRMAN: Luke Kenley	(R) Noblesville
RM: Gary Dillon	(R) Pierceton
Phil Boots	(R) Crawfordsville
Tom Wyss	(R) Ft. Wayne
Brant Hershman	(R) Monticello
Patricia Miller	(R) Indianapolis
Ed Charbonneau	(R) Valparaiso
Ryan Mishler	(R) Bremen
Earlene Rogers	(D) Gary
Lindel Hume	(D) Princeton
Karen Tallian	(D) Portage
R.M.M. John Broden	(D) South Bend

SENATE TAX AND FISCAL POLICY

Chairperson: Brandt Hershman	(R) Monticello
R.M. Sue Landske	(R) Cedar Lake
Ed Charbonneau	(R) Valparaiso
Jim Buck	(R) Kokomo
Gary Dillion	(R) Pierceton
Luke Kentley	(R) Noblesville
Connie Lawson	(R) Danville
Greg Walker	(R) Columbus
Joseph Zakas	(R) Granger
John Broden	(D) South Bend
Connie Sipes	(D) New Albany
Lonnie Randolph	(D) East Chicago
R.M.M. Tim Skinner	(D) Terre Haute

HOUSE EDUCATION

CHAIRMAN: Greg Porter	(D) Indianapolis
VICE CHAIRMAN: Dennie Oxley	(D) English
Dave Cheatham	(D) North Vernon
Clyde Kersey	(D) Terre Haute
Gail Riecken	(D) Evansville
Shelli VanDenburgh	(D) Indianapolis
Vernon Smith	(D) Gary
Milo Smith	(R) Columbus
Cindy Noe	(R) Indianapolis
Edward Clere	(R) New Albany
Jeff Thompson	(R) Lizton
R.M.M. Bob Behning	(R) Indianapolis

HOUSE LABOR AND EMPLOYMENT

CHAIRMAN: David Niezgodski	(D) South Bend
VICE CHAIRMAN: Chuck Moseley	(D) Portage
John Bartlett	(D) Indianapolis
Clyde Kersey	(D) Terre Haute
Dennie Oxley	(D) English
Russ Stilwell	(D) Booneville
Dennis Tyler	(D) Muncie
Dug Gutwein	(R) Rensselaer
Matt Bell	(R) Avilla
Gerald Torr	(R) Carmel
Greg Steuerwald	(R) Avon
R.M.M. Dan Leonard	(R) Huntington

HOUSE WAYS AND MEANS

CHAIRMAN: Bill Crawford	(D) Indianapolis
VICE CHAIRMAN: Scott Pelath	(D) Michigan City
Dennis Avery (Budget Subcommittee Chair)	(D) Evansville
Peggy Welch, (Budget Subcommittee Vice Chair)	(D) Bloomington
Sheila Klinker (Higher Education Chair)	(D) Lafayette
Terry Goodin (Finance & K-12 Chair)	(D) Crothersville
Steve Stemler (Medicaid and Health Vice Chair)	(D) Jeffersonville
Mara Candelaria Reardon	(D) Munster
John Day	(D) Indianapolis
Ed DeLaney	(D) Indianapolis
Ron Herrell	(D) Kokomo
Clyde Kersey	(D) Terre Haute
Joe Pearson	(D) Hartford City
Cherrish Pryor	(D) Indianapolis
Dennis Tyler	(D) Muncie
Randy Borrer	(R) Ft. Wayne
Thomas Dermody	(R) LaPorte

Bob Cherry	(R) Greenfield
Bill Davis	(R) Portland
Suzanne Crouch	(R) Huntington
Richard McClain	(R) Logansport
Phyllis Pond	(R) New Haven
Jeffrey Thompson	(R) Lizton
Eric Turner	(R) Marion
R.M.M. Jeff Espich	(R) Uniondale

ISBA Legislative Communications Depends on ISBA Legislative Liaison

Each Indiana school board may appoint a school board member as a legislative liaison to report on The ISBA Legislative Bulletin to the local school board. If a local board does not designate a legislative liaison, the board president could assume the responsibility. The functions of the legislative liaison or board president are:

1. To be informed regarding the nature and status of legislative proposals in education;
2. To keep other members of the local school board informed regarding the status of legislation (particularly in those instances where board member reactions are requested); and,
3. To contact local legislators on education-related issues, especially during the legislative session.

The ISBA Legislative Liaison (or board president) should, for the period of the legislative session, be the one board member who is the most knowledgeable about current legislation. Careful reading of The Legislative Bulletin and daily monitoring of the ISBA E-Mail from the ISBA office should make this possible. The Bulletin may be accessed at **www.isba-ind.org**

The following suggestions will facilitate the role of the board president or legislative liaison:

1. Secure a notebook or binder in which to file the bulletins as they are received;
2. Keep a log of the progress of the bills of interest as they move through the process;
3. Call the ISBA office to secure additional information, if necessary;
4. Monitor emails for daily information; and,
5. Summarize legislation.

Discussion should culminate in planned action by the board as an official body. This is the key to the legislative activity and will greatly influence the outcome of action on the various bills. Unless the legislative liaison and other local officials make frequent contacts with Senators and Representatives, the efforts of ISBA on your behalf are less effective.

House and Senate Phone Numbers

Should you need to contact your Senator or Representative, you may use the following numbers:

Indiana Senate - (317) 232-9400 or (800) 382-9467
Indiana House - (317) 232-9600 or (800) 382-9841

or, you may write your legislator at the following address:

Indiana Statehouse
Indianapolis, IN 46204

House/Senate Calendar and Bill Filing Deadlines:

2010 First Session Day – January 5, 2010

LEGISLATIVE CALENDAR FOR 2010 SESSION

AS OF THIS LEGISLATIVE BULLETIN, THE GENERAL ASSEMBLY CALENDAR HAD NOT BEEN POSTED.

INFORMATION TOPICS

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ISBA Legislative Resolutions

STANDING RESOLUTIONS

- A. **Funding State Mandates**
State-mandated education programs must be fully funded by the state.
- B. **Elected/Appointed Boards, School Boards' Election and Reorganization Plan**
The General Assembly should not mandate whether the local school board is to be elected or appointed, whether the local school board is elected in the primary or general election or any other changes in the local reorganization plan.
- C. **Equivalent Instruction**
Indiana should develop a definition of and establish regulations for "equivalent instruction" for non-accredited schools including home school and virtual instruction.
- D. **Instructional Time/Class Size**

Instructional time and class size are directly related to student achievement. ISBA, therefore, supports guaranteeing sufficient instructional time for K-12 programs and maintaining lower class sizes in grades K-3 with full state funding.

- E. **Teacher Collective Bargaining**
The Indiana General Assembly should not consider revisions to the teacher bargaining law unless a revision expands the authority of school board governance.
- F. **Property Taxes and Other Revenue Sources**
The Indiana School Boards Association strongly supports that all public school corporations receive timely, adequate and responsible funding. To ensure stable funding, there is a need to utilize property taxes as a revenue source. If property tax is not received when due, the state should pay the interest incurred by the school corporation on borrowed funds. However, if there is a fundamental shift from property taxes to other revenue sources, the state must guarantee that education funding is protected and received on time, that revenue growth is continued, and that controlling restrictions are reduced.
- G. **School Governance Role/Powers**
The Indiana School Boards Association supports legislation that upholds and does not erode the authority of the local school board to govern the public schools.
- H. **Staff Development Programs**
The Indiana School Boards Association supports fully state funded professional staff development and in-service programs that are beyond the 180-day school year.
- I. **Student Testing**
The Indiana School Boards Association believes that reasonable and responsible standardized measurement of student achievement and progress is important to guarantee accountability for public education. The Association supports an alternative testing option that meets or exceeds state standards.
- J. **Charter Schools**
The Indiana School Boards Association believes that Charter Schools should be established solely under the control of the local school board and, if not, that the charter school be evaluated annually by the Indiana Department of Education to determine compliance with the charter's organization plan and dissolve the charter school if appropriate.
- K. **TIF Districts/Tax Abatements**
The Indiana School Boards Association believes that any system of tax abatement and tax incremental financing (TIF) must provide a mechanism for replacing revenue lost to the public schools at the time of abatement/TIF approval.
- L. **Classified Personnel Bargaining**

The Indiana School Boards Association opposes any legislation to impose mandatory collective bargaining with classified personnel in local public schools. Local school communities should maintain the right to determine whether collective bargaining with classified personnel is in the best interest of their school corporation.

M. Alternative Schools

The Indiana School Boards Association believes that an alternative school program is a local control issue, which should be supported by a weighted cost factor in the school funding formula.

N. Voucher Plan and Tax Credits

The Indiana School Boards Association opposes any voucher and/or tax credit plan that permits the expenditure of public tax dollars for private school education. Public school tax dollars must be fully committed to the mission of public schools.

O. School Consolidation

The Indiana School Boards Association believes that school consolidation is a local control issue.

PRESENT RESOLUTIONS

A. Finance:

1. Funding
 - a. School Distribution Formula
 - b. Special Education/High Ability Students
 - c. Special Needs Factor
 - d. Summer School
 - e. Textbooks and Instructional Materials
 - f. Transportation
 - g. Vocational Education
 - h. Year-Round School
 - i. Capital Projects Fund—
Maintenance (Skilled) Personnel
 - j. Lease Rental Payments from Debt Service Fund
2. Petition/Remonstrance and Referendum Process
3. TIF Districts – PL 146-2008 HEA 1001 Related

B. Programs:

School Choice

C. School Governance:

Open Door Law – Executive Session/Sale of Real Estate

A. **FINANCE**

9-A-1

Funding

The Indiana School Boards Association supports the timely and adequate funding of Indiana's public schools to allow local boards of education to improve the quality of public education. Specifically, the Association supports the following:

a. **School Distribution Formula**

1. The ISBA strongly supports equalization of educational opportunities for all children.
2. The ISBA supports the addition of the following provisions into the school distribution formula for all qualifying school corporations:
 - (a) A weighted cost factor for high ability student programs.
 - (b) A weighted cost factor for school corporations employing teachers with additional experience and training.
 - (c) A weighted cost factor for students with limited-English proficiency.
 - (d) Full funding for school corporations that have or will initiate all-day kindergarten programs.
 - (e) Full funding of the employer portion of social security.
 - (f) Full funding of the employer portion of teacher retirement.
 - (g) At-risk funding for all school corporations.
 - (h) A weighted cost factor for growing school corporations.
 - (i) A weighted cost factor for staff development.
 - (j) A guarantee of no loss in state funding based on student achievement scores with the implementation of PL 221 and PL 146.
 - (k) Full funding of remediation programs.
 - (l) Full funding of adult education programs.
 - (m) Alternative energy costs funding for all school corporations.

b. **Special Education/High Ability Students**

1. The ISBA supports adequate and stable funding for special education and high ability student programs.
2. The ISBA believes that all excess costs for special education services in out-of-state institutions should be funded by the State.
3. The ISBA supports adequate and stable funding for the

- preschool special education program.
4. The ISBA supports financial incentives for local school corporations to create programs for the education of special education/high ability students in the local school community.
- c. **Special Needs Factor**
School corporations have unique needs that are presently not addressed in the school funding formula. The ISBA believes that a factor should be developed to meet these special needs, such as security, substance abuse prevention and truancy.
- d. **Summer School**
The ISBA supports adequate and stable state funding for summer school remediation and academic enrichment programs including bus transportation.
- e. **Textbooks and Instructional Materials**
1. The ISBA supports adequate and stable state funding of textbooks, workbooks, associated instructional materials and computer software for classroom instruction for all pupils in the public schools.
2. The ISBA supports local control and selection of textbooks, workbooks, associated instructional materials and computer software for classroom instruction.
- f. **Transportation**
1. The ISBA supports adequate and stable state funding for regular transportation services.
2. The ISBA supports adequate and stable state funding for special/vocational transportation services.
- g. **Vocational Education**
1. The ISBA supports adequate and stable state funding for vocational education.
2. The ISBA believes that control and selection of educational choices for vocational classes should be a local control issue.
- h. **Year-Round School**
The ISBA supports adequate and stable state funding for the inter-session costs of year-round school programs including bus transportation.
- i. **Capital Projects Fund—Maintenance (Skilled) Personnel**
The ISBA supports the payment of maintenance (skilled) personnel salaries and fringe benefits from the Capital Projects Fund without limitation for all school corporations.
- j. **Lease Rental Payment from Debt Service Fund**
The ISBA supports that school corporations have the option to make lease rental payments from the Debt

Service Fund.

Rationale

The Indiana School Boards Association believes that the school distribution formula must provide equalization of educational opportunities for all school corporations. School funding is a complex area that demands constant review to assure adequate funding levels for all school corporations.

9-A-2

Petition/Remonstrance and Referendum Process

The Indiana School Boards Association supports the Indiana General Assembly maintaining and improving equitable statewide standards and procedures for the petition/remonstrance and referendum process including, but not limited to, permitting school board members and school officials to speak on the construction project until the election.

Rationale

The petition/remonstrance and referendum process for school construction projects has had problems with consistency and communications on project needs. A uniform system should be established to assure that inequities do not occur. The process needs a thorough review to determine how the divisiveness in a community can be minimized, how the state may be of assistance, rather than restrictive, and how school officials will be permitted to adequately explain the project needs when the petition/remonstrance and/or referendum process is utilized.

9-A-3

TIF Districts – PL 146-2008 HEA 1001 Related

The Indiana School Boards Association will support the following changes to Tax Incremental Financing Districts (TIF):

- A school board member from each board impacted by the redevelopment commission should be placed on the commission as a “voting” member.
- TIF should only be utilized to finance projects in blighted areas and the “but-for” test.
- Strict notification standards should be established.
- All school tax revenue and AV in the TIF should flow to the schools.
- An annual report on all TIFs should be issued.

Rationale

To foster open communications among and between local units of government, a TIF approval should have extensive review with the impact on public schools clearly understood prior to its implementation.

Therefore, to achieve such understanding, TIF representation should be expanded, decision-making process should be more transparent and annual reports should be available to all interested parties. These changes to the current statute will assist in ensuring responsible TIF approvals and practices.

B. PROGRAMS

School Choice

The Indiana School Boards Association believes that school choice is a local control issue.

Rationale

The local school board should be allowed to exercise the following without a state mandate:

1. A plan that gives parents the right to choose schools within a school corporation;
2. A plan that is not part of a mandated federal or state voucher program to finance non-public schools;
3. A plan that addresses financial and management issues such as busing, class size, collective bargaining, etc.; and,
4. A plan that may require annual commitment or longer once the student is placed in a given school program.

The organization of the public school programs is both a national and state issue. But, the delegation of the power to organize has been traditionally a local control determination. With this understanding, the Indiana School Boards Association wishes to ensure continued local control of student placement, school facility utilization, staff procurement, and all other general operations. This is best served if school choice is a local school board's determination, which protects certain school operations from outside intrusion.

C. SCHOOL GOVERNANCE

Open Door Law – Executive Session/Sale of Real Estate

The Indiana School Boards Association believes that the Open Door Law (I.C. 5-14-1.5-6.1(b)(D)), as it relates to executive sessions and the purchase of real estate, should be amended to also permit the discussion of the sale of real estate, as well as the purchase.

Rationale

The local school board needs to be able to discuss these items privately, because of the ramifications of such a decision. It, therefore, is appropriate to allow a Board to at least begin discussion in executive session. If this is done, the public's interest is still fully protected, because

the school board must go through appropriate appraisal and notice procedures to sell real estate (I.C. 36-1-11-4). All discussions and actions would then become public. Thus, in reality, the only thing that can take place in executive session is a consensus as to whether the school board wants to move forward with a sale. Once it becomes a consensus to move forward, then all decisions after that point would be public just as current law provides for purchasing. As a result, open disclosure will occur because the appraisal process and sale notice provisions generally take several months to accomplish; it, therefore, is not the type of situation where a quick action will be thrust upon the public without adequate notice. In essence, by providing the flexibility of conducting discussions on selling as purchasing is allowed, the state will foster consistency in the consideration of real estate decisions.

Selected IAPSS Legislative Resolutions

Commitment to the Public Schools

IAPSS believes that Indiana's Constitution provides that the system of common schools funded by taxpayer monies in the state must be open to the enrollment of all students without regard to any limiting factor. *As stated by Thomas Jefferson, "I shall claim the right to further public education as long as I breathe." Advocating for that right, Horace Mann added "The public school is the greatest discovery made by man."*

Alternative uses of tax monies for K-12 education should not be considered until any new or existing mandates and programs, including summer school, have been fully funded. Progress in increasing student achievement in the public schools must be the primary objective and supported with additional resources, even in times of scarcity.

Priority Legislative Issues

- **DATA AND RESEARCH:** Any discussions concerning the consolidation of service, administration, schools or school districts, or staffing comparisons, must be research based.
- **CONTINUING PRIORITY:** IAPSS supports Foundation Funding per Adjusted ADM as the minimum funding level for all schools.
- **ACCOUNTABILITY & STATE DOLLARS:** Any school that receives state funding should be assigned the same accreditation requirements as mandated to public schools.
- **TRANSPORTATION:** School corporations should be permitted to increase transportation levies by more than the five percent (5%) cap to compensate for the increase in fuel prices and other transportation costs. Without action, more school corporations may be forced to charge families for this service.
- **FUNDING TO SUPPORT INSTRUCTION:** IAPSS further believes that legislative action is needed to protect the school funding from being negatively impacted by the circuit breaker legislation to realize the state goal of moving dollars to instruction.

- ⊖ **FULLY FUNDED PROGRAMS:** Fully fund all required programs. Add full-day kindergarten as a full student count in the ADM base for funding.

Policies and Resolutions Priorities

- **Data and Research:** Educators use data and research to improve learning every day. IAPSS support consistency and fairness to accurately report and compare data such as drop-out rates, graduation rates, and student performance.
- **Educator Quality:** Great teachers and administrators are recruited, prepared, supported, and retained. Coaching programs for professional staff need to be financially supported during the first two years of entering a new position to reduce the staff loss that occurs early in careers. Licensure for superintendents should come through EdS, EdD, or PhD certification programs.
- **Students:** Support and encourage programming which enhances a student's quality of life including character and diversity education, cultural competency, culture and the arts, physical education and wellness.
- **Early Childhood Education:** Full-day Kindergarten should be funded by each student receiving a full student count on the district ADM. Pre-kindergarten should be funded and available to children demonstrating the greatest need.
- **Funding:** Schools should be provided funding that is predictable, and sufficient to produce world-class performance.
- **Special Populations:** Educational services for disadvantaged students should be proactive, effective, efficient, and adequately funded.

Selected IASBO Legislative Resolutions

In all probability, the 2010 session of the Indiana General Assembly will not deal with issues surrounding school funding and the state budget. For that reason, the following resolutions deal primarily with school business management technical subjects.

A. Delay the Circuit Breaker Constitutional Amendment

- Delay the constitutional amendment regarding circuit breaker levels until the true impact of circuit breakers on school corporations can be determined

IASBO recommends that the state's constitution not be amended to add the circuit breaker taxing levels until the actual impact of the circuit breaker legislation on school corporations can be determined. IASBO believes that to move forward with the constitutional amendment without the knowledge of how schools and local units of government are impacted could place the state and local units of government in a precarious financial situation. Waiting until the impact is known will be beneficial to all affected entities.

B. New Facility Appeals Restored

- Restore a new facility appeals procedure

IASBO recommends that new facility appeals be reinstated either as a new segment of the school funding formula or as a permanent rate cap adjustment to the Capital Projects Fund for operating expenses. IASBO believes that it is critical to provide additional funding support to school corporations whose operational costs for facilities increase due to the addition of instructional space and/or new facilities. The 2009 General Assembly eliminated all funding for this purpose. Further, IASBO supports restoring the funding for the 2009 new facility appeals that were approved prior to the elimination of the appeal procedure by the General Assembly. New facility appeals have been available and used by school corporations since the 1970's.

C. Eliminate Fiscal Year Budgeting

- The fiscal year budgeting requirement for school corporations should be eliminated

IASBO recommends that the requirement for all school corporations to begin fiscal year budgeting on July 1, 2011 be eliminated. Sufficient evidence does not demonstrate that this system is better or more advantageous than the current calendar year budgeting process. A major issue with fiscal year budgeting is the state's ability to fund the school formula on a fiscal year basis rather than on a calendar year basis, and whether the state has sufficient funds available to implement the fiscal year budgeting process. Given the statewide delays in the collection of property taxes and other issues that hinder the current budgeting process, moving to a new budgeting system will create additional problems and concerns. IASBO strongly recommends that the two school corporations presently utilizing a fiscal year budgeting process be allowed to continue with that process.

D. Capital Projects Fund – Make Utility and Property Insurance Payments Permanent

- The ability to pay for utilities and property insurance should be made permanent permitted uses of the CPF

IASBO recommends that utilities and property insurance become permanently permitted uses of the Capital Projects Fund. Current law eliminates these expenditure categories after 2011. School corporations currently allocate over \$200 million for these purposes

from the CPF. Elimination of this provision will be a significant financial hardship in the future.

E. Capital Projects Fund – Assessed Valuation Decrease Impact

- Increase the CPF tax rate cap to restore the levy lost as a result of the 2009 supplemental homestead credit deduction

IASBO recommends that the Department of Local Government Finance be required to increase the maximum allowable CPF tax rate for 2010 to compensate for the loss of assessed valuation, which was caused by the increase in the homestead credit deduction that was passed by the 2008 General Assembly. This will ensure that school corporations receive the revenue that should flow to this fund if the homestead credit deduction was not implemented. This issue impacts all school corporations.

F. Capital Projects Fund – Maintenance Vehicles and Skilled Craft Employees

- The Capital Projects Fund should be amended to include maintenance vehicles and skilled craft employees as permitted uses for all school corporations

IASBO recommends that maintenance vehicles be included as permitted use for expenditures from the CPF. IASBO also recommends that all school corporations be permitted to use the CPF to pay for the salaries and benefits of skilled craft employees as defined by the U.S. Department of Labor.

G. Oppose Mandated State-Wide Purchasing

- School corporations should not be mandated to utilize the state's cooperative purchasing procedure before utilizing other purchasing procedures

IASBO recommends that school corporations should have the flexibility to use various means of cooperative purchasing. Requiring school corporations to utilize the state's purchasing method first and then being required to justify the use of another method is not needed. Currently, school corporations evaluate several cooperative opportunities (including the state's method, which is not always competitive) before purchasing decisions are made.

H. Oppose Mandated Use of the State's Health Insurance Program

- School corporations should not be mandated to participate in the State's Health Insurance Program

IASBO recommends that school corporations should have the option to choose to participate in the state's health insurance program. This should not be a mandate for all school corporations, but should be a local decision. Many school corporations health insurance programs have lower premiums and better benefits than the state's program. Where the state's plan is better, school corporations should have the opportunity to participate in the state's health insurance program.

I. General Fund Shortfall Appeals Extended

- Appeals for General Fund property tax shortfalls should be extended through 2010

IASBO recommends that General Fund property tax shortfall appeals be extended through 2010 since there are numerous counties that have not determined their final property tax collections for calendar year 2008. Therefore, shortfall appeals would need to be made in 2010.

J. Transportation Fund Appeals

- Allow Transportation Fund appeals for levy growth over 5%

IASBO recommends that appeals should be considered for any documented increases in transportation expenditures, such as fuel costs, in excess of the annually calculated percentage increase in the Transportation Fund levy. The current threshold for the Transportation Fund levy appeals requires demonstration of a minimum 10% increase in transportation obligations. This leaves a gap between the current annual levy adjustment factor and the 10% threshold.

K. Timely Property Tax Collections

- Property taxes need to be collected on a timely basis (May 10 and November 10) to eliminate the delays in the receipt of property tax revenues to school corporations and to reduce the amount of interest taxpayers have had to pay due to the unknown and untimely distribution of revenue from local sources.

IASBO recommends that current statute should be amended to ensure that property taxes are distributed to school corporations on a timely basis following collection on May 10 and November 10 of each year. The current method of collecting property taxes has resulted in the unnecessary delay of payments to school corporations and other local units of government all across Indiana. The impact of the delayed distributions to school corporations and other local units of government includes: increased borrowing for cash flow purposes with the interest paid through property taxes; delayed information regarding the impact of the circuit breaker; postponement of levy replacement grants; and the loss of interest revenue.

L. Budget Advertising Dates

- The September dates for advertising the budget should be eliminated and the CPF and Bus Replacement Plans should be adopted no later than November 1

IASBO recommends that the current budget advertising statute be revised to eliminate the specific September dates. Current statute established November 1 as the deadline for budget adoption and also includes timelines for budget advertising and hearings.

The adoption date for the Capital Projects Fund plan and the Bus Replacement Fund plan should also be made no later than November 1. Current statutes were not revised in the 2009 law that amended the other budget dates.

Even though it is anticipated that the state budget will not be opened in 2010, Indiana ASBO would like to emphasize the following school funding issues that continue to be of paramount importance to school corporations:

1. School Distribution Formula

- Increase funding to provide adequate and equitable learning opportunities for all students
- Fully fund the school distribution formula each year
- Adequately address the key factors in the school funding formula (enrollment growth, complexity index, and deghoster factor)

2. Textbook Funding

- Authorize the recovery of all uncollected textbook rental through the Debt Service Fund

3. Categorical Instructional Initiatives

- IASBO believes that funding is required to assist with the accountability requirements, the narrowing of the current achievement gap, and meeting the needs of all students in Indiana's public schools. Funding increases are needed for summer school, remediation, and professional development. Further, future education initiatives should be fully funded.

4. Full-Day Kindergarten

- Fully fund Full-Day Kindergarten as an important element of early childhood education

**THE SESSION BILLS WILL BE POSTED ON THE WEB
PAGES OF THE RESPECTIVE ASSOCIATIONS. THEY MAY
BE ACCESSED AT:**

<http://www.iapss-in.org/>

<http://www.indiana-asbo.org/>

www.isba-ind.org