

INDIANA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

2010 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

*Indiana Association of School Business Officials
Dennis Costerison, Executive Director
One North Capitol, Suite 1215
Indianapolis, Indiana 46204
317-639-3586 x.106*