

INDIANA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

2012 LEGISLATIVE RESOLUTIONS

I. MAJOR LEGISLATIVE PRIORITIES

Indiana ASBO presents the following legislative resolutions as priorities for the 2012 session of the Indiana General Assembly:

A. Fully Fund the School Distribution Formula Each Year

- The school distribution formula should be funded at a 100% level every year

IASBO believes that the school distribution formula should be funded at a 100% level. School corporations build their budgets and base their contractual obligations expecting to receive the full amount of their tuition support. The Indiana General Assembly has made the decision to fund the school distribution formula with only state dollars. Therefore, the State has a responsibility to fund the formula accordingly. IASBO is greatly aware of the current fiscal issues that face the State of Indiana, but fully funding state support should be a high priority.

B. 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 2013. School corporations currently allocate over \$200 million for these purposes from the CPF. It is important to note that this procedure does not impact state funding or provide additional property tax increases above the current statutory limits. Elimination of this provision will be an immediate and significant financial hardship for all school corporations.

C. Voucher and Scholarship Funding

- Funding for the Choice Scholarship (Vouchers) and the Mitch Daniels Early Graduation Scholarship programs should have a separate appropriation in the state budget.

State dollars should be set aside in the state budget to fund the Choice Scholarship and the Mitch Daniels Early Graduation Scholarship programs outside of the appropriation for tuition support. School corporations should not be penalized in the school funding formula mechanism if they are not directly impacted by these programs.

D. Local Option Income Tax for Circuit Breaker Reductions

- School boards should have the authority to raise a Local Option Income Tax to eliminate the losses from circuit breaker property tax reductions

IASBO supports the implementation of a Local Option Income Tax for school corporations to eliminate the adverse impact of circuit breaker property tax losses. For numerous school corporations, the circuit breaker process will reduce property taxes for the Debt Service, Capital Projects, Transportation and Bus Replacement Funds. The amount of the Local Option Income Tax imposed by a school board will only equal the circuit breaker losses. The new tax will not provide new revenue for school corporations and is an optional procedure for school boards.

II. School Funding Issues

The 2012 session of the Indiana General Assembly will be a short session where opening the state budget is doubtful. Still, IASBO has strong positions on the various funding issues involving the public schools. Appropriate funding for Indiana's public schools continues to be IASBO's highest priority for the 2012 session. Significant school funding issues are as follows:

A. School Distribution Formula

- Provide adequate and equitable funding for the learning opportunities for all students

IASBO supports funding in the school distribution formula that will provide adequacy and equity for all Indiana school students. Efforts should continue to be made to accelerate the movement for all school corporations to the formula foundation amount. Appropriate funding must be made available in order to meet accountability requirements, to narrow the achievement gap, increase graduation rates, and to meet the needs of all students.

B. School Corporation Appeal Board

- A state appeal board should be created to assist school corporations in financial distress

In 1973, the General Assembly created the School Property Tax Control Board to assist school corporations who were experiencing financial difficulties. This board was eliminated in 2009, and now there is no mechanism to aid corporations who are in financial distress. The question is: Where do school corporations go for assistance? At this time, there is no state agency, department or board that can assist in these times of need.

Indiana ASBO is recommending that a new appeal board be created by the General Assembly to fill this void. The new board should have members who are from state agencies that have an understanding of school funding. Further, any new board should have members who are superintendents and school business officials. A mechanism should be included in this legislation to determine who can meet with the board and how the board can provide assistance.

C. Early Childhood Programs

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

IASBO believes that Full-Day Kindergarten should be a voluntary school program that is fully funded by the State of Indiana. As the program is developed, issues such as facilities and transportation should be emphasized. Further, the program should be funded from the time of implementation to assure that the first year of the program has up-front funding. Full-Day Kindergarten should become a permanent calculation within the school distribution formula and these students should be counted as one ADM.

- Pre-Kindergarten programs should be studied with the future outcome of full funding

Research studies show that providing educational services to children prior to kindergarten greatly enhances their ability to learn. The General Assembly should study the issue and determine the best approach to offer fully funded educational programs to pre-kindergarten students.

D. Categorical Instructional Initiatives

- IASBO believes that funding is required for the following programs to assist with the accountability requirements, the narrowing of the achievement gap, and meeting the needs of all students in Indiana's public schools.

- **Summer School Funding**

Fully fund summer school for all students

IASBO believes that the General Assembly should fully fund summer school for students at the elementary school, middle school, and high school levels. The last year summer school programs were fully funded was in 1991. School corporations have struggled to pay the unreimbursed costs of summer school programs because the state appropriation for summer school has been inadequate.

- **Remediation Funding**

Increase funding for all remediation programs

IASBO believes that the General Assembly should continue to make monies available for supplemental remediation. With increasing accountability and higher academic standards at the local, state and federal levels, many Indiana students will need remediation services. Fully funded remediation programs for all students in need will allow local school corporations to improve the quality of Indiana's schools.

- **Professional Development**

Re-establish funding for professional development opportunities

IASBO supports re-establishing the funding for professional development to be used in conjunction with school improvement plans, teacher mentoring and teacher evaluation.

- **Funding Future Education Initiatives**

Fully fund future education initiatives to assure the most advantageous learning environment for all students

IASBO believes that the General Assembly should fully fund future education initiatives to assure the most advantageous learning environment for all students. IASBO supports educational concepts and initiatives that will narrow the achievement gap and provide enhanced learning opportunities for all Indiana public school students.

E. Transportation Operating Fee

- School corporations should be allowed to charge a fee for regular transportation

IASBO believes that the General Assembly should adopt legislation that would allow school boards to create a fee for regular transportation. The recent Attorney General's opinion stated that charging a fee for regular transportation was unconstitutional since the General Assembly had not specifically allowed this practice. This should be a may provision that provides school boards the option of charging a fee.

F. Technology Grant

- With all of the movement to on-line education, the loss of Capital Projects Fund monies and the impact of the circuit breaker provisions, a new Technology Grant should be created by the General Assembly

Indiana is moving toward on-line testing and on-line courses with no new funding to implement these programs. School corporations have used their Capital Projects Fund monies for technology, but those funds are now being strained by losses in assessed valuation and the need to use the fund for neutralization of pension bonds. A new grant program and state appropriation (comparable to the 1999 state grant) should be developed to deal with the needs of the modern technology world.

G. Multiple Pupil Count Dates

- IASBO supports a second pupil count date after the beginning of the second semester that does not penalize school corporations.

Moving to multiple pupil count dates that increase the funding amounts to school corporations should begin after the beginning of the second semester. Any change in funding should not penalize a school corporation. A major concern for a reduction in state support after the first of the year is the impact on the deficit financing requirement found in the new collective bargaining statute. Currently, school administrators cannot adjust their programs in mid-year to accommodate a loss of state revenue. Teachers are hired in the summer to meet the needs of students for the full school year. Reductions in force cannot be made that will impact the funding in a current school year. If reductions in staff are allowed, the impact on students having to change teachers in mid-year will need to be analyzed closely.

H. Eliminate Levy Cap from the School Bus Replacement Fund

- There should be no levy or rate cap on the School Bus Replacement Fund since it is a needs based fund.

The School Bus Replacement Fund was created to allow school corporations the flexibility to purchase school buses when the need arose. The current tax levy cap on this fund eliminates that flexibility for the safety of students and for those school corporations who are growing in enrollment. The determination of a fair base levy for each corporation has been problematic as each corporation has followed an individual plan for bus replacement for several years.

I. School Bus Replacement Fund – Pension Neutralization

- The method to neutralize pension debt in the School Bus Replacement Fund should revert back to the 2011 procedures until the debt is fully paid.

Over the past several years, the Department of Local Government Finance allowed school corporations to add their pension bond neutralization amounts to the School Bus Replacement Fund above the tax levy needed to purchase buses. For 2012, DLGF has changed their position on this issue and will not allow the previous practice. IASBO is requesting that this procedure be reinstated until the pension bond debt is retired. The impact of the DLGF decision is that buses will not be purchased to assure a safe environment for students and/or a major reduction in Capital Projects Funds that will decrease the funding for technology and yearly maintenance.

J. School Bus Replacement Fund – Appeal Procedures

- If the levy cap continues for the School Bus Replacement Fund, appeal procedures should be created to deal with unforeseen circumstances.

There is a need to create an appeal procedure for the School Bus Replacement Fund with the new legislation that created a tax levy limit for the purchase of school buses. Previously, school corporations could purchase buses with no limitations per the School Bus Replacement Fund plan. Now there will be a levy cap and appeal procedures to the DLGF are needed to deal with unforeseen circumstances such as enrollment growth, new special education students, federal and state mandates, inflation, etc.

K. 65% Solution

- The 65% Solution concept should not become a mandate to school corporations.

The national concept that 65% of school funding should be going to the classroom should not be mandated. Many have criticized Indiana's public schools for having less than 65% of their funding being used in the classroom. This is not an accurate assessment since the base dollar amount used in these calculations contain funds that cannot be spent in the classroom, such as debt service, transportation, food service, bus replacement, construction, etc. The reality is that 85% of the dollars going to school corporation General Funds are being spent in the classroom. The

General Fund monies can go directly to the classroom. The 65% Solution does not apply to dollars going to the classroom and should not be mandated.

III. Other School Business Management Issues

A. Budget Advertising Dates

- Eliminate the September dates for advertising the school corporation budget.

IASBO recommends that school budgets be advertised using the current statute that begins advertising at a prescribed time before budget adoption on November 1. The current statute calls for the last dates to advertise which be in October rather than early September. The dates calling for advertising in September should be eliminated. This would allow the advertised budget to reflect the actual number of students attending each school corporation.