

INDIANA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

2016 LEGISLATIVE RESOLUTIONS

I. MAJOR LEGISLATIVE PRIORITIES

Indiana ASBO presents the following legislative resolutions as priorities for the 2016 session of the Indiana General Assembly:

A. Circuit Breaker Tax Cap Issues

1. Protected Taxes

- The current waiver procedure should be extended through 2019

IASBO recommends that the current statute created by HEA 1062-2014 (IC 6-1.1-20.6-9.9) be extended through 2019. This statute allows any school corporation whose percentage loss due to protected taxes is at least 10% is eligible to request a waiver from the Department of Local Government Finance. The waiver would allow the school corporation to proportionately allocate circuit breaker credits to all property taxes.

- A study committee should be created to review circuit breaker alternatives

IASBO recommends that a study committee be created to review the issues related to protected taxes. This should include a review of property tax exemptions, the appeal process, future impact of the circuit breaker on Lake and Joseph Counties, and procedures needed to fund school levies at a true 1% value. Any study committee should include school corporation practitioners.

2. Notification for Elimination of School Transportation

- The timeline for the notification of the elimination of school transportation by a local school board should be reduced to one year.

IASBO recommends that the current three-year timeline for notification by a local school board to eliminate school transportation should be reduced to one year. Three years is too long to wait if circumstances, such as circuit breaker losses, deplete the Transportation Fund property tax collections.

3. Dark Sales Assessment Issue

- The Dark Sales assessment impact on school corporation's assessed valuation must be alleviated.

IASBO recommends a thorough review of the Dark Sales assessment issue. Loss of assessed valuation due to Dark Sales assessments will expand the negative impact of circuit breaker losses.

B. Capital Projects Fund

1. CPF – Make Utility and Property Insurance Payments Permanent

- The ability to pay utilities and property insurance should be made permanent permitted uses of the CPF and the current law should be revised to continue this use through all of 2017.

IASBO recommends that expenditures for utilities and property insurance become permanently permitted uses of the Capital Projects Fund (CPF). Current law eliminates these expenditure categories after July 1, 2017, and that date should be extended to January 1, 2018. 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. Elimination of this provision will be an immediate and significant financial hardship for all school corporations.

C. School Budget Issues

1. Non-Binding County Council Budget Review

- The county council review of school corporation budgets should remain **non-binding**.

IASBO recommends that the review of school budgets by the county council should continue to be non-binding. The vast majority of school boards are elected (96%) by the public to oversee the operation of school corporations. Administrative and school business personnel, along with school board members are directly involved with the construction of school corporation budgets. County council members are not trained in the specifics of school funding and school budgeting. Therefore, the final approval for school budgets should remain with school boards.

2. Publish Annual Reports on Gateway/Website

- Each school corporation's Annual Financial and Performance Reports should not be required to be published in the newspaper, but should be posted on the Department of Local Government Finance (DLGF) Gateway system and the local school corporation's website.

IASBO recommends that the school corporation's Annual Financial and Performance Reports be posted on the DLGF Gateway system and on local school corporation websites. As with advertising the corporation's annual budget, the use of online posting eliminates the cost of publishing in the newspaper and provides accurate and timely information for the school community and taxpayers.

3. Budget Advertising Dates

- Eliminate the September dates for advertising the school corporation budgets, and continue to use November 1 as the final date for budget adoption.

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 dates calling for advertising school corporation budgets in September should be eliminated. The change in dates will make it possible to advertise a budget that will reflect the actual number of students enrolled in a school corporation and more accurate assessed valuation information.

4. Advertise CPF and BRF Plans on Gateway

- The Capital Projects Fund and Bus Replacement Fund plans should be advertised on the Department of Local Government Finance Gateway system and the school corporation's website.

IASBO recommends that the Capital Projects Fund and Bus Replacement Fund plans be added to the budget advertising that currently is on the Gateway system. The plans were inadvertently excluded from the 2014 Legislation approving the school budget to be advertised on Gateway.

D. Other School Business Management Issues

1. Referendum Question

- The question for operating, construction and circuit breaker loss referendums should be expanded to include one sentence that describes the purpose of the request/proposed project.

IASBO recommends that the current statutory question for operating, construction and circuit breaker loss referendums should be expanded to include one sentence describing the purpose of the proposed property tax increase. Currently, the question is very generic and does not provide an explanation of how the new property taxes will be used.

2. State Board of Accounts Audit Option

- School corporations should have the option to opt out of the State Board of Accounts audit

IASBO recommends that school corporations should have the option to have their financial audits performed by certified public accounting firms rather than the State Board of Accounts. Many corporations are not satisfied with two-year audits and preparing many of the audit functions that the SBOA had performed in the past. Further, the SBOA is not conducting extracurricular accounting audits on a timely basis.

3. Pension Bond Neutrality Should Be Reduced

- The neutrality factor for pension bond debt should be reduced to 50% of the current amount.

IASBO recommends that the neutrality factor for pension bond debt should be reduced to 50% for the duration of bond payments. This would provide relief for numerous school corporations who are negatively impacted by circuit breaker losses.

4. Tax Incremental Financing Debt Operating Balance

- Tax Incremental Financing (TIF's) should operate with a maximum debt operating balance of 50% and revert dollars not needed for the balance to the appropriate political subdivisions.

IASBO recommends that TIF's operate like political subdivisions regarding debt operating balances. Political subdivisions have a 50% debt operating balance for debt incurred before June 30, 2014. TIF's

should have the same restriction that would provide excessive funds to be distributed to political subdivisions and assist with the negative impact of circuit breakers.

5. Voting Member on Redevelopment Commissions

- The school representative on Redevelopment Commissions should be a voting member.

IASBO recommends that the school representative on redevelopment commissions be a voting member. This will provide real school input into the decisions of redevelopment commissions.

6. The CPF Purposes Should Be Expanded

- The Capital Projects Fund should be amended to include maintenance vehicles, contracted services (e.g., custodial services, maintenance services, snow removal, trash removal, mowing and lawn services), and skilled craft employees as permitted uses for all school corporations

IASBO recommends that school corporations should have the authority to pay for maintenance vehicles and contracted services 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.

7. The Lease Limit For Technology Equipment Should Be Expanded

- The lease limit of three years for computing devices for 1:1 student computing should be increased to four years.

IASBO recommends that the 2015 legislative change to a three year lease limitation be increased to four years. More and more corporations are implementing 1:1 student computing and the four year lease provision is fairer to parents and school corporations.

II. School Funding Issues

The 2016 session of the Indiana General Assembly will be a short session, and it is unlikely that any changes will be made to the state budget. However, IASBO remains steadfast in support of various funding issues that impact Indiana's public schools. Those important school funding issues are as follows:

A. Fully Fund the School Distribution Formula Each Year

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

IASBO recommends the school distribution formula be funded at a 100% level every year. The Indiana General Assembly decided to completely fund the school distribution formula with only state dollars. Therefore, the State is responsible for

funding the school distribution formula accordingly. The teacher shortage/retention issues make it imperative that funding is at 100%.

B. School Distribution Formula

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

IASBO supports adequate and equitable funding in the school distribution formula for Indiana's school students. Efforts must continue to move all school corporations to the formula foundation amount. Appropriate funding must be made available in order for school corporations to meet accountability requirements, to narrow the achievement gap, increase graduation rates, and to meet the needs of all students. The foundation amount in the formula is the key for sustaining sufficient funding levels.

- Adequately address the complexity index factor in the school funding formula

IASBO strongly recommends that the complexity index be reviewed to see the impact of the direct certification factor. For the majority of school corporations, using the number of students qualifying for free and reduced lunch benefit more than using direct certification. Furthermore, the complexity index should also contain factors including but, not limited to limited English-speaking students, immigrants, refugees and homeless students. The education for these students is an additional cost that needs to be recognized.

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

IASBO recommends that state dollars should be set aside in the state budget to fund the Choice Scholarship and the Mitch Daniels Early Graduation Scholarship programs should be separate from the appropriation for tuition support in the state budget. The dollars spent on these programs should be as transparent as possible.

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 recommends that the General Assembly fully fund summer school for students at the elementary, middle, and high school levels. The program should be expanded to allow all students access to meet their individual requirements.

- **Remediation Funding**

Restore funding for all remediation programs

IASBO recommends that the General Assembly should continue to allocate funds for supplemental remediation by restoring the funding to previous amounts. With increasing accountability and higher academic standards at the local, state and federal levels, as well as an increasing number of limited English-speaking

students, immigrants, refugees and homeless students enrolling in our schools, many Indiana students are in need of remediation services.

- **Professional Development**

Increase funding for professional development opportunities

IASBO supports additional 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 recommends the General Assembly fully fund future education initiatives to ensure the most optimum learning environment exists 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. No Expansion of Choice Scholarships (Vouchers)

- The Choice Scholarships should not be expanded until a thorough study of the effects of the program has been completed

IASBO recommends that there be a thorough study of the Choice Scholarship program to determine if it is working and to determine if students are staying in private schools or returning to the public schools. IASBO recommends there be no further expansion of the Choice Scholarship program until this study has been completed