

**COALITION CONCERNS AFTER THE HOUSE
ACTION ON EDUCATION BUDGET
February 26, 2009**

The 116th Indiana General Assembly has concluded the first third of the legislative session. As a part of their activities the House of Representatives passed a one year budget upon which to operate State Government. The State of Indiana's budget can be found in the following bills, HB 1723, HB 1001 and HB 1728. HB 1723 encompasses the education and school funding formula.

TALKING POINTS

- 1. Don't reduce basic tuition dollars per student.** We understand that the economics of the state's fiscal condition mirror the private sector. However raising the foundation level as high as possible will help all schools. The House formula lowers the basic tuition dollars available per student and subsequently growing schools are being driven further below current education dollars.
 - a. 2008 = \$4,790
 - b. 2009 = \$4,825
 - c. 2010 = \$4,720 (February 4, 2009)
 - The formula is trying to move schools to one foundation level and therefore since growing schools tend to be over that amount it means that the gap between dollars per ADM and the foundation amount will grow for growing schools and therefore the formula will take away funding for basic education.
 - Continue the positive state policy of dollars following the students.
 - a. Currently the House formula has a hold harmless provision that basically says if a school corporation is getting less dollars in 2010 than they received in 2009 the formula bring that corporation up to zero.
 - b. If there needs to be a hold harmless it should be on regular dollars per student

- 2. Treat all children the same in the formula.**
 - Growing school enrollment growth is only funded at 80% (cost to fully fund is approximately \$3.2M under the house formula)
 - Small school corporations get an additional boost in their Dollar/ADM merely because they are small school corporations.
 - Another increase is to provide low ADM corporations with a high complexity index.

- 3. Include in the formula an academic performance improvement matrix for all schools.**
 - Including an academic performance matrix into the school funding formula recognizes improvement and change

- Nice compliment to the complexity index already included in the formula.

4. Time to stop playing catch up

- By moving to a fiscal year budget, growing schools would not have to cash flow new obligation for 6 mos. Currently, schools enter into contracts in July and the new state funding doesn't begin until January.

5. Recognize the stimulus dollars distributed to school corporations so that there isn't a windfall to school corporations with high complexity indices only.

- While growing schools don't necessarily have a large number of at risk students already enrolled in their schools. Suburban schools are seeing that population of student grow more rapidly in their school then in the intercity. This is a function of affordable house and jobs in the suburbs.
- Don't let attempts to maximize the stimulus dollars skew the formula to the point that it starves growing schools.

6. Capital Project Fund ("CPF") Concerns:

- Budget bill increased the percentage that may come from the CPF fund for the following expenses, Utility Services, Property or Casualty Insurance, both Property or Casualty Insurance t from 3.5% to 5.5%
- HB 1447 changes the CPF fund from a rate fund to a levy fund. This will be helpful as the circuit breaker becomes more of a reality in communities. However, the language associated with changing the CPF from a rate fund to a levy fund does not provide for growth in the assessed valuation to be included. This will be problematic for growing schools if they are not able to capture the new assessed valuation.