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ISBA WEEK 7 LEGISLATIVE UPDATE

Dear ISBA Members:

Here is your Week 7 Legislative Update with the essential information you need to know about the status of the budget session of the Indiana General Assembly. Yesterday was the third reading deadline for bills in the house of origin. Bills that did not move out of committee or were not voted on with a majority affirmative third reading vote by the deadline are dead for the session. As a result, 117 bills on the ISBA Tracking List have died. Excellent news! In a rare scheduling decision, the Indiana General Assembly session will be in recess next week and not resume until Monday, March 3.

ISBA Bill Tracking List

The Bill Tracking List now only includes 67 bills, down from the 184 bills that ISBA has been tracking through the first half of the bill process. The updated ISBA Tracking List is available [HERE](#).

ISBA "Top 3 Things to Know" Weekly Video Update

Click [HERE](#) to watch the Week 7 video update.

7th Annual ISBA State House Day on Tuesday

Thank you to the nearly 150 school board members who attended the 7th Annual ISBA State House Day on Tuesday, February 18. This was an impactful day for advocacy for model school board governance and K-12 public education. While the session calendar did not break our way with the session starting earlier in the day, we still had a couple of dozen legislators stop by to visit with constituent school board members. In addition, several attendees joined ISBA staff in the State House in the afternoon to continue their grassroots advocacy efforts. Many legislators came outside of the House or Senate chambers to speak with our members about key bills that were on the calendar this week. Great day for ISBA and school board members!

Update on SB 287 and HB 1230 (Partisan School Board Elections)

HB 1230 is DEAD! HB 1230, that provides school board candidates' political party affiliation may be stated on the general election ballot was on the third reading calendar yesterday. **The bill was not called down for a vote and is now dead.** This outcome suggests that there was insufficient support for the measure within the House Republican majority caucus.

SB 287, to add a primary election and party affiliation identification for school board races, was on the third reading calendar in the Senate on Monday. The bill passed by the narrow margin of 26-20, with four senators absent or abstaining from the vote. All four were senators who committed to constituents or ISBA to oppose the bill, which would have made the final vote 26-24. Some "arm twisting" occurred to get the 26th vote required to move the bill. The roll call on the third reading vote is available here [HERE](#). If your senator voted against SB 287, please be sure to thank them.

Grassroots advocacy from ISBA members and our partner associations' members is working! SB 287 now moves to the House of Representatives. We will regroup to target this bill for defeat in the second chamber. Please communicate with your area state representative your opposition to SB 287 via email, letter, or phone call, but wait to do this until after the legislative recess and the return of policymakers to the State House on March 3. Also, ISBA encourages you to attend third house meetings with legislators in your community to engage with them about this bill and many other bills on K-12 education still moving in the bill process.

Three Most Important Bills Impacting School Funding:

SB 1 Property Tax Relief (Author: Senators Holdman, Gartin, and Baldwin) – This bill has significant impact on levy dollars for local units of government, including school corporations. The amended bill adds restrictive language found in the

introduced versions of SB 8 (referenda) and SB 9 (MLGQ). Many provisions of the bill have a negative impact on tax levies and restrict the financial management tools available to school corporations. These restrictions include changes to the percentage cap used to determine the maximum levy growth quotient (MLGQ) to equal: (1) 0% in 2026; (2) 1% in 2027; and (3) 2% in 2028. Beginning with property taxes first due and payable in 2029, amends the calculation of the MLGQ to provide a new methodology. The bill specifies that the MLGQ calculation is determined for the county and each civil taxing unit within the county based on specified criteria. The bill also restricts the timing of school referendums to be posed only in the general election every two years. Amends the ballot language for controlled project, school operating, and school public safety referendums. Provides that a school corporation may not adopt a resolution to place a controlled project referendum on the ballot during the second calendar year after the final calendar year in which a previously approved controlled project referendum levy is imposed. Places restrictions on the issuance of certain general obligation bonds at the expiration of general obligation bonds, the qualified political subdivision must wait two years from that date before the qualified political subdivision may issue new general obligation bonds. Phases out the authority for the Department of Local Government Finance to permit an excess tax levy that is based on assessed value growth, related to a revenue shortfall, school transportation costs, and other circumstances.

HB 1001 State Budget (Author: Reps. Thompson, Snow, Porter, and Jordan) – Here is a summary of HB 1001 from our partners at the Indiana Association of School Business Officials (IASBO):

The House Republican's version of HB 1001 was released online last Friday afternoon. The bill passed out of the Ways & Means Committee on Monday, second reading on Wednesday, and third reading by a 66-28 vote yesterday.

The House Republican budget includes embedding the \$160 million/year Curricular Materials appropriation into the foundation portion of the school distribution formula. The bill also repeals IC 20-40-22 (curricular materials fund). The statewide increase for the tuition support formula will be 2% or \$180 million in FY26 and 2% or \$190 million increase for FY27. The \$160 million for Curricular Materials is not counted in these figures. The per pupil amount for Curricular Materials will continue to be \$157.93 for the next two fiscal years and will be included in your tuition support formula calculation. Please review your estimated state support for FY26 and FY27 that is in the print-out that was distributed last Friday to determine the impact of Curricular Materials on your funding levels.

It is important to note that the 2% increase in tuition support in FY26 includes \$139 million for the Choice Scholarship Program and \$52 million in FY27, to cover projected eligibility in the program of 15,000 students in FY26. The largest percentage of the funding increase for tuition support is for these 15,000 students compared to the nearly 1 million students in K-12 public education.

The House Republican’s budget does make increases in each year of the biennium in the following funding areas:

	<u>FY26</u>	<u>FY27</u>
• Special Education	3.5%	3.6%
• Career & Tech Ed	8.7%	8.1%
• Honors	2.2%	2.1%
• Non-English Speaking	8.6%	7.5%

Unfortunately, the Complexity factor in the formula calculation decreased by 7.1% for FY26 and another 0.7% in FY27 because of lower statewide poverty levels. The virtual charter school tuition support funding was increased from 85% to 100% per ADM. ISBA will oppose this provision in HB 1001 as the budget moves to the senate for further deliberation.

SB 518 School Property Taxes (Author: Senator Rogers) – In addition to provisions regarding referendum revenue sharing with charter schools, SB 518 requires, beginning with distributions in 2028, that all school corporations begin sharing revenue from the school corporation's operations fund levy with certain charter schools. Provides for the phasing in of the sharing of revenue with certain charter schools from the school corporation's operations fund levy. Excludes school corporations meeting specified criteria from the sharing of property tax revenue received under the bill's provisions. Provides a calculation for determining the amount of an annual grant from the charter and innovation network school grant program based on the amount of property tax revenue received by a charter school from school corporations. Provides for the appointment of additional board members to the governing board of a charter school that receives property tax revenue. Sets forth additional procedures related to the closure of a charter school.

Please speak with your superintendent and CFO for an analysis of the compounded impact of SB 1, HB 1001, and SB 518 on your school corporation. Here is a spreadsheet with the estimated losses or gains by school corporations in SB 1: [HERE](#). It will be incumbent for a unified message from school officials to legislators to "tell your story" and note the fiscal impact on your school district. Speak to the budget cuts that will have to be made with the passage of the

current versions of these bills. Be specific on what cuts to programs and services that will be forced to be implemented, as well as the reductions in force you will have to make. Please share your talking points with ISBA, and have your administrators do the same with their state K-12 education management association group. This will better inform us to advocate on your behalf.

Contact Your Area Legislators During Session

To find your legislators visit [HERE](#). Once you know who your senator and representative are, you can use a legislative directory maintained by ISBA and available [HERE](#) to begin advocating.

Thank you for your participation in the ISBA Legislative Action Network. Let's stand united in 2025 to put children first and support sound K-12 education policy in Indiana! **Due to the legislative session recess through March 3rd, there will not be a legislative report on Friday, February 28.**

Sincerely,



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