

ISBA 2025 Legislative Priorities

1. State Budget/Tuition Support

Indiana school corporations continue to be challenged by fiscal policy and economic conditions. Inflation in the U.S. per the Consumer Price Index (CPI) has hovered around 3 percent in 2024. While inflation is lower than it has been in the last few years, certain costs of business operations incurred by school corporations exceed the CPI as reflected in the Produce Price Index that stands at approximately 3.5 percent (which reflects costs for such things as school construction for example). More than 75 percent of a school corporation's Operations Fund expenses, on average, are consumed by transportation, utilities, and insurance costs. When considering a loss of \$500 million/year in tax cap and TIF levy losses, school corporations have less property tax revenue available for school facility maintenance, repair, renovations, or new facilities. Thus, school corporations have had to rely more on the Debt Service Fund to manage facilities.

ISBA is appreciative of the continued commitment of Governor Holcomb and the Indiana General Assembly to increase school funding to better support teacher pay. With this effort, as of Fiscal Year 2024, K-12 tuition support (in current dollars) has caught up with and now above inflation adjusted figures, something that hasn't occurred in more than 20 years. As a result, average teacher pay has improved from \$51,119 in 2018-2019, to \$57,015 in the 2022-2023 school year. The bump in pay over this period ranked 2nd in the Midwest on a percentage basis. However, despite this progress, Indiana still ranks 36th in the nation, and 8th in the Midwest, for average teacher pay.

Continued targeted efforts to boost K-12 tuition support at rates above inflation for the next two years is essential to keep the positive moment going and to ensure that Indiana does not take a step back in ranking or its commitment to its 1 million Hoosiers public school students.

The 2025-2027 school funding priorities of ISBA include:

- **Tuition Support**
 - i. An annual increase in Tuition Support at a percentage matching or surpassing the rate of inflation. The Indiana General Assembly is asked to continue its recent significant efforts over the last six years to boost state tuition support to help fund increases in teacher compensation and classroom operational expenses. An adequate tuition support increase is also needed to fully cover curriculum material expenses now paid by the state.

- **Prekindergarten Program Expansion**
 - i. Modify program eligibility based on the child's family household income from 150% to 400% of the federal poverty level. ISBA supports increasing state funding for the On My Way Pre-K grant program to significantly expand opportunities for early childhood learning and supports that meet rigorous PATHS to Quality standards, while also matching family income eligibility for

the Indiana Choice Scholarship voucher program and the Indiana Education Scholarship Account program.

- ii. According to 2021 research conducted by the Center for Early Learning at Purdue University, On My Way Pre-K children performed better than comparison children on general school readiness skills, such as identifying shapes, colors and numbers and language and literacy skills in kindergarten. The On My Way Pre-K students also tended to have higher performance on ILEARN English/Language Arts tests than the comparison children in grades 3 and 4. (See study summary at: <https://www.in.gov/fssa/carefinder/files/OMWPK-2-Study-Summary-Report-0122.pdf>)

- **Complexity Index**

- i. Increase Complexity Index funding to support school corporations, both rural and urban, that have high concentrations of students living in poverty. The Complexity Index is sound in principle and can work to close achievement gaps when sufficiently funded.

- **English Language Learners (ELL)**

- i. ELL categorical grant funding increased during the 2023-2025 biennium to \$37.6 million in FY '25 and ISBA calls for another \$5 million increase annually during the 2025-2027 biennium. The ELL student count in Indiana continues to significantly increase and grew from 5.85% in 2019 to 7.63% in 2023. In 2023, urban school districts had on average 16.3% of students that were ELL. There were 15 school corporations (of all locale types) that had a 20% ELL student population or greater. Logansport Community School Corporation, for example, has 50% of its students classified as ELL. In this school corporation, 27 different languages are spoken by students, and many of these students are arriving from Haiti, Brazil, Chile, and Guatemala who have had limited or interrupted formal education. Learning “how to do school” has become a priority before students can begin language acquisition and learning academic content knowledge. More financial resources are needed to address these unique challenges.

- **Special Education Categorical Funding**

- i. Special education funding increased for severe, moderate, and preschool categories by 5% in both FY '24 and FY '25. ISBA supports an additional increase of comparable amounts for these categories in the next budget. A significant hurdle to the delivery of effective services for students with special needs has been the lack of federal funding. When the federal Individuals with Disabilities Education Act became law, the federal government promised to fund 40 percent of the cost. Congress continues to woefully underfund this program forcing states, school districts, and local taxpayers to make up the difference.

ii. **Residential Placements (S-5) Funding.** Cost for intensive special education residential placement services (S-5) continue to escalate for school corporations. The state appropriation that provides partial reimbursement for these costs remains at \$29 million per year. ISBA calls for a substantial increase in this fund to help defray required IEP or court-ordered services.

- **Summer School Reimbursement**

Considering the elevated emphasis on summer school programs to address Grades 2-3 student proficiency in the Science of Reading (beginning with the 2024-2025 school year), ISBA advocates for a \$10 million/year increase in the state summer school appropriation. The state appropriation of \$18.3 million/year has not changed since 2001, when the annual appropriation was higher at \$21.6 million/year. For summer 2023, 309 schools received a payment for reimbursement of summer school costs. The final costs submitted by school corporations totaled \$28,143,064.66. Reimbursement is made after all summer school reports are received and approved, and this is normally in November of each year. The reimbursement rate for 2023 summer school was approximately **65%** and totaled \$18,360,000.

- **I-STEM**

The I-STEM Program is for individuals who have earned bachelor's degree and want to complete a transition to teaching program focused on STEM content as well as for educators wanting to add a STEM credential to their existing valid Indiana educator license. ISBA supports maintaining the \$5 million annual appropriation in the STEM Teacher Recruitment Fund administered by the Indiana Commission for Higher Education.

2. Indiana Secured Schools Safety Grant

ISBA supports a significant appropriation increase from \$25 million to \$35 million annually for this grant program. This increase will offset funding shortfalls of unfunded Priority 1 requests in the 2024 grant award cycle. Ensuring safe, secure, and supportive classroom learning environments has escalated in urgency and priority given the rash of tragic school shootings across the nation. Since establishment in 2013, the Indiana Secured School Safety Grant (SSSG) Program has served as a critical resource to help ensure Hoosier schools are safe and secure. This increased funding will also help provide additional resources for student and parent supports to enable school corporations to hire additional school counselors, social workers, school psychologists, and therapists.

3. Student Support Services and Teacher Retention Grant Program

ISBA supports the creation of a new **Student Support Services & Teacher Retention Grant Program** to address ongoing challenges faced with teacher retention and shortages in critical student support services areas. According the 2023 IDOE Annual Licensure Date Report, of the 2,161 first-teachers entering an Indiana K-12 classroom, 20% left after three years of teaching, 28% left after five years of teaching, and nearly 39%, or 831 teachers, left the classroom in year 10. Dedicated funding for trained health and support service professionals would ease the burden of classroom teachers. The funding will support staff trained and certified in needed areas of student care. This support will lead to higher teacher

retention and better student academic, social, and behavioral outcomes. Comprehensive mental and behavioral health services in schools improve students' ability to learn.

According to a recent report of the American School Counselors Association, Indiana has one of the highest students to academic counselor ratios in the nation at 519:1 (Source: <https://www.schoolcounselor.org/getmedia/a988972b-1faa-4b5f-8b9e-a73b5ac44476/ratios-22-23-alpha.pdf>). The preferred ratio is 250:1. More counselors are needed to help guide high school graduation pathways, including work-based learning, apprenticeship, and internship opportunities for students in the workplace. With the pending adoption of the new high school graduation requirements, diploma, and seals, even more demands will be placed on counselors to track and verify work-based learning experiences and credential completion that count towards graduation.

The National Association of School Psychologists (NASP) recommends a ratio of 1 school psychologist per every 500 students. As of the 2022-2023 school year, the ratio in Indiana is 1 to 1,694, more than 3 times the recommended ratio (Source: <https://www.nasponline.org/about-school-psychology/state-shortages-data-dashboard>).

In a joint statement, the American Academy of Pediatrics (AAP) declared a national emergency in child and adolescent mental and behavioral health in October of 2021. This declaration remains in effect and includes several recommendations, including: "Increase implementation and sustainable funding of effective models of school-based mental health care, including clinical strategies and models for payment." (Source: [AAP Declaration](#)). One in five students suffers from a mental health disorder and roughly 80% of children and youth who are in need of mental health services do not receive them. Furthermore, 70–80% of students who do receive mental health services receive them in school.

This grant proposal was developed and supported during the 2023 budget session of the state legislature by ISBA, IASBO, IAPSS, the Indiana School Counselors Association, and the Indiana Association of School Psychologists. The following unfunded state grant programs addressing student support services would be streamlined into this new grant program: **School Intervention and Career Counseling Development Program and Fund (IC 20-20-17); Elementary School Counselors, Social Workers, and School Psychologists Program and Fund (IC 20-20-18); and Grants for Mental Health Counselor Licenses for School Counselors (IC 20-20-18.5)**. While the essence of the three grant programs to be consolidated under this proposal address real needs of students and staffing needs of school corporations, these grant programs have either never, or not recently, been funded by the state.

This program would be administered by the Indiana Department of Education with allowable uses of the grant funds to include:

- Hiring additional support service professionals through use of funds for salary (career coaches, school counselors, school psychologists, social workers, therapists, nurses)
- Recruitment grants (housing allowance, moving stipend, 1-time hiring bonus, grow-your-own programs, etc.)
- Teacher and support services retention bonuses/stipends (after 3, 5, and 10 years of service when returning to the school in fall semester of next school year)

- Flexibility to use funds for Teacher Advancement Programs or teacher residency programs to retain highly qualified teachers with higher pay and scheduling flexibility to coach other teachers during the school day
- Contracting for services with evidence-based programs like City Connect or Communities in Schools to provide student support services

4. TIF Taxing Matters

A. Assign Base AV to all Property

ISBA supports the suitable and reasonable use of Tax Increment Financing (TIF) as a fiscal policy tool for community economic development with appropriate guidelines for redevelopment commissions. It is important that the original assessment, whether the property is taxable or not, is used for the calculation of the AV base for a TIF area to ensure all appropriate taxes flow to the respective taxing entities, including schools. If a proposed TIF property is not taxable at the time of the allocation area being established, ISBA proposes that the taxes that would have been paid as pre-developed land be included in the base AV to determine property tax levy distributions to local units of government.

B. Limit the Percentage of Incremental AV Captured by the Redevelopment Commission

AMEND IC 36-7-14-39 to require redevelopment commissions to annually distribute 15% of the incremental assessed value to all local taxing units. This is a permissible policy via a “may” provision. ISBA supports changing this provision to “shall.”

C. School Board Member as a Voting Member

AMEND IC 36-7-14-6.1 to require the municipal and county executive to appoint a school board member as a **voting member** of the redevelopment commission. In cases where there is more than one school corporation located within the territory served by the redevelopment commission, the school board member who is appointed shall be recommended by the school corporation that has the largest assessed valuation (gross or net).

5. Referendum Issues

A. Clarifying Referendum Tax Rate Information

HEA 1271 (Public Law 38-2021) revised the local public question for Controlled Projects, Operations, and school safety referenda of school corporations to include the “estimated average percentage of property tax increase” on residential and business property. This new language replaced the prior long-standing language that provided the proposed property tax rate increase per \$100 assessed valuation to the property taxpayer. This new language is ambiguous and could misinform a taxpayer who would pay significantly less, or more, than the average percentage of property tax increase the school corporation will receive. ISBA supports changing the ballot language to include the property tax to be paid annually by voters/residents for an average value (median) residence in that community and what the property tax paid annually would be for a business property per \$100,000 of net assessed value.

6. Various Education Matters

A. Curricular Materials

ISBA seeks clarification on permissible fees that may be assessed to parents for the delivery of educational services and extracurricular activities for students. With the elimination of the textbook rental fee system and move to state-funded curricular materials reimbursement, some expenses such as consumable materials (lab fees, gym uniforms, workbooks possessed by students, musical instruments, etc.) and co-curricular fees (textbooks, exams/certifications, and college credit) have school boards concerned about significant funding shortfalls. ISBA calls for an explicit list of permissible fees that enable continued charges for these types of expenses.

B. Stop Arm Violation Fine and Penalty Enforcement

Enhanced efforts are needed to enforce school bus stop arm violation penalties and fines to better protect students in school bus zones. Legislation introduced in the 2021 and 2022 sessions proposed that a registered owner of a motor vehicle commits an infraction if the owner's vehicle is used to violate the school bus stop arm law. Passage of this legislation would lessen the burden of proof to identify the driver of the vehicle.

C. Universal Online High School Transcript Tracking System/Portal

With the new high school graduation and diploma requirements to be approved by the State Board of Education by the end of 2024, ISBA calls for the creation of an universal online high school student information system or portal that counselors or other personnel would use to track graduation requirement component completion for every student. This system would reduce the tedious nature or burden of tracking this information and enhance efficiency of tracking pathways, credit completion, assessment scores, certifications, WBL hours, etc. Such a system will also enable the individual student transcript to follow students who move in and out of school districts.