



Dear ISBA Members:

Week 9 of the 2023 Legislative Session was a relatively light week of committee and bill activity. The House and Senate education committees heard, but did not vote on, a handful of bills that garnered strong bipartisan support during the first half of session. We will spotlight a few of these bills below and provide a deeper analysis on K-12 school funding.

Legislative Update Webinar

ISBA thanks the following legislators for joining us on Tuesday for our Live Legislative Update Webinar: Senators Greg Walker, Linda Rogers, Jeff Raatz, and J.D. Ford; and, Representatives Bob Behning and Vernon Smith. We had approximately 150 school board members and superintendents sign on for a “halftime review” of several bills still moving in the process. If you missed the webinar, the session recording is available [HERE](#).

Bill Tracking List

The ISBA Bill Tracking List has been pared down, with all dead bills removed from our list. We started the session tracking 223 bills, a number that equated to 19% of the 1,162 bills introduced. There are now 68 bills remaining on the list, 38 House bills and 30 Senate bills. This means 70% of the bills ISBA had been tracking are dead. Check out the latest ISBA Bill Tracking List [HERE](#).

State Biennial Budget

[HB 1001 State Budget](#) (Author: Rep. Thompson) provides increases to K-12 education categorical funding items including special education, ELL, CTE, school safety, and prekindergarten, and requires

the elimination of textbook rental fees paid by parents. Here's the [tuition support formula simulation](#) so you can see what your school corporation is projected to receive. While previous Weekly Updates have focused on these aspects of the state budget bill, this week we will take a look at the budget bill's Education Fund and Operation Fund proposals.

School Operations Funding

A significant fiscal policy shift for school corporations proposed in the current version of the budget is a move to equalization of Operation Fund rates across school corporations. First, HB 1001 proposes to move all charter schools and school corporations to at least a minimum per student Operations Fund levy equivalent of \$1,400 in FY '24 and \$1,500 in FY '25. The state will supplement funding to bring charter schools and school corporations currently below these amounts up to the target amount per year. Then over an eight-year period, lower tax rates (reduced by 12.5% per year) would be phased in to ultimately require all school corporations to have an Operations Fund levy of \$0.40 or less per \$100 of assessed value by 2031. For example, the Operations Fund tax rate for Paoli Community School Corporation is \$0.6337. The phasedown to the rate of \$0.40 with a multiplier of \$1,400 per ADM, would result in a loss of \$612,000 per year for this school corporation. It is a policy change to insert a per student or per ADM amount in the Operations Fund for school corporations. Your school corporation should analyze the impact of this section of HB 1001 (SECTION 113).

Property Tax Control Measures

The impact of the HB 1001 provisions will be compounded by the effects of [HB 1499](#), which in part imposes lower tax caps for the next two years on residential property of 0.95% and then 0.975%. HB 1499 also stipulates that, notwithstanding any increase in assessed value of property from the previous assessment date, the total amount of operating referendum tax that may be levied by a school corporation for taxes first due and payable in 2024 may not increase by more than 3% over the maximum operating referendum tax that could be levied by the school corporation in the previous year. It modifies the threshold amounts used for determining whether a political subdivision's project is a controlled project and whether the petition and remonstrance process or the referendum process applies based on the political subdivision's total debt service tax rate. The change in the circuit breaker credit alone will be a loss totaling about \$180 million for school corporations. The bill author argued that this is a "decrease to the increase" in levy dollars that local units are to receive, but still an overall increase. **The July 1, 2023, effective date in HB 1499 could jeopardize bond ratings and put school**

corporations in possible default on Bond Anticipation Notes, despite many school corporations already holding 1028 hearings and well along in the process for project financing. ISBA is seeking an effective date of January 1, 2024, on the threshold language.

Please ask your superintendent and/or CFO for analyses of HB 1001 and HB 1499, and then communicate collectively with your area legislators on the fiscal impact to your school corporation.

Key Bill Activity for Week #9

SB 167 FAFSA (Author: Sen. Leising) was heard in the House Education Committee on Wednesday. The bill will require parents of senior students to complete the FAFSA or sign a form stating they decline to do so. Principals and school counselors will have to inform parents of the requirement to complete the FAFSA at least two times. If after April 15 a parent has not completed the application or signed the waiver form, the principal or school counselor may waive the requirement for a parent who has refused to do either. IASP and ISBA have historically testified in opposition to the FAFSA bill, but with the changes made by the Senate, now support the bill. A vote on the bill will take place next week.

SB 342 Teacher Hiring (Author: Sen. Freeman) was heard in the House Education Committee on Wednesday. The bill will prohibit a school corporation from hiring an individual who has been convicted of certain crimes, such as murder, aggravated battery, and sex-related offenses. A school board may hire an individual who has been convicted of other crimes, such as battery, operating a vehicle while intoxicated, and public indecency, but must report the hiring to the Department of Education with an explanation as to why it was necessary to hire the person and the steps the school will take to ensure student safety. If a school corporation chooses to hire an individual who entered into a settlement agreement with a previous school corporation due to misconduct related to the health, safety, or well-being of a student, the school corporation must make the same reporting requirements to the DOE. The bill will also require a school corporation to disclose to another school corporation if an employee was terminated for certain misconduct even if the parties entered into a settlement agreement and included a nondisclosure clause. ISBA testified in support of the bill, but objected to the requirement to report information to the DOE since the agency has no role in the hiring of school employees. Senator Freeman expressed his willingness to consider some proposed amendments to the bill offered by ISBA.

[HB 1591](#) **Various Education Matters** (Author: Rep. Behning) was heard in the Senate Education and Career Development Committee on Wednesday. The bill addresses several subjects, including innovation network schools, On My Way Prekindergarten, virtual career and technical education classes, and allowing fringe benefits to be included in the calculation of the percentage of tuition support that is dedicated to teacher compensation. ISBA testified in support of the bill, but did express a concern about a provision in the bill that will require superintendents to report to the school board the initiation of an investigation of a personnel matter that could lead to the suspension or termination of a teacher. ISBA suggested that the language be changed to require the superintendent to report the results of the investigation. ISBA is also re-examining SECTION 38 of the bill that stipulates that any course of a CTE program of study leading to industry recognized credentials and approved by the Governor's Workforce Cabinet may be taught virtually. ISBA contends that there are a majority of CTE Next Level Programs of Study that require hands-on applied learning and are not appropriate to be taught virtually. A vote on the bill will take place next week.

Two bills on college scholarships were heard by the Senate Education & Career Development Committee also on Wednesday. ISBA testified in support of both [HB 1449](#), a bill to auto-enroll eligible students in the Twenty-First Century Scholars Program, and [HB 1528](#), a bill to provide a one-time scholarship of \$10,000 to Transition to Teaching candidates who meet certain criteria.

Thank you for reading the ISBA Weekly Legislative Update and your efforts and contributions to engage in the ISBA Legislative Action Network!

Sincerely,

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