



Indiana School Boards Association

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Dear ISBA Members:

NOTE to Board Presidents: *Please continue to forward the weekly legislative updates to your new board members. The ISBA school board directory and member profiles are in the process of being updated in our system and we will continue to update you with information on this via separate correspondence. Thank you.*

Here are the key developments of the third week of the 2019 budget session of the Indiana General Assembly pertaining to K-12 public education and school governance...

THE BIG NEWS OF THE WEEK

Governor Eric Holcomb's *State of The State Address* on Tuesday evening was the most significant news of the third week of the 2019 legislative session. **Governor Holcomb's speech included some very positive news for K-12 education** that comes on top of the release of his 2019-2021 budget last Friday, that also was positive for schools. If you missed the televised speech, you can read its full text here: <https://www.in.gov/gov/3027.htm>

Here is an excerpt from the speech about his two key K-12 education funding proposals:

"...In my budget proposal last week, I requested K-12 education funding increases of 2 percent for the next two years. That's a 4 percent increase and equates to \$432 million more than today. But we can and we must do more. We're in a financial position to use surplus dollars to pay off a pension liability that local schools currently pay. Just like paying off your mortgage frees up money in your personal budget, this state investment will save all local schools \$140 million over the biennium with continued savings thereafter. These two proposals would result in \$572 million new dollars to K-12 schools over the biennium. I believe local school districts should allocate 100 percent of the \$140 million to increasing teacher paychecks."

Here is what you need to know about the payoff of the pension liability and how it frees up money for school corporations:

- The “Post 1996 Teacher Retirement Fund Pension Plan” that is about 96-97% funded now, will have the remaining liability paid from a transfer of state budget surplus or reserve funds totaling \$150 million;
- This fiscal strategy will allow the current 7.5% TRF contribution made by school corporations to be reduced to 5.5% beginning on July 1, 2019. The savings generated by this reduction would be realized in the new Education Fund;
- The savings for school corporations are projected to be about \$140 million over the next biennium and would be utilized by school boards for Education Fund needs, which could include increases in teacher compensation. As the excerpt above states, the Governor wants all of the savings to be dedicated to teacher salaries, but we will have to wait and see how the budget bill language is drafted to achieve this objective.

The KEY TAKEAWAYS of the Governor’s proposals are this:

1. In December at a State Budget Committee meeting, the Technical Revenue Forecast Committee projected that of the \$820 million in new revenues in the next biennium, after funding the Department of Child Services with \$286 million in new funds in FY 2020 and more in FY '21, and meeting obligations of Medicaid cost increases of about \$125 million each year, that there would be only about \$35 million left for all other state obligations including K-12 education;
2. **Governor Holcomb has quickly redefined the discussion about K-12 education funding in the 2019-21 budget and has led with two significant and tangible strategies that he should be commended for offering;**
3. **Please ask your area legislators to support the Governor’s request for \$572 million in revenue enhancements for K-12 public education in the state budget.**

BILL FILINGS AND TRACKING

There have been 1,223 bills filed this session. **The ISBA Bill Tracking List now includes 168 bills** that are relevant to K-12 education, school governance, and other child-related legislation. More than 30 of the bills that ISBA is tracking address school safety or bus safety matters. Click [HERE](#) to view the bill tracking list that can also be accessed on the ISBA Legislative Services page at: <https://www.isba-ind.org/legislative.html>

BILLS HEARD IN COMMITTEE THIS WEEK OF SIGNIFICANCE

- **[HB 1004](#) – School Safety** (Rep. W. McNamara); ISBA position: SUPPORT. This bill was voted unanimously (12-0) out of the House Veteran Affairs and Public Safety with amendments requested by ISBA. We appreciate Representative McNamara’s (the bill author) collaboration on the bill amendments. This bill, among other things, will increase the Secured Schools Grant amount from \$50,000 to \$100,000 for larger school corporations and decrease the local grant match requirements for smaller school corporations from 100% down to either 25% or 50% depending on size of the school corporation. These changes will increase interest and the number of applications for the grant, making it a more competitive grant program; thus, increasing the likelihood of denied applications. While we support the bill, the Secured Grant Fund should be increased from \$15 million per year to \$20 million per year.
 - **CALL-to-ACTION ALERT: Please write or call Governor Eric Holcomb’s office; Representative Todd Huston, Ways & Means Co-Chairman, and Representative Wendy McNamara to ask them to support increasing the Secured Schools Grant to \$20 million per year and to allow for expenditures from the grant funds to include services and personnel to address the social, emotional, and mental health needs of children. We need to a big response to this request please!**
 - **Write the Governor at: 200 W. Washington Street, Room 206, Indianapolis, IN. 46204; Call and leave the Governor a message at 317-232-4567; to send an email click on: <http://www.in.gov/gov/2752.htm> then select " To contact the governor with questions or comments unrelated to the above, click here."**
 - **To leave an advocacy message for either Representative Huston or McNamara, please call the State House call center at: 800-382-9842.**
- **[HB 1172](#) – Virtual Education** (Rep. Behning); ISBA position: SUPPORT with amendment recommendations. This bill impacts both virtual education programs offered by public school corporations and virtual charter school programs. It includes several recommendations from the State Board of Education’s report on virtual education

programs. The bill would require school corporations to implement an onboarding process and orientation for prospective virtual education program students and to dedicate a virtual education school if at least 30% of the students enrolled in the school corporation participate in the school's virtual education program. The bill authorizes the State Board of Education to adopt rules on minimum requirements for the mandatory onboarding process and orientation, as well as requirements relating to tracking and monitoring student participation and attendance in virtual education programs, ongoing student engagement and counseling policy requirements, and employee policy requirements. The ISBA testified in support of the bill, but also asked that consideration be given to some of the other recommendations from the State Board's report, specifically the recommended maximum student/teacher ratios and the recommended initial enrollment and growth caps. The bill passed out of the committee.

- [House Bill 1034](#) – **Political Subdivision Controlled Project and Debt** (Rep. J. Thompson); ISBA position: SUPPORT. This bill 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. It bases these threshold amounts on gross assessed value. It also allows, via a “may” provision, for school corporations to include referendum ballot language specifying the net tax rate impact, if existing debt is being retired. This is one of ISBA's legislative priorities. In addition, an amendment was offered by Rep. Thompson, suggested by ISBA, and adopted by the committee to allow for the Debt Service tax rate to increase as an exception to the resolution to be adopted, if assessed valuation declines. We thank Representative Thompson for his work on this bill.

BILLS ALIGNED TO ISBA LEGISLATIVE PRIORITIES

In addition to the bills cited above, here are other bills aligned to ISBA's legislative priorities:

- [HB 1008](#) – **Teacher Career Ladders** (Behning, Klinker); Appropriates \$5 million for teacher career ladder and advancement programs and makes changes to the requirements necessary for a school corporation to receive a grant from the teacher and student advancement grant program (program).

- [HB 1009](#) – **Teacher Residency Grant Pilot Program** (Rep. Devon); Establishes the: 1) teacher residency grant pilot program (pilot program); and, 2) teacher residency grant pilot program fund. Requires the commission for higher education (commission) to administer the pilot program. Appropriates \$1 million/year to fund the grant program.
- [House Bill 1166](#) – **Redevelopment Commission Membership** (Rep. T. Cook); This bill requires one member of a municipal or county redevelopment commission to be a school board member and would be appointed by the executive of the municipality or county.
- [SB 362](#) – **Tax Credit for Classroom Supplies** (Senator J. Raatz); This bill increases the income tax credit for an individual employed as a teacher for amounts expended on classroom supplies from \$100 to \$500 per taxable year.
- [SB 368](#) – **Tax Credit for Education Donations** (Senator R. Alting) (See also SB 92 and SB 100); These bills will provide for income tax credit for contributions to a public school education foundation or school corporation.
- [SB 549](#) – **School Financial Matters** (Senator V. Spartz); This bill adds a reporting duty on fiscal and qualitative indicators by the superintendent to the Board of Finance during its annual meeting; reorganizes the law governing the appointments to municipal redevelopment commissions, five-member county redevelopment commissions, and seven-member county redevelopment commissions into three separate statutes. Eliminates nonvoting advisory positions for school board members on the redevelopment commissions. Requires one member appointed to the redevelopment commissions by the municipal or county executive to represent the school boards located within the territories served by the redevelopment commissions.

Please write, email, or call your area legislators to ask that they support these bills.