

From the Director's Desk



**Tom Grabill, ESC
Executive Director**

The ability to issue bonds for Senate Enrolled Act 199 ended on December 31, 2004. The issue of unfunded retirement and severance benefits was perhaps the most difficult problem Indiana schools have faced in several decades. The complexity of both the problem and the solutions made this a most difficult subject. As a result of

our efforts to help schools find solutions, we were privileged to work with well over half the school corporations in the state in one way or another.

Educational Services Company added actuaries and was one of the three largest providers of actuarial services for SEA 199 calculations. ESC also assisted schools with buy-out strategies which allowed many schools to reduce their unfunded liability to a fraction of the projected non-discounted amount. We also assisted many schools in the selection of vendors for the buy-out solutions. As the last component in the solution, we served as financial advisor for several

pension bond issues.

The activities just identified represent our approach to school challenges: we look to see what the end result ought to be and develop steps and strategies to reach that desired end result. For example, in serving as financial advisor, we found that, while the Indiana Bond Bank purchased the majority of pension bonds, schools could go on the open market for a public sale, receive comparable interest rates, have more flexibility on the date to issue the bonds, and not have to cope with the Bond Bank application or its approval process.

The unfunded liability is a potentially devastating component for school budgets. Solving this problem will help schools as they face the anticipated tight budgets of the next biennium.

Educational Services Company

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Lighten Up!

CONCERNED ABOUT TOO MANY CARBS IN YOUR DIET?

For those of you who are careful about what you eat, here's the final word on nutrition and health. It's a relief to know the truth after all those conflicting medical studies:

1. The Japanese eat very little fat and suffer fewer heart attacks than Americans.
2. The Mexicans eat a lot of fat and suffer fewer heart attacks than Americans.
3. The Chinese drink very little red wine and suffer fewer heart attacks than Americans.
4. The Italians drink excessive amounts of red wine and suffer fewer heart attacks than Americans.
5. The Germans drink a lot of beer and eat lots of sausages and fats and suffer fewer heart attacks than Americans.

CONCLUSION: Eat and drink what you like. Speaking English is apparently what kills you!

Fund 62? Fund 63? Which One Applies?

Fund 63 is a carryover from SEA 199, which created two funds: 62 and 63. Those school systems which sold bonds deposited the bond proceeds in Fund 62. Fund 63 exists for those school systems which only did a partial buyout of their unfunded employee liability or did not address the issue at all. According to the law, school corporations need to place in Fund 63, on an actuarially sound basis, any growth in the unfunded liability since June 30, 2001. Educational Services Company, in cooperation with two other actuarial firms, has been asked to provide input to the Board of Accounts concerning the criteria the Board will use for future audits. ESC's input will be in the areas of how to figure the growth of the unfunded liability and determining how many dollars school systems need to transfer to Fund 63.

Someone You Should Know

Many people in Indiana know Patty Bond as the Director of the Division of School Finance at the Department of Education, but did you know that she has hobbies and grandchildren and that she walks 16-20 miles a week? Recently Patty responded to a series of questions posed by Educational Services Company, and what follows are her responses. Patty Bond is definitely **Someone You Should Know**.



Patty Bond

ESC: What did you do before you went to the DOE?

Patty: I began my education career in Greater Clark County Schools in 1974. I worked in the business office and learned the school corporation accounting structure and the budgeting process.

ESC: What are some of the different jobs you've held at the Department?

Patty: My career at the Department began in 1980 as an Accountant in the Division of School Finance. I was promoted to an Educational Consultant, served a short time as Interim Director and in 1988 was promoted to Director of the Division. In the summer of 1997, I assumed the responsibility of the Division of Educational Information Systems and served as Director of the combined Division of School Finance and Educational Information Systems through September 2000.

ESC: Describe your job as Director of the Division of School Finance.

Patty: As director of School Finance, I supervise and direct the activities of the staff of the division. We have responsibility for the accurate distribution of state funds to school corporations and charter schools in support of multiple educational programs. As director I work with state agencies, the General Assembly, and its staff in identifying school funding issues. During legislative sessions, I am involved in reviewing potential legislation that affects school funding and school business practices. I organize and conduct an annual budget workshop for school personnel and I serve as the chair of the School Property Tax Control Board. I am currently serving as Treasurer of the Indiana Association of School Business Officials (IASBO) and also am the Department's liaison to the IASBO Board of Directors.

ESC: Is there new data available on the DOE web site that might be of particular interest to school corporations?

Patty: Late in September 2004 we made each school corporations' report of the Basic Grant available for printing from the School Finance Application Center. As the monthly payments of state support are determined, we send an announcement to each superintendent advising them that the report for a particular payment is available. Additionally, we have recently made available reports from each corporation's Biannual Financial Report. The Student Test Number (STN) Application Center, while not very new, is a very important link on the WEB. It informs school corporations of reporting requirements, methods, and deadlines that have previously been sent by mail.

ESC: What do you enjoy about being one of the faculty members for the IASBO budget class?

Patty: As a state department employee I don't have an opportunity for much hands-on work on any particular corporation budget. I miss that experience, and the budget class gets me a little closer to that type of work. I enjoy teaching new school business officials the budgeting process and how their state support is determined. It is a pleasure working with the veteran school business officials who are also on the faculty. There are many aspects of preparing a school budget and lots of places where mistakes are made. Since most of the budget class team is involved in budgeting with one or more

corporations, I always learn about some unanticipated situation that could cause a disaster in a budget. This opportunity makes me better equipped to help someone when I am asked.

ESC: What advice, tips, or suggestions do you have for school corporations?

Patty: Indiana is in a deep financial hole. Unfortunately, during the next biennium or maybe the next two biennia there may not be large funding increases for K-12 education. Superintendents and school business officials must be keenly aware, on a daily basis, of the cash position of their corporation. They should strive to stay abreast of the activities of the 2005 session of the General Assembly. All school officials should read carefully the information received from the Department. They should meet or exceed reporting deadlines and follow instructions and legal requirements. Most of all they should not be bashful, if something they receive is confusing or seems like gobbledygook, they should ask for help.

ESC: Please tell us about your hobbies and interests away from work.

Patty: I am an outside person, so winter is hard on me. I'm in glory when I can plant and work in the flower gardens and in the yard. One of my first summer Saturday priorities is to float on a raft at my sister's pool. I love to read a good suspense novel. Adding a little romance to the story makes it even better. A couple years ago, a health issue surfaced. A good exercise program became a must, and I started walking. Now I walk 16 to 20 miles each week.

ESC: We know you have grandchildren. Tell us about them.

Patty: We have five wonderful grandchildren. Our daughter has twins Hannah and Haley and their brother Caleb. They live in southwest Michigan. The girls are seven-year-old second graders, and Caleb is five and goes to kindergarten. Our son has Chloe and Luke. They live in Noblesville. Chloe is five and is also in kindergarten. Luke will soon be four and goes to preschool. Grandma always needs a "grandkid fix," so we see all of them frequently. Our grandkids like their cousins, and whenever possible they all spend the night with us.

ESC: What do you like best about your job?

Patty: I especially like the satisfaction of paying school corporations and charter schools correctly, the challenges, variety, teaching, and interaction with many people.

ESC Adds More Talent to the Team

Two New Hires Add Expertise in School Administration and Group Insurance



Dr. Timothy Jackson

Dr. Timothy Jackson, Ed.D., the former Assistant Superintendent of the Plainfield Community School Corporation, has joined the ESC team. Tim brings to the job over thirty-five years of educational experience, from being a classroom teacher in Upland and New Castle, Indiana, to directing student and community services at Ivy Tech, thirteen years of service to the Richmond Community School Corporation,

and fourteen years with the Plainfield schools. Tim has been president of the Indiana Association of School Business Officials, has served as the Hendricks County Planning Commissioner, the president of the Greater Plainfield Chamber of Commerce and a visiting professor at both Miami University in Oxford, Ohio, and Ball State University in Muncie, Indiana.

In 2002, Tim was honored at the School Business Official of the Year for Region 8 of the Indiana

Association of School Business Officials and was also honored as the School Business Official of the Year for the State of Indiana. Tim's range of experience with vocational education and school administration make him a valued new member of the ESC team. His extensive range of personal and community activities will bring energy and skill to the work he does with ESC.

In addition to Dr. Jackson, ESC is happy to welcome **David Spring**, who brings to the company over thirty-five years of experience in the group insurance business. Dave has particular expertise in the area of employee benefits. Dave's talents will be of particular interest to school systems which will be actively involved in the benefits business for the next few years. Dave looks forward to helping schools migrate through changes as benefits become a bigger part of the general fund budget.

Dave and his wife Marsha are actively involved in community and church projects. They have grown children and homes in the Indianapolis area.

ESC is happy to welcome Tim and Dave to the Company.

ESC Works with Anderson Teachers

Doug Cassman has been hired by the Anderson Federation of Teachers to assist the AFT and other non-teaching employees in the area of benefits, especially health insurance and retirement issues. This endeavor is somewhat unusual for ESC, but it is one supported enthusiastically by the Anderson superintendent, Dr. Tim Long. Educational Services Company accepted this AFT consultant role with the support of Dr. Long and the administration.

Dr. Long says, "Our situation has been unique. We had ten years of deficit financing when I took over in 2001 and one of my first calls was to Educational Services Company. We have balanced our budget for

the last four years, but we are facing a looming fiscal disaster due to unfunded pension liability, and dollar one health insurance coverage for all personnel with the exception of administrators. Educational Services Company has helped to bring the parties back to the table. ESC did our initial study, and will certify that any settlement they are involved with will not result in deficit financing for the corporation. I view that as a win-win and appreciate their efforts on behalf of the taxpayers in Anderson." Dr. Long goes on to say that he puts "a great deal of faith" in Educational Services Company and has "championed" the company "all over the State."

ESC Conducts Budget Seminar

For the tenth consecutive year, ESC will conduct a budget class sponsored by the Indiana Association of School Business Officials (IASBO). The seminar titled "How to Build Your 2006 School Budget" will consist of four meetings, with the first meeting starting on January 28, 2005, and the final meeting taking place on June 7, 2005. ESC consultants Pearson Miller, Jerry Moore, and Tim Jackson are key members of the seminar faculty. Even though the class is currently filled, IASBO is taking the names of people who would like to be placed on the waiting list.

Return Service Requested

Across the Board

As we near the end of 2004, and as SEA 199 ends, our consultants have been busier than ever. Pearson Miller just successfully completed facilitation of a board retreat for the Rush County Schools helping board members plan for the future of the school corporation.

Many of our Consultants Are Working in Interim Capacities:

Bev Walters is currently serving as an interim high school treasurer at Greenfield-Central Community School Corporation, and she is also performing interim treasurer duties for two Indianapolis Charter Schools. **Joe Scher** is completing a tour of duty as the interim business manager at Greenfield-Central Community School Corporation. **Niles Pfafman** has just started as the interim director of operations at the MSD of Steuben County. **Bill Roberson** is spending a couple of days each week as the interim business manager at Mount Pleasant Township Community School Corporation in Yorktown.

Feasibility Studies Are an Ongoing Service Offered by Our Company:

Larry Renihan and **Jerry Moore** are part of a feasibility study team at Northwest Hendricks School Corporation. It is anticipated that their report will be completed in February, 2005. **Larry Renihan**, **Jerry Moore**, and **Pete Rump** are the consultants working on a feasibility study for the Danville Community School Corporation. This study is the third one ESC has done for Danville since 1996.

We Work with Administrative and Special Education Concerns:

In addition to budget consulting at Northeastern Wayne and Greensburg Community Schools, **Tony Broadwell** is doing a comprehensive study of the administrative structure of the Smith-Green West Allen Special Education Cooperative. **Jim Burrell** and **Joe Scher** are working on a central office personnel study for the Richmond Community Schools. **Duane Fleener** and **Jerry Moore** are doing a similar study at Brown County Schools. **Jerry Moore** has also started a budget assistance project at

Center Grove Community School Corporation working with their new business manager, Bill Long.

We Have Expertise Regarding the Needs and Requirements of Educational Programs:

Larry Renihan is starting a project at the Rush County Schools detailing the educational program needs for a K-6 elementary school and a 7-8 middle school. **George Dickison** is also working on educational program needs at the Decatur County Community Schools.

Our Expertise Includes Financial Advice:

Ralph Egloff is completing a financial health analysis for the new superintendent and school board at Crawford County Community School Corporation. **Nate Day** is busy with financial advisor activities for construction bond issues at Benton Community School Corporation, MSD of Wayne Township, Franklin Township Community School Corporation, Madison Consolidated Schools, Jennings County Schools, and North White School Corporation.

Educational Services Company

Educational Services Company is privileged to be working with over half the school corporations in the State of Indiana. The company has been in existence for over fifteen years and collaborates with school boards, superintendents, support staff and others to seek the most cost-effective solutions to challenges facing school systems today. Our consultants are, for the most part, seasoned former school executives experienced in all areas of school business management. We are often the low-cost provider and have expertise in all of the following areas:

Interim superintendents

Interim business managers

As transitions from one permanent executive to another occur in Indiana's school systems, school boards often find it necessary to retain the services of an interim school executive until the appropriate permanent appointment is made. Engagements range from sixty days to one year with most involving two to three days per week.

Project management

Educational Services Company can supervise facility construction through the use of our consultant and a clerk of the works. Most project management jobs we do are priced at 40-60% below our largest competitors.

Interim treasurer and treasurer training

We have two former school treasurers as a part of our consulting team. We provide training services for new treasurers and interim services for transitions.

Personnel studies

With between eighty and ninety percent of school general fund budgets being allocated to personnel, many school systems have requested various types of personnel studies.

Collective bargaining

We have served school boards as chief spokesperson in the collective bargaining process.

Benefits assistance

Group insurance and retirement severance issues are having the greatest impact of any other single factor in controlling school costs and budgets. Educational Services Company has several options and approaches to dealing with this important issue.

Furniture and equipment specifications

Our consultants have assisted many school corporations in planning and purchasing the furniture and equipment for new or remodeled schools and building additions. Comparing our cost to the allocation of an administrator/principal is one reason to use us.

Feasibility studies

Our consultants work with school and community groups in consensus building as schools cope with school construction planning and the community's response to it.

Budget planning and assistance

Budget planning and assistance is the core component of our consulting firm. Our consultants have decades of experience in this area, and we are very good at designing programs to fit the needs of individual schools.

Special projects

We do many kinds of special projects. Our financial health analysis, for example, is useful to set up a financial road map for two to four years into the future. Having this information available is also a great asset for school boards when they are recruiting a new superintendent or business manager.

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