

From the Director's Desk



**Tom Mandon, ESC
Executive Director**

Are You Turning Over All the Rocks?

During 2008, much conversation centered on the historic property tax legislation as *Circuit Breaker* became a buzzword to many educators. As we begin 2009, I want to share some thoughts, hopefully helpful, as you move into what may be uncharted waters.

What budget concerns are there to consider in 2009? As significant circuit breaker limits are imposed in 2009, along with the anticipated severe budget restrictions for the next biennium, expenditure review/reduction will be a necessity for all school corporations. Or as a Business Official said to me recently, **"It is incumbent upon me to turn over every rock in evaluating the appropriateness of every expenditure from the General Fund."** The context of our discussion was consideration of a review of special education services for his school corporation. As you all know, special education

expenditures vary from 12%-20% of most General Fund Budgets. A special education study could include a review of the process of identifying and evaluating students for placement; scrutinizing the cost factors associated with co-op membership; and possible decentralization of the students, up to and including the program and financial implications of providing special education services as an individual district.

In addition to special education services, I suggest you look at all local programs that are not funded at 100%, such as drivers' education, summer school, vocational education services, and transportation for extra-curricular events. Are you able to continue to subsidize these programs from school funds, or should an alternative funding mechanism be considered? Ultimately, the elimination of a program may also be a consideration.

Ask yourself if you are utilizing the flexibility in the Capital Projects Fund to maximize productivity for your school corporation. Have you considered ways to relieve the General Fund in the areas of utilities and property and casualty insurance by using Capital Projects Fund appropriations to the allowable limit? Will you require a reduction in Capital Projects Fund appropriations in order to meet Circuit Breaker limits? These questions need to be answered in all school corporations.

It is also important to verify the safety of reserves available in any insurance arrangement that your school corporation may have in place. An article in this edition of *The Consultant* speaks to this issue.

Finally, have you considered the Distressed Unit Appeals Board or a referendum to overcome the circuit breaker implications? We are currently working with school corporations evaluating this question. Are you?

I am hopeful that the information in this newsletter is helpful and as always, please call if we may be of assistance.

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Lighten Up!

It's midwinter. Some days are gloomy. The economy could be better. It's time for a smile!

The things kids' say—

On the first day of school, a first-grader handed his teacher a note from his mother. The note read, 'The opinions expressed by this child are not necessarily those of his parents.'

A little boy got lost at the YMCA and found himself in the women's locker room. When he was spotted, the room burst into shrieks, with ladies grabbing towels and running for cover. The little boy watched in amazement and then asked, 'What's the matter, haven't you ever seen a little boy before?'

While taking a routine vandalism report at an elementary school, I was interrupted by a little girl about 6 years old. Looking up and down at my uniform, she asked, 'Are you a cop? Yes,' I answered and continued writing the report. My

mother said if I ever needed help I should ask the police. Is that right?' 'Yes, that's right,' I told her. 'Well, then,' she said as she extended her foot toward me, 'would you please tie my shoe?'

While walking along the sidewalk in front of his church, our minister heard the intoning of a prayer that nearly made his collar wilt. Apparently, his five-year-old son and his playmates had found a dead robin. Feeling that proper burial should be performed, they had secured a small box and cotton batting, then dug a hole and made ready for the disposal of the deceased. The minister's son was chosen to say the appropriate prayers and with sonorous dignity intoned his version of what he thought his father always said: "Glory be unto the Father, and unto the Son, and into the hole he goes."

People You Should Know—January, 2009

At Educational Services Company we tell potential clients how proud we are of the expertise of our consultants, all of whom have been employed in educational and/or business endeavors for many, many years. They bring with them a wealth of experience. In this first newsletter of the new year, we would like to introduce them to you as a group:

Former Superintendents of Schools:

Jackie Beery	Don Dyck
Tony Broadwell	Bill Gall
Ed Camden	Ron Hasler
George Dickison	Alan Middleton

Former Assistant Superintendents/Business Managers/Chief Financial Officers:

Tim Armstrong	Tom Grabill
Jackie Beery	Tim Jackson
Tony Broadwell	Alan Middleton
Bill Brown	Jerry Moore
Ed Camden	Ray Pavy
Bob Channell	Niles Pfafman
Dick Cook	Mike Reuter
*Dan Eggermann	Pete Rump
Ralph Egloff	Joe Scher
Rom Emrick	Dale Sherman
Bill Gall	Gary Staley
*Former DLGF Budget Division	

Human Resources/Personnel Directors:

Jim Burrell
Ray Pavy
James McLochlin

Purchasing Specialists:

Pete Apple
Tim Jackson
Larry Renihan
Bob Menzie

Treasurers:

Bob Channell
Pat Green
Mary Ann Ripperger
Bev Walters

Financial Advisor for Bond Issues:

Ijeoma Dike'-Young
Tom Grabill
Jerry Moore

Actuaries:

Denny Deeter

Special Education Consultant:

Bill McKinney

Benefits Consultants:

Bill Brown
Doug Cassman
Cindy Hessler
Pam Retzlaff
Dave Widdifield
Deb Wolfe

Construction Supervision:

Reginald McBreairty

Collective Bargaining:

Jackie Beery
Tony Broadwell
Alan Middleton

Technology Specialist:

Debbie Babcock

We are also very proud to have worked with over 75% of Indiana's school corporations throughout the last several years.

Special Education Assistance

The area of Special Education has evolved from a few stand-alone classes to a staggering number of special programs to meet the requirements of state and federal rules, regulations, and laws. Educating students who meet the definition of students with special needs is demanding more and more of the local school budget than ever.

Special education issues may include any or all of the following:

- Review of the formula that determines school contributions to the cooperative;
- The appropriateness of the current organization of the cooperative;
- The program and financial implications of providing special education services as an individual district.

Educational Services Company has consultants who will share their expertise in evaluating the level of service provided for special needs students in both fiscal and curricular matters. Below are a few comments from your peers concerning our special education services:

“As Superintendent I was very pleased with the work of Bill McKinney in the evaluation of our special education program. **Bill was able to provide a detailed review of the positive aspects of the special education program in our district and also provided suggestions for compliance.** Bill had great rapport with staff members as he discussed the variety of aspects at the building level program and the overall district concepts. I highly recommend that other school districts take advantage of the expertise that Bill brings to your district in the area of Special Education.”

Paul Kaiser, Superintendent
Beech Grove City Schools

“Bill did an excellent job for us. **His work is thorough, to the point, and the follow-up service is excellent.**”

Robert Green, Superintendent
Greencastle Community School Corporation

“I have had the opportunity to work with Bill McKinney several times during the last 16 years. **Bill is a straight shooter and a person who is fully capable of attacking any special education problems that you might encounter.** I have used him as a trainer and a reviewer of best practices. He is well worth any investment you might make.”

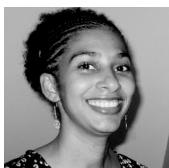
Timothy Long, Superintendent
Jay School Corporation

“I have had the opportunity to work with Bill McKinney in two different capacities. The first opportunity was while I was Principal of Central Noble High School and Bill was Director of Northeast Indiana Special Education Cooperative. During that time, I found Bill to be extremely organized and innovative in terms of keeping staff well informed and up-to-date professionally, monitoring programming for students, and using funding sources efficiently and effectively to support programming for students. The second occurred while Jennings County School Corporation was developing a rationale and a plan to provide special education services to our students without continuing to be a part of a special education cooperative. **Bill's knowledge about the process of restructuring how special needs students may be best served while providing this corporation greater access to financial resources to provide that service proved extremely valuable.**”

Michael Bushong, Superintendent
Jennings County Schools

New Talent Joins the Educational Services Company Team

Educational Services Company is pleased to welcome three talented, experienced members to the ESC Team:



Ijeoma Diké-Young is a CPA who will be working with both ESC and its sister company Governmental Consulting Services, on Indiana school and governmental issues involving finance and bond issues. Ijeoma (we call her *E.J.*) has a BA from Earlham College and an MS/MBA from Northeastern University in Boston. She began her professional career with Ernst and Young in New York City and has previously worked locally for Roche Diagnostics, Steak 'N Shake, Windrose Medical Properties Trust, and other well-known Indianapolis businesses. Her areas of expertise include annual budgeting, auditing, cash flow management, and financial process/accounting position documentation, among other things. E.J. is married and is the mother of three—including a set of twins.



Deb Wolfe was formerly employed by the ISTA Insurance Trust as a Field Coordinator. She is a licensed agent with experience in all facets of employee benefits. She has a particularly strong aptitude for those benefits associated with health insurance. At the ISTA Insurance Trust, she was responsible for the sale, implementation, service, and renewal of employee benefit plans for public schools. Prior to her employment with ISTA, Deb was the Director of Eligibility & Billing Services for Benefit Systems, Inc. She is a member of the Indiana State Association of Health Underwriters, and her community involvements include Habitat for Humanity and The Villages Homeowners' Association. Deb has two college-age children and is actively pursuing her Black Belt in karate.



Robert Channell has over fourteen years of experience in school business operations, including accounting, finance, budgeting, and investing. He will be working with school treasurers and business managers on school business issues. Bob recently retired from the Center Grove Community School Corporation after serving as their Treasurer and Accounting Supervisor. He has extensive experience in financial accounting of construction projects in excess of \$60 million and is a Certified Assistant Chief Business Official through the Indiana Association of School Business

Officials (ASBO). Bob and his wife Jan have two children and three grandchildren and live in Greenwood.

Across the Board

Pete Apple has recently completed equipment and furniture acquisition services for the new intermediate school in Franklin Township. **Tim Armstrong** has completed a human resources/payroll study for MSD of Washington Township, is working on Financial Health Analyses for C.A. Beard and Seymour, and will be a faculty member for the upcoming "Building a School Corporation Budget" series of seminars sponsored by IASBO. **Debbie Babcock** and **Tim Jackson** have recently completed a technology personnel study for MSD of Warren Township. **Jackie Beery** is wrapping up an interim superintendent stint for Knox. **Tony Broadwell** continues to provide Centerville-Abington, Greensburg, Northeastern Wayne, South Henry, and Union County/College Corner budget assistance, financial planning, and cash flow projections as well as a Financial Health Analysis for South Henry. **Bill Brown** and **Pam Retzlaff** have recently completed assisting several school corporations in 403(b) compliance work by evaluating vendors and meeting with school corporation teams to assist in vendor selection. **Doug Cassman** is providing benefits review, vendor selection, and benefit management for several school corporations. Benefit management over time allows for subtle changes that result in savings to enable school corporations to provide for other General Fund needs. **Dick Cook** continues to provide excellent service to New Durham Township as corporation manager. **Denny Deeter** is providing forfeiture reallocation of 401(a) and/or VEBA benefit services for East Chicago, Huntington County, North Lawrence, East Noble, Highland, Middlebury, Richmond, MSD of Perry Township, Lakeland, Edinburg, Hammond, and Greater Jasper; he is also providing actuarial services for Beech Grove as well as comparing the retirement/severance benchmark to current liability as required by SEA 199 for East Allen and Beech Grove. This service must be completed prior to each Board of Accounts Audit. **Don Dyck** is currently working with **Jerry Moore** to provide a school consolidation/shared services study for Clinton Central and Clinton Prairie School Corporations. **Don Dyck** is also preparing for a follow up Board and Leadership Workshop for Porter Township. **Ron Emrick** has recently completed and presented the results of Financial Health Analyses to the School Boards at North Adams and Oak Hill. **Bill Gall** has recently completed interim superintendent services at Hanover and continues to provide budget assistance and financial planning to Boone Township and Porter Township. **Tom Grabill** continues to provide circuit breaker strategy at Franklin Township; financial advisor services at Clark-Pleasant, Evansville and South Henry; business office assistance in Madison and Beech Grove; and is working on a Financial Health Analysis for Benton Community. **Ron Hasler** has recently completed a Financial Health Analysis for Clarksville and is working on Financial Health Analyses for Greater Clark and Barr-Reeve. **Pat Green** continues to provide treasurer support and training to Bartholomew Consolidated, Brown County, Eastern Green, Greater Jasper, Rockville, Shelby Eastern, and Southwest School Corporation. **Tim Jackson** has recently completed equipment and furniture acquisition services for the new 5/6-7/8 school in Danville, continues to work on the same service for the Gibson Southern High School (South Gibson) addition/renovation and Franklin Central High School addition (Franklin Township), as well as continuing to provide budget assistance, financial planning and cash flow projections for Cloverdale. **Bill McKinney** has recently completed special education work for Crown Point and is starting a special education project for Franklin Community. **Jim McLochlin** has recently completed the second phase of a personnel study for Portage and continues to work on a similar study for Kokomo. **Bob Menzie** has recently completed equipment and furniture acquisition work for the new Northridge High School (Middlebury) and is providing the same service for the new Concord Middle School. **Jerry Moore** is providing budget assistance, financial planning and cash flow projections for Brown County and Switzerland County. **Ray Pavy** has recently completed a Financial Health Analysis for Greenfield-Central and is beginning a transportation study for Batesville. **Niles Pfafman** has completed budget assistance for Smith Green and Prairie Heights as well as beginning a Financial Health Analysis for Prairie Heights. **Mary Ann Ripperger** is providing treasurer assistance for Prairie Heights. **Joe Scher** continues to provide business office assistance to Mount Pleasant and has completed our first Extra Curricular Treasurer Review for all school treasurers at Hamilton Heights. **Bev Walters** has recently worked with Covered Bridge Special Ed District and C.A. Beard in providing business office assistance.

Return Service Requested

Due Diligence Regarding Insurance Arrangements

As we start the New Year, I thought we should issue a reminder that in addition to your investments, you should do your due diligence on any and all insurance arrangements you have. Whether it is a self-funded worker compensation program, a trust or consortium health plan arrangement, a paid-up life insurance program, or a long term disability program, you should be assured that funds are there to pay the benefits when the benefits are due.

If funds are held by an insurer, you should be using a financially strong insurer and obtain a current rating for its financial stability, such as Standard and Poor, A.M.Best, Moody's, Finch, etc. If you are self-funded, while the reinsurer may be strong, check to be sure claim dollars are being held safely. An A+ reinsurer does not protect you from inadequate reserving or poorly invested funds. The same is true for all your insurance programs: voluntary, group life, long term disability, dental, and vision. Remember in many cases, they are holding your funds to pay future claims. Are they financially stable?

If funds are held via a trust or consortium arrangement, AND the arrangement is covered by the state of Indiana's MEWA (Multiple Employer Welfare Arrangement) rules (not all arrangements are covered by this set of rules) you must have an audited financial statement showing the disposition of the funds being held. For more information about the law see <http://www.in.gov/idoi/2509.htm>, and for the listing for those registered trust or consortiums go to <http://www.in.gov/cgi-bin/idoi/ssDisplay-2.pl?file=MEWA&letter=j>. If you have a one employer self-funded program, then Public Law 232 applies, and you (the school district) must be holding funds or have arrangements to cover your incurred claims (reserves and corridor amount).

For a few of you who have not been through an economic downturn, here are some things you should know:

- Be prepared for additional dependents coming on throughout the year as employment conditions worsen. Be sure all new enrollees meet your enrollment guidelines. Your budget will only get tighter with new participants on your plans.
- If your employee population is scheduled to shrink, you will most likely be retaining those people with more seniority, and, therefore, higher than average health claims. Do not expect your benefit plan costs to lessen in proportion to the number of employees.
- Additionally, as staffing tightens, expect the remaining staff and their dependents to have a surgical procedure or other service they may have put off in the past.

Please feel free to contact Tom Mandon, Executive Director, to further discuss this matter or to seek assistance.



Educational Services Company

Educational Services Company is privileged to have worked with over 75% of the school corporations in Indiana. The company has been in existence since 1989 and collaborates with school boards, superintendents, business officials and support staff to seek the most cost effective solutions to challenges facing school systems. Our consultants are, for the most part, seasoned former school executives experienced in all areas of school business management. We often are the low-cost provider and have expertise in all of the following areas:

Feasibility/Long Range Planning Studies

Our consultants work with school and community groups in consensus building as schools cope with school construction and the response of the community.

Budget Planning and Assistance

Budget planning and assistance is the core component of our consulting firm. Our consultants have decades of experience in crafting budgets.

Collective Bargaining

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

Personnel Studies

Since 80%-90% of school general fund budgets are allocated for personnel, many school corporations request our services in the area of personnel.

Benefits Assistance

We provide several options and approaches to group insurance and retirement severance issues, to assist in this volatile area of the school budget.

Property and Casualty Insurance Assistance

Our services include the evaluation of current insurance coverage, preparation of specifications, evaluation of quotes, implementation of a school corporation's decision and review of policies for compliance.

Furniture and Equipment Acquisition

Our consultants have assisted many school corporations in planning and purchasing the furniture and equipment for new or remodeled schools. Our costs compare favorably to the allocation of an administrator/principal for this service.

Financial Health Analysis

Our consultants have extensive expertise in all areas of school finance. We can help analyze current budgets and assist in the planning for the financial future of the school corporation.

Evaluation of Special Education Services

Special education is a costly and ever-increasing portion of the general fund. Our consultants are able to evaluate if you are getting your money's worth from a program and financial viewpoint.

Project Management

We are able to supervise facility construction by utilizing our consultants and the clerk-of-the works method.

Actuarial Studies

Our staff is able to conduct actuarially sound studies to determine unfunded liability and/or contractual obligations.

Technology Staff Review

Our consultants are able to evaluate your technology program to see if you are getting your money's worth from a personnel and program standpoint.

Interim Superintendents and Interim Business Managers

Whenever School Boards need temporary executive leadership, our consultants are able to provide interim support and direction for the school corporation.

Treasurer Training and Interim Treasurers

We have three former treasurer consultants who are able to provide training and interim treasurer services.

Financial Advisor

Our consultants work with school corporations throughout the process of public and state hearings, concluding with the securing of low cost funding for school construction bonds.

403(b) Plan Review

We are working with clients to insure their compliance with the new 403(b) regulations that include, most importantly among many changes, a review of all current vendors.

ECA Accounting Review

We will sample receipts and expenditures, review internal controls, review latest Board of Accounts Audit and provide an exit conference with the Principal and ECA Treasurer.

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