

From the Director's Desk



Tom Grabill, ESC
Executive Director

New Legislation

The 2006 General Assembly passed two bills that will have significant impact on the financial operations and budgeting of school corporations. House Bill 1001 contains a provision that is referred to as the 2% circuit breaker. This bill applies to school corporations in Lake County in budget year 2007 and all other school corporations in budget year 2008. What the circuit breaker does is provide a property tax limit for residential properties of 2% of the gross assessed valuation, which means that the individual taxes paid will not exceed 2% of the gross assessed valuation. This circuit breaker will apply to all properties in 2010.

This circuit breaker will have significant implications in terms of potential shortfall in the distribution of property taxes. It will also have a significant impact on bond issues. With the circuit breaker in place, Indiana schools can no longer say that the repayment of any bond issue is supported by unlimited property tax. This legislation could result in lower bond ratings, increased bond insurance premiums, and higher interest rates.

While this 2% circuit breaker will not impact until the 2008 budget for most school corporations, there is some planning in regard to positioning that school corporations may want to do in the 2007 budget to mitigate the effects of the 2% circuit

breaker.

The second bill is House Bill 1006. There is a saying in education that if you're around long enough, all programs will recycle. For those of us who were around in the mid 1970s, there was a thrust toward Planned Program Budgeting Systems (PPBS). This budgeting system was designed to allocate dollars to each individual program in the school corporation. House Bill 1006 contains many potential changes in the way school expenditures are reported, and thus will change the way

many of the expenditures are budgeted. The details have not been determined, but significant changes are in the works. The statute says that school corporations will need to report, on a school-year basis, total amount expenditures for all of the following: (1) student academic achievement expenditures; (2) student instructional support expenditures; (3) overhead and operational expenditures; (4) non-operational expenditures.

These two bills provide significant challenges for Indiana school corporations. I am confident that schools will meet these challenges with the same success they have exhibited in meeting other tests.

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Lighten Up! A lesson to be learned from one typing the wrong email address

A Minneapolis couple decided to go to Florida to thaw out during a particularly icy winter. They planned to stay at the same hotel where they had spent their honeymoon 20 years earlier. Because of hectic schedules, it was difficult to coordinate their travel schedules. So, the husband left Minnesota and flew to Florida on Thursday, with his wife flying down the following day.

The husband checked into the hotel. There was a computer in his room, so he decided to send an email to his wife. However, he accidentally left out one letter in her email address, and without realizing his error, sent the email.

Meanwhile, somewhere in Houston, a widow had just returned home from her husband's funeral. He was a minister who was called home to glory following a heart attack. The widow decided to check her email expecting messages from relatives and friends. After reading the first email message, she screamed and fainted. The widow's son rushed into

the room, found his mother on the floor, and saw the computer screen which read as follows:

To: My Loving Wife
Subject: I've Arrived
Date: October 16, 2004

I know you're surprised to hear from me. They have computers here now and you are allowed to send emails to your loved ones. I've just arrived and have been checked in. I see that everything has been prepared for your arrival tomorrow. Looking forward to seeing you then! Hope your journey is as uneventful as mine was.

P.S. Sure is hot down here!

Someone You Should Know



Bob Harris

Bob Harris, the Director of Budgets for the Department of Local Government Finance (DLGF) began his career by working for General Motors for twelve years and then took a five-year position with the Internal Revenue Service. He has been at the State Tax Board/DLGF for thirteen years. During his time with the DLGF, Bob has become experienced in many areas. He has been a Field Representative, a Training Director, the External Affairs Director, the Assessment Director, the Assistant Budget Director and now the Budget Director.

Bob's job duties include approving and setting property tax rates, budgets, and levies for 2600 taxing units in the State; training for all units; and holding workshops and attending conferences. The DLGF holds many objection hearings, address appeals, and deals with bond and lease issues. It also approves cumulative funds, approves school and library CPF plans, prepares income tax reports and distributions, and calculates levy excesses. And the list goes on—the DLGF produces FIT reports and maximum levy reports, sends out memoranda for information purposes to all units, and answers information requests from officials, taxpayers, and the media. Bob cites the department's web site—www.in.gov/dlgf—as having excellent information on tax rates. Debt information for all units will be available soon on the site, as will Control Board information.

In addition to his other duties, Bob is a faculty member for the Indiana Association of School Business Officials (IASBO) budget class. He says he enjoys being a part of the class because he likes the training and the interaction with all school officials. He says, "There are so many changes each year as far as the budgets are concerned that it is extremely important for all of us to stay abreast of these updates through meetings and memos."

Bob is well known for his willingness to meet with school corporations in the summer to advise them on budget issues. It is an exceptional service offered by his department. In order to schedule a meeting, school corporations should contact their field representative or field supervisor at 317-232-3773. Most meetings typically take an hour, but if school representatives need more time, then more time will be available for them.

When Bob isn't working, he likes to fish and spend time with his three grandsons. He has been married to his wife Linda, an AT&T employee, for 31 years. They have two children: Rob, an airline pilot for Chautauqua Airlines, the father of their three grandsons; and Jaime, their daughter, who just graduated from California Western law school.

Bob likes his job. He says, "There is always something different every day. I have the opportunity to work in the office as well as the opportunity to get out and meet with various school officials and elected officials several times a year." Bob likes his staff, too, both in the field and in the office. He considers them to be a "definite asset" and very supportive of him.

Bob Harris is Someone You Should Know.

New On Board at ESC



Jackie Beery

Jacqueline J. Beery, Ph.D., recently retired as the Superintendent of Schools for the East Noble School Corporation in Kendallville, IN, and Educational Services Company is delighted that she has decided to join our staff of expert consultants.

Jackie has a wealth of experience in school administration. She worked as Business Manager and teacher in the Baugo Community Schools, Elkhart, IN; as Assistant Superintendent in Smith-Green Community Schools in Churubusco, IN; as Superintendent of Schools in Smith-Green; and as Superintendent of Schools in East Noble.

Jackie has both Ph.D. and Ed.S. degrees in Education Administration and Supervision from Indiana State University, and a Master of Science degree in Business Administration with a minor in psychology from Indiana University.

Jackie's Bachelor of Science degree is also from IU.

In addition to being the president of IASBO in 1994, Jackie belongs to many professional groups: the Indiana Association of Public School Superintendents; American Association of School Administrators; Association of School Business Officials International; Association of Supervision and Curriculum Development; North Central Association Ambassador Certification: School Accreditation/Continuous Improvement. Jackie also recently presented a program entitled "Hiring Administrators?" at the Spring, 2006, National School Boards Association Conference and "The Value of NCA District Accreditation to Us," at the North Central Association 2006 National Spring Conference. Dr. Beery's resume is filled with additional presentations that she has made to groups throughout Indiana.

Educational Services Company is very happy to welcome Dr. Jacqueline Beery to its team of consultants.

Contract Flexibility

We are continuing to see excellent reasons not to have any vendor names contained within bargaining agreements, whether they be for retirement plan/buy-out arrangements or for more traditional benefit plan arrangements

Recent mergers and acquisitions focus our attention on these restrictions and we hear that more purchases of third party administration companies may put your program "in play" to the highest bidder.

As we have said for years, we believe that school boards and employee groups can agree on specific vendors for products or services, and can do so WITHOUT giving control to the named vendor. In most cases, the change in the owner of a vendor may not mean a change in the product or service. However, your vendor relationship should be one that they earn and should not be for purchase.

Property and Casualty Insurance

If you are considering the newly allowed pooling arrangement available to school corporations via HEA 1006, Educational Services Company will be a resource for the actuarial requirement contained within the provisions for this new approach in the property and casualty area. This service combined with our consulting service for coverage and vendor selection will provide one-stop shopping. With the property and casualty market showing signs of softening, this is an opportunity to maximize savings on premiums.

Return Service Requested

Across the Board

Our consultants continue to be active in many school corporations throughout the State.

Special Studies Don Dyck, Jerry Moore, Bill Roberson, George Dickison, Tim Jackson, Pete Rump, Jim Burrell, and Jackie Beery are all involved in long-range facility planning studies at Brownsburg, Clark-Pleasant, and Whitley County and a consolidation study in Tippecanoe County and a shared service study in Grant County. Tim Jackson and Mary Ann Ripperger are collaborating on a food service study for Marion Community Schools. Mary Ann is also providing treasurer training and assistance at Huntington County Community School Corporation.

Interim Work Many of our consultants are working in Interim capacities as business managers: Bill Gall is at Merrillville; Tim Jackson is at MSD of Washington Township; and Joe Scher is at Mt. Pleasant School Corporation. Niles Pfafman is the Interim Director of Operations at MSD of Steuben County. Dick Cook and Jackie Beery are interim superintendents at New Durham Township and Smith-Green, respectively.

Budget Assistance Tony Broadwell, Jerry Moore, Tim Armstrong, Bill Roberson, Pearson Miller, and Niles Pfafman are providing budget assistance consulting at several school corporations and cooperatives throughout the state.

Special Education Studies Bill McKinney has been active with special education studies at Anderson Community Schools and Jennings County. Tony Broadwell has assisted with the financial component of the special education studies.

Insurance Renee Smith has been consulting on property and casualty coverages with Kankakee Valley School Corporation and MSD of Perry Township. Dave Widdifield has been active with benefits consulting for Brown County Schools and Plainfield Schools.

Furniture and Equipment Bob Menzie is currently wrapping up the specification and purchase of loose furniture and equipment for the new elementary school in Goshen. Pete Apple continues to be busy purchasing furniture and equipment for new facilities at Wayne Township and Franklin Township schools in Marion County. Both consultants will be assisting the Noblesville Schools in the next couple of years as Noblesville constructs its new facilities.

Financial Advisor Nate Day and Tom Grabill are financial advisors with several school corporations for bond issues in 2006. Three of the school corporations are selling school building bonds and fourteen are selling pension bonds.
