



Dear ISBA Members:

The Senate Appropriations Committee, during its last meeting of the session this morning, passed out the Senate Majority (Republican) version of House Bill 1001, the state budget bill, by a vote of 11-2. I want to provide you with summary highlights of the biennial budget as it pertains to K-12 education and will conclude this update with commentary and suggestions for next steps for member grassroots advocacy engagement.

The “Good News”:

- Overall, the budget appropriates \$35.8 billion for state-funded programs and services over the next two years and it maintains healthy state surplus reserves of \$2 billion
- K-12 education funding is about 50% of the budget each year
- A total of \$15.4 billion is appropriated over the next two years for the tuition support formula

- The Senate Majority reports that this budget will increase overall K-12 education funding by \$875 million over the biennium, but please note that about \$262 million of this figure is the net impact of the pay-down of the state's pre-1996 Teacher Retirement Fund pension liability amount, that will reduce future pension obligations paid by the state in the future. This money does not come directly to school corporations to provide services to students presently enrolled in K-12 public education
- The Senate Majority reports that this version of the state budget will increase tuition support funding by 1.2% (or \$92 million) in Fiscal Year 2022 and by 4.2% (or \$316 million) in Fiscal Year 2023 over Fiscal Year 2021 appropriation amounts
- Another \$150 million is dedicated to fund the student learning recovery grant program established in House Bill 1008 to address student learning loss or gaps prompted by the COVID-19 pandemic (note: the funds for this grant program are from FY '21 surplus monies)
- Total funding per ADM increases from current amount of \$7,023 to \$7,168 in FY '22 and then \$7,346 in FY '23
- Increases special education funding in the formula by \$196 million over the next biennium. Supplemental funding for the "severe" category of special education increases from \$9,156/student to \$9,614 in FY '22 and then \$10,575 in FY '23; for the "moderate" category, funding increases from \$2,300/per student now, to \$2,415 in FY '22 and to \$2,657 in FY '23
- Funding for ELL categorical grants is increased by \$5 million per year to \$27.5 million/year
- Lifts caps on Complexity Index funding and increases the FY '21 ratio of complexity to foundation spending per student to 66% of foundation
- Restores the Career and Technical Education (CTE) funding formula categories of "less than moderate value"
- Establishes an income tax credit program at \$5 million/year for charitable gifts to public education foundations
- Caps virtual education and virtual charter school funding at 85% for future school years (excluding the "virtual instruction due to COVID" 100% funding per ADM accommodated in Senate Enrolled Act 1)

The “Bad News”:

- Choice Scholarship award level increases to 90% for all eligible students (and eliminates the 50% and 70% award tiers for students in higher family income categories)
- Increases Choice Scholarship program in FY 2023 as follows:
 - Pathways currently limited to 150% FRPL would increase to 200% free and reduced-price lunch (FRPL) income eligibility
 - Pathways currently limited to 200% FRPL would increase to 225% FRPL (note: House budget increased this level to 300% in FY '23)
- Makes foster children eligible for vouchers
- Creates an Education Savings Account program as a line item capped at \$3 million in FY 2023 (the House budget included \$19 million)
 - Open to special education students with the same household income limits as Choice Scholarship Program
 - Eligibility mirrors that of tuition support special education grant
 - Grant amount equals what the student would qualify for under tuition support
- The total increases for these two school choice programs in the Senate budget are approximately \$47 million (down from \$144 million in the House budget)
- Increases charter grant from \$750 to \$1,000 per student at a total cost of \$14 million over the next two years
- Increases SGO tax credit program
 - FY 2021: \$16.5 million, FY 2022: \$17.5 million, FY 2023: \$18.5 million

Commentary:

This version of HB 1001 is an improvement in funding for K-12 public education from the biennial budget passed by the House of Representatives, both in the increased dollars for K-12 public education and decreased funding for private school options that are not a constitutional duty of the state. It funds priority programs supported by ISBA, including: school safety grants, tax credits for

donations to public education foundations, special education, CTE, ELL, Complexity Index adjustments, and foundation funding. If the state revenue forecast to be issued on April 15th provides additional state revenues, ISBA is advocating for a tuition support increase of at least 2.0% in FY '22 to help provide the needed resources for increased teacher compensation. ISBA thanks Senator Mishler, Appropriations Committee Chairman; Senator Bassler, School Funding Subcommittee Chairman; Senator Eddie Melton, Ranking Minority Member; and all committee members for their efforts and contributions in helping shape this version of the budget. ISBA appreciates the modifications to budget that reflect concerns expressed by school board members, administrators, educators, parents, and more from across the state.

Next Steps:

Please express gratitude and appreciation to your area senator for the funding items in the budget that you support. If you have any questions or concerns about the budget as highlighted here, please share those concerns with them, too. If you support this budget over the House budget, let people know! Write a letter to the editor, adopt a board resolution, send news to your networks and coalitions—and of course—email, write, or call your area legislators to ask for the highest level of support for the more than 1 million students in our public schools, *Indiana's schools of choice!*

Sincerely,

A handwritten signature in cursive script that reads "Terry Spradlin". The signature is written in black ink on a white rectangular background.

Terry Spradlin

Executive Director

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