

Efficiency Committee Led Way For Successful Referendum

School Town of Speedway

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Introduction

Using a 25-member Efficiency Committee to review the financial conditions caused by a significant decrease in state funding proved to be very worthwhile for evaluating options and strategies for the School Town of Speedway. The following five paragraphs explain the impact of decreasing state funding and the financial condition for the Speedway Schools. This information was widely disseminated in the community.

Message to Staff and Community

In 2008 the Indiana Legislature fundamentally changed the way schools were financed. This change was effective in 2009. Prior to 2009 three main sources were used to fund public schools: property tax (the most stable source), income tax, and sales tax. In 2008 the State removed local property tax as a source of income for the General Fund of public schools and accepted full responsibility for funding public schools through economy-driven income tax and sales tax.

In 2009 the Indiana Legislature chose to reduce the foundation funding formula (per pupil funding) for public schools in an effort to reduce their financial responsibility to public schools for 2010 and 2011.

In late 2009 the Governor unilaterally reduced this foundation funding formula by 4.5% for 2010 and 2011. These reductions have created an increasing structural deficit in the funding of Speedway Schools. The deficit projects to be \$500,000 + in 2010, and over \$1,000,000 in 2011. To make this situation increasingly complicated, the state revenue projections continue to be negative and additional unilateral reductions could be made at any time.

State legislators and the Governor made it clear they will support no additional tax to address this shortfall, but they have given local communities a method to raise taxes to address these shortfalls--the use of referendums (public questions).

The school corporation monitored the situation for over a year. In the fall of 2009 a broad-based committee of stakeholders met to consider how \$1,000,000 of expenses might be reduced from the 2010 budget. The changes necessary to meet this goal were rejected by this committee. Instead, the committee asked the School Board to pursue a local property tax referendum (called a public question) to raise revenue to maintain the staffing and programs of Speedway Schools. Following that recommendation, the School Board accepted this request and adopted a resolution to create a public question regarding the Town of Speedway's willingness to maintain its small, local public school system through a self-imposed increase in property taxes. The public question was certified by the City-County Council of Marion County and was placed on the Primary Election ballot on May 4, 2010.

Efficiency Committee's Recommendations

Below is information regarding the Efficiency Committee's recommendations and strategies for having a successful referendum (86% approval rate) that addressed the needs of the Speedway children and the community.

1. The options evaluated and eventually rejected by the Efficiency Committee included consolidating with a larger neighbor school district, consolidating internally (merging current small schools into larger schools), reducing total number of personnel in the existing structure, reducing personnel expenses through wage and benefit reductions, reducing extra-curricular and co-curricular programs, and reducing non-personnel related expenses (reducing utility usage). The option to reduce total number of personnel in existing structures involved increasing class size, reducing educational programs and reassigning work, reducing or eliminating summer school activities and programs, reducing non-classroom programs, reducing or eliminating professional positions (administrators, counselors, librarians), and reducing or eliminating support staff positions (clerical, custodial, health, home school advisors).
2. The Efficiency Committee conducted due diligence regarding the options, The option to consolidate with a larger neighboring school district was strongly rejected, since the members felt that the community would not accept that option.
3. The Efficiency Committee consisted of 25 members. None of the options gained support. It was the consensus of the committee that the reduction of services in any area would cause harm to the educational program and the community. Given the importance of the school system to the greater community, the committee suggested the school district not reduce services to balance the budget, but instead consider enhancement through a local property tax referendum. The School Board reviewed the suggestions for over 60 days and then voted to pursue the public question.

Nuts and Bolts of the Referendum

1. A summary of the General Fund revenue was developed for 2009, 2010, 2011, and 2012. This one-page document clearly demonstrated each year's decreasing budget balance in a format that anyone could understand. A chart was also developed that showed the tax rate for 10 other neighboring school corporations.
2. A third sheet took the homeowners through a calculation, assuming their home's gross assessed value was \$115,000. The referendum maximum tax rate (.5900 per 100) was applied to the Net Assessed Value.
3. A PowerPoint presentation was developed and shown to any community groups interested.
4. Legal assistance and professional financial assistance were used throughout the process. Legal guidance should also be provided to the PAC members.
5. Prior to beginning a referendum it is important to know what the public thinks about the schools, what they know about the schools, and what they value about the schools.
6. It is important for the Superintendent to realize that he or she will be in a political campaign that has little to do with the profession. It does emphasize, however, the need to be networking extensively in the community with or without a referendum.
7. A Political Action Committee (PAC) will need to be formed. The members of this broad-based committee will need to make phone calls, distribute handbills, provide yard signs, organize letters to the editors, offer coffees and forums, and determine who the YES voters are in the community. It is important to make sure that the PAC members are selected for their skills and their high level of credibility in the community. It is also important that all those involved be able to think strategically and be able to adapt.
8. The PAC members made an effort to make a phone call to every registered voter.
9. Parents and teachers were very helpful distributing literature to each homeowner.

10. A professional pollster was hired at a cost of \$7,000. Each phone call, about 1,200 in all, lasted about three minutes. As a result of the polling, it was discovered early in the process that 58% of the community was aware of the referendum. The results also indicated a high level of pride in the schools. The results of the survey, including how the community felt about its schools, were summarized. The data were very helpful to the campaign.

11. There were many absentee ballots submitted. The message from the school district was that the referendum was too important not to vote. It was also suggested that the taxpayers should not let someone from the state tell them how to run their schools.

12. It is important to involve the community. Let them experience in some manner what school will be like without the funds. Identify the source of the issue early and often and be positive about all things school-related. It is important to keep in mind that communication with and education of the adults in the community become paramount. Use a variety of communications, media, electronic, personal, publications, website, etc. Only informed voters will enter the ballot box and vote to increase taxes.

Timetables

1. Regarding the financial timetable and needed data:

- Begin work 24-36 months before receiving funds.
- Normal projection is 18 months.
- Referendum projection is at least 24 months and preferably 36 months.
- Document past revenue and state support accurately.
- Estimate future revenue and state support conservatively.
- Document past expenses accurately.
- Estimate future expenses liberally.
- Reduce expenses in all areas and document the reductions.
- Plan for and accept additional reductions.
- Document past net assessed value.
- Document past tax levies and rates.
- Estimate future assessed value. Use professional assistance.
- Estimate revenue necessary from referendum. Use professional assistance.
- Estimate expenses charged to referendum. Use professional assistance.

2. Regarding the legal timetable and needed documents (Use professional assistance):

- Work begins 6-12 months before the referendum.
- Create a timetable.
- Plan for local resolution and certification (have minutes).
- Follow county policies and rules.
- Plan for county resolution.
- Review Indiana Code relating to referendum tax levy and local public questions.

3. The referendum timetable was as follows:

- January 12, 2010 School corporation adopts resolution to place referendum on ballot
- January 13 School corporation resolution certified to City-County Council
- February Request for resolution proposal and certified resolution submitted to City-County Council by School Town; Office of Corporation Counsel review of proposal; City-County Council Committee meeting and approval
City-County Council considers adoption of General Resolution approving the certification of the public question

March	City-County Council certifies the public question to County Election Board
	Marion County Clerk holds Election Board meeting regarding School Town tax levy referendum/local public question
April 23	Public notice of referendum public question is published 10 days before vote
May 4	Primary Election Day. Vote on tax levy referendum
May 5	Following voter approval, Circuit Court Clerk certifies vote to City-County Council
May 10	City-Council Council notifies School Town that it is authorized to collect specified levy.

Summary

The referendum process provided an opportunity for more of the homeowners in the community to learn about the needs and successes of the school district. Using a large number of citizens on the Efficiency Committee and the Political Advisory Committee was critical. There was a genuine effort to make the community an active partner in determining priorities and solutions. As the early polling indicated and the election day results demonstrated, a significant percentage of homeowners value the schools and feel that what is in place is worthy of keeping. With 86% supporting the referendum, it appears clear that the failure to give the community an opportunity to participate in a referendum to maintain the quality that is traditionally expected would have been a mistake. Collaboration, communication, and community involvement worked.