Indiana’s design for school funding was intended to provide public schools with equitable funding. The amount of funding each school receives is based on “per pupil” amounts. The funding for each school is derived from a base or “foundation” amount (80% of the total per pupil amount) plus a supplemental amount from a “complexity” grant (approximately 20%). For FY2015, the state will provide public schools with $4,622,109,760 in foundation funding and $1,185,400,960 in complexity grant funds.

This system works well for many Indiana school districts, but for some it does not. The complexity funding is based solely on the percentage of students with family incomes below 185% of the poverty level, so school districts get vastly differing amounts of money per pupil across all enrollees. While it can be expected that some districts would be less impacted by poverty, this creates grossly underfunded “outlier” school corporations including Batesville, Southwest Allen, Barr-Reeve, Southeast Dubois, West Lafayette, Carmel, Munster, Zionsville, and Hamilton Southeastern. But it also impacts smaller rural schools like Fairfield, Lanesville, East Porter, Union Township, Rossville, and Sunman-Dearborn. These districts receive hundreds of dollars per pupil less than the state average and thousands of dollars less per pupil than those schools at the top of the state funding list.

This disparity disproportionately impacts the state’s highest performing schools, Fairfield among them. For example, State funding will supply $5,118 per pupil in FY2015 to Fairfield. This is made up of $4,587 in foundation amount plus $531 in complexity index funding. Out of over 350 school districts and academies in the State, Fairfield is 19th from the BOTTOM in per pupil funding. While Fairfield receives $531 in complexity funding, there are districts in the State that receive between 4 and 5 times that much. The Indiana per pupil average for funding is $5,793 combined foundation and complexity dollars. Looking at that difference, if Fairfield received the State average, that would mean an additional $675 per student. When multiplied across the district’s ADM of 1993.36, the difference represents approximately $1.345 million.

How did this happen? Before law changed in 2008, Indiana communities self-funded a portion of their local schools’ General Funds. The General Fund is the main, core mission fund for Indiana’s schools. Starting in 2009, many school districts fell to the bottom in funding. In a nutshell, here’s what happened:

2. State law allowed no local funding to support local schools’ General Funds, but took what had been local income and elevated (to 7%) sales taxes into the State funding formula for redistribution.
3. The state gave some districts back among the smallest portions in per pupil funding (well below the average per pupil funding in Indiana). On top of all these changes in the system of funding schools, in December 2009, State education funding was cut by $350M, accumulating to approximately a $1.5 BILLION loss over 5 years. After budget “increases” to education the past two years, Fairfield Schools is finally back to the spending level of 2010 and this is still far below the State average.
4. Under the banner of “school choice” over the last several years, charter schools have been encouraged and vouchers have been made available for parents to use tax payer dollars to send their children to private schools. In the process the public schools—many of
which have been offering choice by accepting transfer tuition students—see their funds siphoned off.

5. The State legislature made it the law that a community’s only recourse to fund its schools properly is through referendum. This becomes a system of “double taxation,” whereby communities pay for the schools they want, first, by state income and sales tax they pay to the State but do not see all returned to the local schools and, second, by increases to local property taxes through a referendum.

Double taxation through referendum has already been required by many school districts to prevent teacher cuts, lost programs, and skyrocketing class sizes. These communities have faced and many more will face the necessity of double taxation through referendum to thrive as many of these districts are receiving less than they would choose locally to put into their schools. This double taxation is bad for taxpayers and business, and it creates serial instability for Indiana schools. There is no need for this double taxation when there could be a more equitable funding formula.

Despite operating on four-year-old funding levels and receiving less than any other Elkhart County school district, Fairfield Schools has continued to thrive and the school board and administration has shielded families from the effects of these cuts. No programs have been cut, course offerings and opportunities for students in vocational and academic programs have grown, there has been no pay-to-play instituted for sports, and we have maintained high levels of achievement across many measures. The district is adding class space for programs because this is not paid for out of General Fund, and Fairfield is moving toward inquiry and more secondary pathways and Early College because of partnerships and grants. By all outward appearances, the district is doing well.

However, the disparity in funding is pushing Fairfield to the brink. Prior to last year, teachers, support staff, and administrators all took a 4-year pay freeze in order to not lay off any teachers and maintain the quality of programs for our students. The new teacher evaluation model expects the district to evaluate and rate teachers and pay them for performance; however, in order to do that for 2014 and in 2015, we have budgeted eating into cash reserves to be able to provide teachers and support staff something for their work on behalf of children. For both 2014 and 2015 funding from the State was less or basically flat despite growing 20 students in 2013 and growing another 6 in 2014. While many employees appreciate the supportive families and the teaching environment in our schools, we have lost quality teachers to districts that can pay them more. We struggle to find good classroom assistants and paraprofessionals when they can earn more in surrounding districts. Our elementary schools are not all staffed by full-time guidance counselors. Looking to changes to curriculum and expanding programs, the district faces a challenge at hiring the staff needed to meet student needs.

Looking to the future of the district and the upcoming budget session of the General Assembly, Fairfield Schools will ask that State legislators examine carefully the current funding formula and seek ways to promote equity in the funding per pupil so as to avoid double taxation in select communities. Two clear ways to do this would be:

1. To establish a “floor” to the complexity index to ensure that no schools fall below certain funding levels while not taking funding away from districts that rely on those funds, and

2. To place any new funding for education spending into the foundation amount that goes to support ALL students

Such equity serves to strengthen our schools and our community, an idea parents, business, industry, and civic leaders should all appreciate and support. For, our students deserve no less.