

During the months leading up to the referendum vote in 2016, I answered questions and shared pertinent data during each school board meeting. As the educational leader of this district, I feel the need to do so again during this process.

First a little history: In 2008, Governor Mitch Daniels in his state of the state address stated that Indiana needed to reduce the spending on education. His answer/proposal was that any school corporation with less than 2,000 students needed to be considered for consolidation. The legislature did not pass that actual legislative bill. But, they did pass bills to put in place tax caps, elimination of local taxes to be used in the general fund, allowed referendums for the first time and raised the sales tax. The government began the process of fully funding the general fund of all schools on a per/pupil amount and they repealed school corporation boundaries and instituted competition for students, because students equaled dollars. On top of all that, they took money that was going to public schools and shared it with private and charter schools in the name of school choice. Every public school corporation in the state has been affected in some way by what happened with that legislation and it still effects school today. General fund referendums have been run. School corporations have been closed and individual schools have been closed. Employees in many school corporations have gone years without raises and in some cases even taken pay cuts just to keep things afloat. Schools have compensated by raising class sizes and eliminating numerous teaching positions. What we are currently dealing with is an issue that is prevalent everywhere. This is not unique to Northeast Dubois.

I would like to take a little time tonight to address some common themes or questions I hear in the public meetings and share some data.

#1 Enrollment trends –share charts from other schools

George shared our enrollment trend at the first public meeting and as you can see we have been trending down for quite some time. Here are enrollment trends for our neighboring schools (Enrollments Handout). As you can see the trends are similar everywhere. That is the reality for all area school corporations, not just Northeast Dubois.

#2 What has been the funding trend for ND?

(F2019 Tuition support per ADM) is a chart that shows the amount received per student for every school corporation in the state. As you can see we are very near the bottom.

(Revenue from state) is a handout showing the funding we have received in recent years. As you can see we are receiving less money each year, except last year. Next year will be a deficit again based on kindergarten enrollment that was shared earlier. George Link shared at the first or second public meeting that 50% of the referendum money is now covering the losses in revenue due to declining enrollment. Based on the kindergarten enrollment that was shared, we stand to lose another \$150,000, which means now, 75% of the referendum money will be used to cover losses in revenue due to declining revenue.

Another question that came up at the last public work session asked about cash balances and surplus money. First of all cash balances are not surplus money, all money we receive is appropriated, in other words planned for spending. We get paid twice a year and must plan accordingly. Cash balances keep the district from borrowing money to pay the bills until the next draw. When we do a budget for the year, we have to plan to spend every dollar we get or we do not get that money. In simple terms, we have to plan how we are going to spend it and the DLGF will set the tax rate so we get that money. But, the DLGF will not go past the tax caps that are established. We strive to receive the maximum each year that is how the game is played. If we don't spend on something we planned for there can be some surplus money, but there is always the chance that something comes up we did not plan for. This year in December I transferred \$200,000 into the Rainy Day Fund., yes this was surplus money. The Rainy Day fund is for unexpected expenses. I also put money in rainy day with the plan to spend some of it at a later date, something that I know we will have to purchase, but I put off as long as we can. For example, I know I will need to buy a bus very soon. I have not bought a large bus during my entire tenure. We are currently using a 22 year old bus and when it goes out it will cost \$90,000 to replace. I have held back in purchasing the bus in order to build back up our rainy day fund. The rainy day fund was drained very low prior to the referendum for general fund expenses. The bus continues to pass inspection so I know it is safe, so, no one leaves here thinking I am putting our kids at risk. Many schools, including Northeast Dubois have used this Rainy day money to give stipends (bonuses) to staff because of declining revenue in the general fund. It's not only difficult to give a raise when your funding declines it is actually illegal. There is a law that states it is illegal for a school board to enter into a contract that puts them in a financial deficit.

#3 Why now, why not later, why has it taken so long?

The short answer to all three questions is very simple, this is extremely difficult. No one wants to close a school building. No one wants to raise taxes. No one wants to tell someone "no you can't have that", or "no we can't do that." No one has a desire to be the bad guy. The bottom line is our legislature is giving us the money they can give and we must live with it. It is up to the board to make these difficult decisions. It all comes down to trust, patrons need to know that we are considering all options in making these painstaking decisions that none of us want to make, but we have to for the sake of our children first and school corporation second.

This process does not need to be about what are we losing, but in fact can and will be about what we stand to gain. And our focus must be about what is best for all students! There are benefits to having teachers who teach the same grade levels or the same subjects with classrooms side by side sharing ideas, collaborating on lessons and helping to support students who need it the most. Teachers sharing new students who enroll in our buildings during the school year, there were 50 such students so far this year. There are benefits to having equal amounts of students in each of the grade level classrooms. There are benefits to having 7th and 8th graders in the current high school so that they can have access to the equipment in classrooms such as the PLTW classroom, the FACS room, the wood shop, the agriculture shop, the track, the soccer field, the pool and the tennis courts.

If our focus is truly on giving our children the best education we can, our very first need is to equip the classroom with outstanding teachers and support staff. And we do just that! But, this will not continue if we can't give raises for 5 years at a time, like we did previously. Part of this project needs to be about setting this school system up financially in order to have the stability to pay our staff regularly. In addition our classrooms need the equipment necessary for our children to compete in a global society. We need high speed internet at the lowest cost. We must offer the courses that are required by the Department of Education in order for students to graduate. We must offer pathway options for students to take classes in their interest areas.

We need to meet the needs of all children academically, socially and emotionally. We need to set them up for success now and in the future. That truly is the vision and mission of this project. And that is a huge responsibility that the board and I will truly take seriously, because we have to because these are our students and that is why we exist!

I plan to share more and more data with the board at the work sessions in the coming weeks. I want to share some information about a school corporation that comes up often in conversation as a success story and that is Barr Reeve. The Barr Reeve school board recently approved a \$12,000,000 building project in order to add the elementary onto their jr/sr high. They are moving from two buildings to one. They are in their sixth year of their referendum which passed at 35 cents and they have every intention to continue the referendum and place it on the ballot in 2020.

Northeast Dubois is thriving in spite of the parameters placed on it by legislative action. We have and will have a school corporation that we can all be proud of today and tomorrow. The school board and I appreciate the tremendous support and trust from everyone as we work through this process.

Thank you,

William G. Hochgesang
Superintendent, Northeast Dubois