

Update on Indiana School District Referenda: Legislative Changes and Primary Election Outcomes of 2011

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VOLUME 9, NUMBER 1, SPRING 2011

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INTRODUCTION

The May primary election added seven school district referenda to the total number occurring in Indiana since 2008, three of which passed and four of which were rejected by voters. In the 2011 primary election, there were five General Fund referenda and two construction referenda. Of General Fund referenda, two passed (Crown Point Community School Corporation and M.S.D. of Perry Township) and three failed (North Adams Community Schools, Franklin Township Community School Corporation, and Avon Community School Corporation). Of the three General Fund referenda within the Indianapolis metropolitan area, only one passed. Of the construction referenda, one passed (M.S.D. of Perry Township) and one failed (Oak Hill United School Corporation). See Tables 1 and 2 for additional details on the May 2011 referenda.

Of the 67 referenda since 2008, 27 (40.3%) have passed (15 General Fund, 12 construction) and 40 (59.7%) have failed (18 General Fund, 22 construction). Of the 33 General Fund referenda since 2008, 21 occurred within the Indianapolis metro area, of which eight passed (53.3% of the 15 passing General Fund referenda statewide). The passage rate of General Fund referenda within the Indianapolis metro area is currently lower than the statewide passage rate (38.0% vs. 45.5%). Of the 34 construction referenda since 2008, 11 occurred within the Indianapolis metro area, six of which passed (50% of the 12 passing construction referenda statewide). The passage rate of construction referenda within the Indianapolis metro area is currently better than the statewide average (54.5% vs. 35.3%). For statewide summaries of all referenda, General Fund referenda, and construction referenda, please

see Tables 3, 4, and 5, respectively. Details on all Indiana school district referenda since 2008 can be found on CEEP's online *Database of Indiana School Referenda*.

The law governing school district referenda was also changed this year during the 2011 session of the Indiana General Assembly. This may impact the outcomes of future referenda and school district leaders should acquaint themselves with the changes to the referendum process. This policy brief summarizes the key provisions of House Enrolled Act 1238 and shares the perspectives of three superintendents and a political consultant who were involved in referendum campaigns in May.

Digest of House Enrolled Act 1238 - 2011

House Enrolled Act (HEA) 1238 enacts several changes to statutory language governing the approval of ballot questions and campaigning by school corporation officials. This brief digest will highlight the major changes in the bill and the citations of Indiana Code which they affect.

Construction Referenda

As described in the CEEP School Referenda in Indiana Education Policy Brief (Hiller & Spradlin [2010], *Update on School Referenda*, Bloomington, IN: CEEP), school construction projects currently fall under a dual system of approval. Elementary school projects under \$10 million, high school projects under \$20 million, and other projects under \$12 million fall under the petition and remonstrance process whereas projects exceeding those limits are subject to school construction referenda.

(Continued on page 7)

Table 1. May 3, 2011 General Fund Referenda

School Corporation	Total Amount Sought Per Year*	Increase in Property Tax Sought (per \$100 valuation)	Pass	Fail
North Adams Community Schools	\$1,250,000	\$0.2045	14%	86%
Crown Point Community School Corp.	\$5,000,000	\$0.21	60%	40%
Franklin Township Community School Corp.	\$13,000,000	\$0.75	36%	64%
Avon Community School Corp.	\$3,400,000	\$0.1705	37%	63%
MSD of Perry Township	\$10,000,000	\$0.3078	58%	42%

Table 2. May 3, 2011 Construction Referenda

School Corporation	Total Amount Sought	Increase in Property Tax Sought (per \$100 valuation)	Pass	Fail
MSD of Perry Township	\$50,000,000	\$0.1371	57%	43%
Oak Hill United School Corp.	\$28,400,000	\$0.8723	18%	82%

Table 3. Results of ALL Referenda

	Total Referenda	Number Passed	% Passed	Number Failed	% Failed
All to date	67	27	40.3%	40	59.7%
2011 (May)	7	3	42.9%	4	57.1%
2010 (May/Nov.)	34 (16/18)	14 (8/6)	41.2% (50.0%/33.3%)	20 (8/12)	58.8% (50.0%/66.7%)
2009	21	6	28.6%	15	71.4%
2008	5	4	80.0%	1	20.0%

Table 4. Results of GENERAL FUND Referenda

	Total Referenda	Number Passed	% Passed	Number Failed	% Failed
All to date	33	15	45.5%	18	54.5%
2011 (May)	5	2	40%	3	60%
2010 (May/Nov.)	22 (9/13)	9 (5/4)	40.9% (55.6%/30.8%)	13 (4/9)	59.1% (44.4%/69.2%)
2009	6	4	66.7%	2	33.3%
2008	0	0	-	0	-

Table 5. Results of CONSTRUCTION Referenda

	Total Referenda	Number Passed	% Passed	Number Failed	% Failed
All to date	34	12	35.3%	22	64.7%
2011 (May)	2	1	50%	1	50%
2010 (May/Nov.)	12 (7/5)	5 (3/2)	41.7% (42.9%/40.0%)	7 (4/3)	58.3% (57.1%/60.0%)
2009	15	2	13.3%	13	86.7%
2008	5	4	80.0%	1	20.0%

Policy Perspective

THE REFERENDUM THAT WON'T PASS

Dr. Wally Bourke



I am convinced that a referendum to increase property taxes to benefit schools in Franklin Township will simply not pass. We have lost two attempts to pass a referendum in a school district that has what is arguably the greatest property tax crisis in the state of Indiana. By recent figures provided by the Legislative Services Agency, the actual 2011 circuit breaker credit for FTCSC as a percentage of our total levy less debt service is 174%. If our referendum had passed, property owners in Franklin Township would have paid a lower tax rate in 2012 than they paid in 2009. I would like to be able to identify changes in campaign strategies, messages, political organization, or branding that would have made a difference; however, I believe our problems are much more fundamental. We are beginning to see factors that prevented a successful referenda in FTCSC, that are embedded in our community and our school district. I believe that as more and more school districts in Indiana are forced to seek referenda in order to retain teachers, programs, and important services to families, factors which influence the outcomes will be identifiable and predictive.

In 2007, the Indiana Department of Education ranked FTCSC as the fourth fastest growing school corporation in the State of Indiana. Our population had increased by 2,598 students (46%) in the previous six years. Growth led to construction of new facilities, which came with new debt. The existence of deep debt was a tremendous issue in our referendum. I believe community demographics were also factors in determining the outcome. The segment of our voting population without school-age children, coupled with those over the age of retirement, became a major source of opposition to the increase in property taxes that we requested. I believe that the tax base in Franklin Township also played a major role in deciding the outcome. The Marion County Treasurer's Office estimates that 85% of the assessed valuation in our community is residential property. A high percentage of farm acreage is a similar obstacle to overcome in a referendum. In any case where there is little commercial or industrial property taxed at the three percent cap, a referendum will be difficult. Lastly, I believe the outcome of our referendum was influenced by the size of the tax rate increase that we proposed. The assessed valuation of Franklin Township has decreased by 50% over the past five years. We asked for a tax rate increase of \$0.75 per \$100 of net assessed value in order to generate the funds necessary to maintain our class sizes, programs, and services in the worst case scenario. It was a large pill for taxpayers to swallow.

If we can assert that combinations of debt, demographics, tax base, and required tax rate can nullify a school corporation's chance of passing a referendum, and I believe that we can, the result will be a system of "haves" and "have-nots" in Indiana. Unfortunately, FTCSC has secured its place among the "have-nots." Recently adopted legislation should make it easier for good teachers to be mobile and constantly seek better compensation for their skills and successes. Resource-poor school districts will have a difficult time retaining high quality classroom teachers and providing expected services, which will lead families to choose resource-rich districts. Enrollments in financially strapped districts will subsequently decline and will result in even fewer resources.

The real problem for school districts with a combination of factors that simply preclude passing a referendum is to stop this cycle of decline. FTCSC will rely upon teachers not only committed to their profession, but to our community as well. Our students must continue to achieve and perform at high levels in order to keep families connected to our schools. It is our real challenge for the future.

**Dr. Wally Bourke is Superintendent of Schools,
Metropolitan School District of Franklin Township, Indiana**

Policy Perspective

THE CARE CAMPAIGN

Dr. Teresa A. Eineman



Photo by The Times

After interviewing several companies specializing in consensus building and strategic planning for school referenda in other states, I felt a void of expertise in specific strategies to win a “political” campaign (only difference is children are the faces on the campaign buttons rather than politicians). A “political” strategist was hired in early fall of 2010 to help us focus our message and then, if the School Board chose to move forward with a referendum, would manage the “political” campaign.

Our strategist defined the importance of differentiating the message to various demographics in the community. This “targeted marketing” of the message was managed throughout the campaign. The first stage of the campaign was communicating the “mind-numbing” data to the rational mind of a potential voter.

In the fall, the community at large was made aware of the financial pressures the state was placing on the General Fund. Community forums were conducted in November 2010 featuring Larry DeBoer, Purdue University economist and state policy expert, and Colette Irwin-Knott, with H.P. Umbaugh & Associates. Mrs. Irwin-Knott conducted a review of our budget and provided revenue and expense projections for the next seven years. The impacts of several referendum rates on the property taxpayers were also outlined. Opportunity for public comment during a breakout session with building administrators allowed time for everyone to ask questions and provide input. Effort was expanded and rewarded to attract 450 citizens to these forums.

Throughout the fall and into the spring, individual meetings were held with stakeholders, community leaders, parent leaders, business owners, parochial school leaders, and elected officials. Over 400 meetings took place over a period of eight months. These community friends became the second layer of the foundation, in addition to the employees, for having a complete understanding of the school corporation’s financial situation. Many of these friends joined the campaign as active leaders and volunteers. All but one person agreed to be included in our network of leaders.

After evaluating the community input, the school board decided in December 2010 to proceed with a referendum on the May 2011 ballot. In preparation for the campaign, a Political Action Committee was formed. The committee’s primary mission was to identify our supporters and make certain they voted.

The messaging during the campaign was focused on likely voters who would support the referendum. The focus was on a positive campaign that centered on looking toward the future vibrancy of our community. Targeting that emotional message to likely voters who were also targeted as likely supporters was the basis for the marketing of the referendum. This strategy means that broad-based types of advertising such as billboards and newspaper ads would not be used.

Phone banks manned by local volunteers and walking door-to-door for two hours, five days a week were the most effective means of targeting the message. Only households that had been identified as likely voters were called or visited. Supporters were identified during this process and a central web-based database kept track of these supporters.

On Election Day, volunteer poll watchers reported who had voted to the central command in order to cross-reference the database of supporters. Those supporters of the referendum who had not voted by 11:00 a.m. were called or visited by volunteers to encourage them to vote.

Polling done two months prior to the election showed us within a statistical margin of error of a dead heat after presenting the mind-numbing data to satisfy the voters’ rational minds. The winning strategy the last two months satisfied the voters’ emotional minds with the personal contacts by phone calls and door-to-door conversations. By keeping our message positive and focused on those likely to vote, we ended up with a 60% plurality. Turnout was almost double a usual municipal primary election in the school district.

A long tradition of excellence in our schools is protected for future generations by a community that showed it “cares” for kids by voting in the affirmative on May 3, 2011.

Theodore Roosevelt said, “Nobody cares how much you know until they know how much you care!” Psychologists agree, as human behavior is driven by a rational mind and an emotional mind. The Crown Point Community School Corporation designed a referendum campaign that addressed both drivers of human behavior. This design produced a 100% increase in voter participation for our school corporation referendum election; as well as a resounding victory margin of 20%. Here is our story in 900 words or less.

The Crown Point Community School Corporation understood the need to begin planning for a referendum in the spring of 2009. The 2009-10 school year involved communicating to our 900 faculty and staff members about the increasing financial pressures on the General Fund. Our financial position in the bottom 5% of all school corporations and charter school associations for tuition support in Indiana left no room for the negative impact of property tax reforms and economy-based reductions. Communication within our school corporation created the foundation for expanding that message later.

After the May 2010 primaries, I contacted many of the superintendents involved in successful and failed referenda. From these conversations, I came away with the importance of a communication plan between the school corporation and the community. It also became clear that the school corporation was about to enter into a “political” campaign; one that required expertise in areas that were unfamiliar to my profession.

(* Photo courtesy of The Times of Northwest Indiana)

Dr. Teresa A. Eineman is Superintendent of Crown Point School Corporation

Policy Perspective

A TARGETED APPROACH TO SUCCESSFUL REFERENDA CAMPAIGNS

Steve Klink



The key to a school corporation's success in seeking a referendum lies in making sure decisions along the path to election day are driven by reliable data. School corporation leaders preparing to seek a referendum, either to address inadequate state support of their General Fund or a building referendum to address facility inadequacies and safety concerns, need to thoroughly evaluate and prepare their district for a referendum campaign.

Much like deciding on the right candidate for office, for the voter, a referendum is a question of trust. Here, the "candidate" is the school administration and a unified school board. The voter asks, "Can I trust you, the school officials, to do the right thing with this additional money? Some voters cast a "yes" vote when they believe the referendum will improve or maintain a high-quality educational environment. Many "yes" voters believe you will improve or maintain a quality of life in their community that will increase their property values and economic development opportunities.

Parents, of course, already trust schools with their children; why wouldn't they agree with the need for a referendum? Most school leaders believe they have parental support. I constantly hear, "If we just get our parents out to vote, we can win!" Most polls show that the parents' votes usually reflect those of the entire community. If the community is against the referendum, 55% to 45%, it is likely the parents are as well.

Truly, the single most important aspect to a referendum campaign is scientific research of the likely voters in the school district. Scientific research provides schools the advantage in campaign and messaging strategy decisions. It is important not to measure just the reaction to questions and learn the voters "wants," but rather measure how they will vote once they hear the trade-offs and costs involved in their vote.

From this data, the demographics of the likely supporters begin to form. Matching this data to the list of likely voters yields the most productive list of targeted community members that will result in the votes the school system hopes for at the polls. These are the people who receive the tested messages. Some of these voters receive invitations to individual meetings that explain the details of the issue. Phone banks, door-to-door canvassing, and direct mail target your referendum marketing to these likely voters and likely supporters.

Simultaneously, the outward marketing to the entire community highlights the school corporation success stories. Student achievements, school district honors, teacher awards, national or state recognition, athletic success, public service, and community involvement are the accomplishments that should be promoted to the entire community. Meanwhile, the marketing of the referendum takes place to the target list of voters who can really make a difference.

This target marketing approach is also respectful of the opposition. There are valid reasons to be against raising taxes, and supporters of the referendum must curb their enthusiasm so as not to engage opponents that could become "matches" that light other fires.

A referendum campaign must be positive. Too many referendum campaigns remind me of the "finger-waving" teacher saying, "If you don't do this, then I am going to send you to the principal!" The typical voter reaction to threats is, "OK, I dare you! Let's see if you will really carry through with your threats." Unfortunately, there is an inherent lack of trust among most voters. School systems must work to build trust and, at the same time, a sense of community.

The marketing goal of the schools should be to focus on a message of optimism. "This is our problem, but here is the solution (vote yes), and if we all vote yes, here is what the future looks like for our students and our community." If the campaign is executed correctly, not only will a referendum campaign be successful at the ballot box, the entire community will bask in a "golden glow" with the common goal of ensuring quality education in the area schools.

Steve Klink is a political strategist with expertise in campaign management, political strategy and targeted marketing. Steve resides in Lafayette and may be contacted at sklink@nlci.com.

Policy Perspective

A GENERAL FUND REFERENDUM PERSPECTIVE THAT COVERS THE PAST FOUR YEARS

Wylie Sirk



Our school district has had declining enrollment and financial difficulties for the past 10 years. A \$2 million reduction in the General Fund and a reduction of over 40 employees were completed during the past four years. Three years ago, the School Board and Administration started talks about additional ways to address the shortfall. The General Fund Referendum was one of those strategies considered, but was thought to be too difficult for our community to handle. At that time, unemployment in Adams County was close to 15%. Today it is less than 9%.

Two years ago, a Financial Advisory Committee with representation from community, parents, teachers, and administration was formed to examine ways to reduce the budget and expenses. This group made several recommendations that included closing an elementary building and seeking a General Fund Referendum. The Board did take measures and closed an elementary building for the 2010-11 school year.

In April 2010, a General Fund Referendum Committee with representation from community, parents, teachers, and administration was formed to examine the referendum concept. After a four-month study by the committee, in August 2010 a recommendation to request a General Fund Referendum was presented to the School Board. The Board reviewed this recommendation and learning the timeline for the resolution to vote, the Board tabled the recommendation until January 2011.

On February 7, 2011, the School Board approved a resolution for the General Fund Referendum with a vote of 4-1. The concern expressed in the Board meeting was for the large landowners, farmers, and unemployed people.

During this period, prior to the Board's final decision in February 2011, information was presented publicly and through the school district's website. However, after the Board's decision, the General Fund Referendum Committee began diligently working on strategies for communicating to the general public and school community the specific information that led to the decision for seeking a referendum. We determined our focus would be to promote North Adams Community Schools as a school of choice and present the high quality of education which we offer. We developed flyers that were taken door-to-door. We demonstrated in the flyer that North Adams is committed to:

- Continuing to offer our high-quality education
- Continuing to employ our great teachers and staff
- Continuing to keep our class sizes manageable

We also held area meetings throughout the school district. We presented the basic information at the meetings and then allowed for questions and discussion. Those in attendance at every meeting gave thanks for offering information and going out to the public.

In addition, we wrote articles that explained steps that had been taken to address the shortfall, a description of the school funds and how they do not cross over into other funding, and how the additional taxes would directly impact the property owner. We published the

DLGF's tax calculator website that figures the increase from the referendum. There was a local radio interview conducted which shared this same information from the newspaper articles, and the local Chamber of Commerce published an article in their newsletter.

Our goal was to present a vision of high levels of academic achievement through our excellent teachers and staff and exemplary programming for all North Adams students. I believe we did share this message clearly. All along we said that this referendum would go to the people and they would determine the outcome.

Our community of Decatur, Indiana, is largely rural with a small town of just under 10,000 people. There was around 20% voter turnout on May 3rd. The majority of the voters were from the townships, with a no vote of around 85% and 15% yes. Those that spoke out in numbers were the large landowners, farmers, and the local business. The property tax structure does place the greatest burden on these areas. Many of these individuals do not have children in school.

Now that the vote is complete, we have been given local direction for our school district. We already recognize our personnel will continue to be reduced and we continue to look for efficiencies and other ways to complete our educational programming for all of our students. Excellence in education continues to be the primary goal at North Adams Community Schools.

**Wylie Sirk is Superintendent of North Adams
Community Schools**

(Continued from page 1)

HEA 1238 brings only one change to the language on projects subject to the petition and remonstrance process. IC 6-1.1-20-3.1(c) adds language which prohibits school corporations (or other political subdivisions) from artificially dividing capital projects into multiple smaller projects in order to avoid the provisions of IC 6-1.1-20-3.1 or IC 6-1.1-20-3.2. No additional language is provided as to what precisely constitutes dividing such projects.

The bill brings several changes to construction referenda. The first change regards the language and certification of the ballot question. For ballot questions submitted after April 30, 2011, IC 6-1.1-20-3.6(e) requires the question to be reviewed by the Department of Local Government Finance (DLGF) before it can be certified by the county auditor. This provision requires the DLGF to review the question within 10 days of receiving it to ensure it is accurate and does not reflect any bias for or against the referendum. If approved, the DLGF certifies the question to the county auditor and the county election board. If the DLGF does not approve, the school corporation must review the question and resubmit it to the DLGF for final approval.

The majority of changes brought by this bill affect the manner in which employees of a school corporation may advocate for or against a referendum. HEA 1238 amends IC 6-1.1-20-10 (for petition and remonstrance projects) and IC 6-1.1-20-10.1 (for referenda projects) using the same language. The changes generally clarify the law's original intention that school property and funds may not be used to promote a position on a petition and remonstrance drive for a referendum (unless equal access is given to supporters of the opposite position) IC 6-1.1-20-10(a)(1)).

The original statute states that an employee may not be used to promote or compelled to promote a position in a referendum; the new language allows for employees to voluntarily assist another employee in presenting information if requested to do so. Exceptions to this provision are linked to subsection (f). If the employee presenting information is someone other than a school board member, school corporation superintendent, assistant superintendent, or a chief

school business official, public funds may not be used. If the information is presented to students, it may not occur during normal school hours. (IC 6-1.1-20-10(a)(3))

A new subsection added by the legislation applies specifically to school corporations stating that a discussion of a petition and remonstrance (or referendum) cannot be initiated by teachers (or other school officials) in a meeting between a teacher and parents of a student regarding a student's performance or behavior. The provision does allow for a teacher to direct parents to factual information should the parents initiate discussion. (IC 6-1.1-20-10(a)(4)(C)) The bill does add language to clarify that school officials are not prohibited from carrying out duties associated with a petition and remonstrance (or referendum), including the "furnishing of factual information ... in response to inquiries from any person." (IC 6-1.1-20-10(a))

Another new subsection provides for two exceptions to the restrictions contained within the law regarding advocating for a certain position. These exceptions allow for: 1) personal expenditures on the part of school corporation employees, and 2) expenditures by people or organizations which have an arrangement solely for use of school corporation facilities. (IC 6-1.1-20-10(d))

A restriction on expenditures still applies to people or organizations which have arrangements providing the school corporation with goods or services.

One final change to this language of advocacy specifies that an elected or appointed public or school official (including school board members, superintendents, or school business officials) may personally advocate for a certain position or discuss a certain position with any person or group. Original language disallows this using of public funds; however, the new language expressly states that advocacy or discussion allowed here is not considered to use public funds. One exception was added to this provision: that the advocacy or discussion with students may not occur during normal school hours. (IC 6-1.1-20-10(f))

The same language is applied to construction referenda in IC 6-1.1-20-10.1, replacing "petition and remonstrance" with "local public question."

General Fund Referenda

Changes in current law for General Fund referenda are largely similar to those for construction referenda, with some changes to certification of the ballot language and the addition of restrictions to advocacy on the part of school corporation employees.

HEA 1238 amends IC 20-46-1-8 to require that school corporations (after April 30, 2011) submit the language for the ballot question to the DLGF for review. The DLGF has 10 days to return a decision to the school corporation. Once approved, the school corporation must certify the language of the question and the DLGF's approval to their local county fiscal body and the circuit court clerk.

Additional amendments to the law are made by the bill to clarify which bodies (i.e., circuit court clerk, school corporation, etc.) certify certain information and to whom, in accordance with the changes made to IC 20-46-1-8. Statutes affected include IC 20-46-1-13, IC 20-46-1-15, and IC 20-46-1-17.

The remainder of changes added by the bill regard advocacy by public and school corporation employees for a General Fund referendum. Under former law, there were no restrictions on advocacy for General Fund referenda. HEA 1238 adds IC 20-46-1-20 as a new section. The language contained in this new section is identical to the amended language for construction referenda (or petition and remonstrance drives). Please see the above discussion for detail on advocacy and discussion in a General Fund referendum.

As this brief digest only discusses changes made to existing law, for a complete understanding of legal restrictions to advocacy and discussion of a position in a referendum, please see HEA 1238-2011, IC 6-1.1-20, and IC 20-46-1.

WEB RESOURCES

CEEP Database of Indiana School Referenda

<http://ceep.indiana.edu/DISR>

Indiana Code regarding construction referenda

<http://www.in.gov/legislative/ic/code/title6/ar1.1/ch20.html>

Indiana Code regarding General Fund referenda

<http://www.in.gov/legislative/ic/code/title20/ar46/ch1.html>

House Enrolled Act 1238 - 2011

<http://www.in.gov/legislative/bills/2011/PDF/HE/HE1238.1.pdf>

Education Policy Briefs are executive edited by Jonathan A. Plucker, Ph.D. and published by the

Center for Evaluation & Education Policy

Indiana University
1900 East Tenth Street
Bloomington, IN 47406-7512
812-855-4438

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