



Dear Friends,

As a candidate for State Representative in District 76, I pledge that if elected one of my top priorities will be to address school funding issues without giving an increasingly higher bill to taxpayers. The solution to driving more dollars to the classroom is simple. It lies in giving our schools more flexibility to spend the money they currently have without being restricted by mandatory segregation of their funds. Under our current system, school districts have specific funds for specific purposes, called funding silos.

By removing the barriers these silos create, we will free local school budgets and un-handcuff administrators as they make tough decisions. As a voter, I hope you'll take the time to read this simple Question and Answer document I've prepared to help you better understand the issue.

Sincerely,

Wendy McNamara
Candidate for State Representative
District 76

Education Funding Silos Q&A

Q. What are funding silos?

A. By law, school systems in Indiana are required to keep money for different areas of their budgets separate. These different budget areas are called funding silos. Unused money in one silo cannot be spent in another.

Q. What are the different funding silos?

A. Schools have a general fund (for teacher salaries, insurance, utilities, etc.), a capital projects fund (for building maintenance, remodeling, repairs, etc.), transportation fund (for school buses, gasoline, etc.), a debt services fund (for paying interest on bonds) and a few smaller funds.

Q. What problems do the funding silos create?

A. Funding silos make it hard for schools to maximize spending efficiencies by treating all schools in a one-size-fits-all manner. By prohibiting schools from spending the money they have across all areas, it creates budget problems in small areas which the total pool of money could help alleviate. Additionally, it provides little to no incentive for schools to create new savings since the savings usually can't be spent in the classroom.

By eliminating most of the silos, we would allow schools to spend money in the way that best suits their local populations, would ease many of the current funding burdens on schools and taxpayers, and would allow schools to be more creative in finding savings.

Q. What is my proposal?

A. I propose that we eliminate most of these silos so that local schools can make the best funding decisions to meet the needs of their students and taxpayers. This may include applying more dollars to hire or retain teachers, investing additional money in technology or using transportation savings to improve buildings. Even if only as a temporary solution for the next few years, this would greatly improve the ability of schools to cope with the national recession.

Q. How does eliminating most of the funding silos ease burdens on schools?

A. Because schools are not allowed to use unused money in one silo to pay for expenses in another silo, they cannot fully maximize the dollars they have.

For instance, if a school finds that they have an extra \$80,000 in the capital projects fund, they are not currently allowed to use that money anywhere else. That handcuffs our schools when budgets become strained. By eliminating the silos and allowing that \$80,000 to be spent elsewhere, such as on technology, it could potentially relieve budgetary stresses elsewhere while providing more resources for our children.

Q. How does eliminating most of the funding silos ease burdens on taxpayers?

A. Voters have clearly voiced their objection to higher taxes by defeating referendums across the state. The fact is, Hoosiers already provide more tax dollars for education than most other states and they feel the strain of the national recession, too. As I noted above, by eliminating most of the silos we ease the burden on schools. By relieving those budgetary pressures, it's likely that schools won't have to ask the taxpayers to chip in more money through the referendum process. At the same time, Hoosiers will know their tax dollars are being spent with maximum efficiency.

Q. How does eliminating most of the funding silos add creativity to the education system?

A. Because schools can't spend money across the silos, there is very little reward for finding the maximum amount of savings. If a school district's transportation budget isn't strained, what incentive is there to find an additional 10% when it can't be spent in another area of the budget?

By removing the barriers the silos create, we give schools that incentive. Under my proposed system, finding creative ways to save money in transportation would mean that more money is available to spend on classroom resources. In the end, schools win, taxpayers win, and most importantly our children win.

Q. Has the state of Indiana ever done anything like this before?

A. In the past, the state has only done this incrementally by allowing schools to move money from the capital projects fund to the general fund to help pay for insurance and utilities. While it's a good start, the amount that can be moved is capped and it is only for very limited purposes. In fact, in 2010 the General Assembly passed HEA1367, which raised those caps slightly, but only for the 2010-2011 school year only. Opening these funds up more, even on a temporary basis as was done in HEA1367, would give schools more flexibility and local control to ensure the needs of their students are met.