Indiana Department of Education
SUPPORTING STUDENT SUCCESS

MEMORANDUM

TO: State Board of Education

FROM: Debra Hineline, Director
Office of Financial Management, Analysis, and Reporting

DATE: September 24, 2007

SUBJECT: Common School Fund Advancements for Construction and Technology Programs

The Office of Financial Management, Analysis, and Reporting received and evaluated applications for construction and technology advancements from the Common School Fund under I.C. 20-49-3 from August 31, 2007 through September 14, 2007. There is $17,073,008.00 available for advancements for these programs.

State Board of Education administrative policies requires that seventy-five percent or $12,804,756.00 will be earmarked for the school building construction program, with the balance of $4,268,252.00 earmarked for the educational technology program.

The Office of Financial Management, Analysis, and Reporting received and evaluated requests for construction loans from 7 corporations during the application period. We request approval of a loan to all 4 corporations in the amount of $4,495,000.00 as follows:

	Corporation	Advancement
4650	Lake Ridge Schools	2,000,000.00
4680	Lake Station Community Schools	325,000.00
4700	Griffith Public Schools	1,180,000.00
3625	Huntington County Community School	990,000.00
	TOTAL	**$4,495,000.00**

These requests represent corporations within the lowest 40% of Assessed Value to ADM.

The three corporations that had loans we are not recommending for approval are 4690 Gary Community School Corporation, 7200 School City of Mishawaka, and 6865 South Ripley.

Gary Community School Corporation requested an advance in the amount of $1,900,000.00. However, the information provided on the scope of their project shows

the roofing project at West Side High School will be the replacement of 1,650,000 square feet of roofing at a cost of $11.00 per square feet. When calculated out this amounts to a project cost of $18,150,000.00. At this time Gary Community School Corporation has not gone through the petition remonstrance process which would be required for a project of this magnitude.

The School City of Mishawaka provided information that the request of $1,900,000.00 was going to be used for infrastructure and remodeling of the Mishawaka High School. When asked for further clarification of the projection they provide documentation that shows the requested funds would be used for construction of sports facilities for Junior and Varsity playing fields for Baseball and Softball as well as a restroom/concession building. As the provision of statute specify that the uses of the loans "do not include facilities used or to be used primarily for interscholastic or extracurricular activities," we do not believe Mishawaka's request meets the letter of the statute.

South Ripley Community School Corporation requested a loan in the amount of $15,000,000.00. They have completed the petition remonstrance process, have held a 1028 hearing, and appeared before the School Property Tax Control Board on September 20, 2007. The petition submitted for this loan specifies that the scope of the project is to upgrade and expand facilities at the South Ripley Jr.-Sr. High School. In reviewing materials documentation from the 1028 hearing the scope of this project would also include an addition of classrooms to accommodate full day kindergarten at the elementary school. In their presentation to the School Property Tax Control Board on the 20th, the school corporation indicated that the Jr.-Sr. High School project includes the building of a gymnasium with seating for over 1,000. The corporation indicated that the lease for a downtown gymnasium located in a retired school complex would expire after this year and would not be renewed. This is the space currently used for extra curricular basketball games. The Control Board recommended approval of the projects as presented. It has been the policy of the State Board of Education in the past to limit the scope of the project to one facility. As the school has not received an order from the Department of Local Government Finance in regards to this project and since the project includes multiple sites, as well as facilities for extra curricular sports, we do not recommend approval of a loan at this time.

Funding the recommended advancements leaves $8,309,756.00 available for loans. We request, based on past practice, that this amount be transferred to Technology advancements to fund additional requests in this area.

The Office of Financial Management, Analysis, and Reporting received and evaluated requests for technology loans from 16 corporations during the application period. We request approval of these loans in the amount of $10,620,310.00 as follows:

	Corporation	**Advancement**
4650	Lake Ridge Schools	150,000.00
4690	Gary Community School Corporation	750,000.00
4710	School City of Hammond	1,261,600.00
2110	Southwest Dubois Co School Corporation	169,600.00

5380	Beech Grove City Schools	216,400.00
4700	Griffith Public Schools	100,000.00
2315	Goshen Community Schools	500,000.00
0940	West Clark Community Schools	348,998.00
5375	MSD Wayne Township	1,237,518.00
0235	Fort Wayne Community Schools	1,950,000.00
7175	Penn-Harris-Madison School Corporation	968,365.00
4580	Hanover Community School Corporation	165,700.00
6520	Porter Township School Corporation	152,700.00
4760	School City of Whiting	78,800.00
7995	Evansville-Vanderburgh School Corporation	1,900,000.00
4600	Merrillville Community School Corporation	670,629.00
	Total	**$10,620,310.00**

The advancements to all corporations represent the amount of their request or $100.00 times their grades 1-12 ADM for 2006-2007 School year.

As a matter of information, the State Board of Finance has established the interest rate for the construction program at 4.0 percent per annum and the educational technology program at 1.0 percent per annum.

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