

**MEMORANDUM**

To: School Superintendents and Principals

From: Melissa Ambre, Director of the Office of School Finance

Date: June 30, 2017

Re: Senate Enrolled Act 196 - School Debt Service Obligations (IC 20-48-1-11)

Background:

The Indiana General Assembly recently passed legislation addressing the CreditWatch placed on Indiana School Corporations AA+ Rating. The passing of this legislation aided in the resolution of this matter addressed in the S&P Global Ratings release announcement on May 15, 2017: "S&P Global Ratings resolved its CreditWatch by revising the outlook to stable on its 'AA+' ratings on Indiana school corporation debt issuances rated based on the Indiana state aid intercept statute." They continued: "The resolution of the CreditWatch and assignment of the stable outlook is based on Indiana adopting Senate Enrolled Act No. 196, which revised the state aid intercept statute." They also stated: "The stable outlook on these state intercept enhanced debt issuances reflects S&P Global Ratings' assessment of the strength of the state aid intercept framework. It also reflects our view that annual state aid and undisbursed state aid for these school corporations will continue to provide sufficient coverage. In addition, it reflects our expectation that the state will remain committed to funding school corporations and to adopting budgets in a timely manner."

Guidance:

If you are pursuing a bond or lease issue, please make sure bond counsel is aware of the provision.

If you have any questions, please contact Melissa Ambre at (317) 232-0841 at [MAmbre@doe.in.gov](mailto:MAmbre@doe.in.gov).