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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** All School Officials

**FROM:** Fred Van Dorp, Budget Division Director

**SUBJECT:** School Transportation Excess Levy Appeal and Bus Replacement Adjustment

**DATE:** August 30, 2019

## Introduction

The purpose of this memorandum is to outline the school corporation transportation levy appeal (IC 20-46-8-3) and bus replacement adjustment (IC 20-46-8-4). This memorandum supersedes the July 5, 2017 memorandum entitled “Bus Replacement Fund Maximum Levy Adjustment Petition,” and the September 14, 2018 memorandum entitled “School Transportation Excess Levy Appeal.”

## Transportation Levy Appeal

Pursuant to IC 20-46-8-3, a school corporation may appeal to the Department of Local Government Finance (“Department”) **on or before October 21** for an increase to its operations fund maximum levy.

To be granted an increase by the Department, a school corporation must establish that the increase is necessary because of a transportation operating cost increase of at least 10% over the preceding year as a result of at least one of the following:

- (1) A fuel expense increase.
- (2) A significant increase in the number of students enrolled in the school corporation that need transportation or a significant increase in the mileage traveled by the school corporation’s buses compared with the previous year.
- (3) A significant increase in the number of students enrolled in special education who need transportation or a significant increase in the mileage traveled by the school corporation’s buses due to students enrolled in special education as compared with the previous year.
- (4) Increased transportation costs due to compliance with a court ordered desegregation plan.
- (5) The closure of a school building within the school corporation that results in a significant increase in the distances that students must be transported to attend another school building.
- (6) A cost increase due to restructuring or redesigning transportation services due to a need for additional, expanded, consolidated, or modified routes.
- (7) A labor cost increase due to a labor shortage affecting the school corporation’s ability to hire qualified transportation employees.

In addition, before the Department may grant a maximum levy increase, the school corporation must establish that the school corporation will be unable to provide transportation services without an increase. The Department may grant an excess levy that is less than the increase requested by the school corporation.

The Department can only approve a levy (including an excess levy) in an amount that does not exceed that which was initially advertised and adopted by the school corporation. A levy increase resulting from a successful appeal is a permanent increase to the school corporation's operations maximum levy.

### **School Bus Replacement Adjustment**

Pursuant to IC 20-46-8-4, a school corporation may appeal to the Department for an adjustment to its maximum operations levy to reflect the school corporation's bus replacement plan as adopted or as amended.

Please note that IC 20-46-8-4 contemplates an adjustment to the maximum operations levy, therefore the levy may be increased or decreased to reflect the bus replacement plan. The school corporation may request a specific amount to increase the levy by, but the Department may modify the increase to the levy, or even decrease the levy, to reflect the bus replacement plan. **The Department will not consider any bus replacement plan that has only been proposed.**

In previous years, the Department has authorized an adjustment for bus replacement as a one-time temporary adjustment, a one-time permanent adjustment, or as a one-time permanent adjustment that was apportioned over the life of the plan. Starting with appeals for the 2020 budget year, the Department intends to grant approvals only as a one-time permanent adjustment apportioned over the life of the plan.

*Templates are attached to this document for use in requesting a transportation appeal and bus replacement adjustment.*

### **Pension Debt Neutralization**

Finally, the Department emphasizes that IC 20-48-1-2 prescribes that each year a debt service levy is needed for purposes of funding retirement or severance liabilities, a school corporation must reduce the total property tax levy for the school corporation's operations fund in an amount equal to the property tax levy needed for the debt service multiplied by an adjustment percentage. The Department cannot approve a proposed transportation appeal or bus replacement adjustment that has been padded or artificially increased in contravention of IC 20-48-1-2.

### **Procedures for Filing an Appeal**

- 1) The school corporation (or appropriate fiscal body) must include the total amount of the excess levy appeal within the maximum estimated levy and on the excess levy appeal line of the Notice to Taxpayers (Budget Form 3). **The appeal amount must be included on both the excess levy appeal line and the estimated operations fund levy line. Failure to include the appeal levy in both places may result in denial of the appeal. For a bus replacement adjustment, an amount must only be included in the Form 3 if it results in an increase to the operations fund levy.**
- 2) The school corporation (or appropriate fiscal body) adopts the school corporation's budgets, rates, and levies for the following year on or before November 1 as required by IC 6-1.1-17-5, and after compliance with all notice and other procedural requirements.
- 3) **Appeal petitions are sent to the Department's Indianapolis office on or before October 21.**
- 4) The Department will review the appeal and make a final decision. The school corporation will be notified of the Department's final action.

School corporation officials must file the following information with the appeal:

- 1) **A copy of Budget Form 3 (Notice to Taxpayers) for the ensuing budget year;**
- 2) **the school board resolution authorizing the appeal;**
- 3) **a completed appeal application (see the attached templates; ALL FIELDS MUST BE COMPLETED); and**
- 4) **any other information supporting the appeal.**

#### **Contact Information**

Questions may be directed to the Department's [Budget Field Representative Team](#).