

STATE OF INDIANA  
EXECUTIVE DEPARTMENT  
INDIANAPOLIS

05-19

**EXECUTIVE ORDER** \_\_\_\_\_

**FOR:** DIRECTIVE TO DEPARTMENT OF LOCAL GOVERNMENT FINANCE  
REGARDING SCHOOL BUILDING PROJECT FINANCINGS

TO ALL WHOM THESE PRESENTS MAY COME, GREETINGS.

**WHEREAS,** education is the largest expense of state government in Indiana, and properly so;

**WHEREAS,** recent practices have led to a disproportionate ratio of facilities spending to academic instruction spending, with the result that too much of what our State spends on public school students is diverted to purposes unrelated to the only result that counts—equipping those students with an education that prepares them for life;

**WHEREAS,** while remaining committed to the principle that every student should have the opportunity to learn in a place of safety and reasonable comfort, the State must take measures to reprioritize the objectives of its education spending, and do so in a manner that places greater emphasis on academic achievement and less emphasis on the size and cost of our school buildings and their non-academic facilities;

**WHEREAS,** the Department of Local Government Finance (DLGF) has the authority, pursuant to IC 6-1.1-19-4.2, to consider the following six factors in determining whether or not to approve a school building construction project:

- the current and proposed square footage of school building space per student,
- enrollment patterns within the school corporation;
- the age and condition of the current school facilities;
- the cost per square foot of the school building construction project;
- the effect that completion of the school building construction project would have on the school corporation's tax rate; and
- any other pertinent matter;

**WHEREAS,** the DLGF has, pursuant to IC 6-1.1-19-8, three months in which to render a decision to approve, disapprove, or approve subject to modification a school corporation's proposed bond issue, lease rental agreement or similar financing arrangement (each, a "school building project financing"), and such period is capable of being extended, with proper notice, for an additional three months;

**WHEREAS,** at this time of fiscal crisis, and as a first step in regaining an appropriate balance between facilities spending and academic instruction spending, the DLGF must exercise the full extent of its statutory authority to scrutinize closely all pending or newly-proposed school building project financings; and

**WHEREAS,** the DLGF should establish guidance to facilitate its efforts to carry out its responsibilities under IC 6-1.1-19-4.2 and IC 6-1.1-19-8 and to ensure that school building project financings are approved only after careful consideration of all pertinent matters;

**NOW, THEREFORE, I, Mitchell E. Daniels, Jr.,** by virtue of the authority vested in me as Governor of the State of Indiana, do hereby order that:

1. Effective as of the date of this Executive Order, and pursuant to its authority under IC 6-1.1-19-8, the DLGF shall impose a 120-day moratorium on the consideration and approval of any school building project financings.
2. The DLGF shall immediately inventory all school building project financings that are currently pending or that have been proposed prior to the date hereof and report such inventory to the Governor and the Director of the Office of Management and Budget.
3. The DLGF shall immediately develop guidance to facilitate its review of school building project financings in accordance with IC 6-1.1-19-4.2 and IC 6-1.1-19-8 and to ensure that any such projects are approved only after careful consideration of the factors set forth in IC 6-1.1-19-4.2, including without limitation all matters deemed pertinent by the DLGF. In developing such guidance, the DLGF shall, for example, give due regard to the ratio of academic facilities to non-academic facilities in, and the effectiveness of the cost structure of, any proposed school building project financing.

4. In the event that any school corporation has, prior to the date of this Executive Order, filed a petition requesting approval from the DLGF to incur bond indebtedness or to enter into a lease rental agreement or other school building project financing, the DLGF shall (i) consider such a petition in the light of the criteria set forth in IC 6-1.1-19-4.2, the guidance developed by the DLGF as described in paragraph 3 above, and the intent and purpose of this Executive Order, and (ii) use such portion of the review period available under IC 6-1.1-19-8 as the DLGF deems appropriate, including any extensions thereof, in deciding whether to approve, disapprove, or approve subject to modification the school building project financing.

5. Upon the conclusion of the 120-day moratorium period, the DLGF shall report to the Governor on whether any rulemaking or legislation may be necessary or appropriate in order to give more permanent or complete effect to the measures described in this Executive Order.



*Todd Rokita*

ATTEST: Todd Rokita  
Secretary of State

IN TESTIMONY WHEREOF, I, Mitchell E. Daniels, Jr., have hereunto set my hand and caused to be affixed the Great Seal of the State of Indiana on this 19<sup>th</sup> day of January, 2005.

*M. E. Daniels, Jr.*  
Mitchell E. Daniels, Jr.  
Governor of Indiana