

A BLUEPRINT FOR EFFICIENCY & EDUCATION: THE INDY CHAMBER IPS ASSESSMENT

When the Indianapolis Public Schools (IPS) started moving forward late last year with plans to ask voters for nearly a billion dollars in new taxes, the business community asked, **“Is there a better way?”**

Over the last four months, the Indy Chamber has led an assessment of IPS finances and operations, finding ways to cut costs and work ‘smarter’ towards three important goals:

Fix the IPS budget, raise teacher salaries and classroom spending, and protect local taxpayers.

The Chamber team worked with the district to find dozens of efficiency opportunities (totaling more than \$400 million), building a financial blueprint that gives long-term fiscal stability, pays teachers and principals more to keep great educators in IPS, and avoids double-digit tax hikes with a realistic referendum plan.

The Indy Chamber is committed to the success of IPS and its students. The district may pursue different tax and spending plans, and we believe the public should have the opportunity to review its options before the IPS Board of Commissioners votes on July 17th on the operating referendum that will be on the November 6th ballot.

KEY FACTS ABOUT THE INDY CHAMBER ASSESSMENT & PROPOSAL

1. The Chamber analysis found \$477M in cost savings, for a plan that works within a \$152M referendum.

The Chamber and its consultants looked across central office operations, facilities and non-classroom staffing, transportation and other areas to identify and recommend dozens of efficiency opportunities.

2. The resulting proposal avoids the double-digit tax increases that accompany higher referenda:

A \$152M (combined operating and capital) referendum yields an average 5.7% tax increase (across all property types); the typical homeowner (\$100,000 residential property) would see a 4.6% increase.

3. The proposal increases pay for all teachers and principals, to recruit and retain excellent educators.

Great principals and teachers make great schools – IPS should offer outstanding pay (higher than surrounding districts) across all schools (including innovation schools). The Chamber model supports 16% pay increases for teachers and \$150,000 annual salaries for principals, with 2% annual increases.

4. The proposal keeps class sizes lower than other Indy-area districts.

IPS loses a quarter of its teachers every year. The new model slows rehiring these openings – reducing teacher headcount through attrition. This would increase student/teacher ratio (from 10/1 to 13/1), but keep class sizes lower than the average of other local districts and cut turnover with higher pay. Research shows that quality teachers make a much greater impact on learning than slight differences in class size.

5. The proposal ‘right sizes’ unused space, to focus resources on real students versus empty seats.

IPS has space for nearly 43,000 students, with enrollment less than 31,000; the Chamber plan reduces unused facilities – cutting roughly 8,600 ‘empty seats’ in three years – to save more than \$100M by 2026.

6. The Chamber would reduce central office expenses to cut costs without cutting classroom resources.

Less than half of every dollar spent by IPS goes to the classroom; because the fastest-growing (innovation) schools operate with less oversight, central office overhead can be reduced (including the possibility of downsizing the existing headquarters). Cutting central office staff by 50% over five years would save \$32M for teacher raises and academic programs.

HIGHLIGHTS: WHERE DO THE SAVINGS COME FROM?

Starting Point - projected deficit, 2019-2026	-318.7M
General Operating Efficiencies and Savings	\$61.5M
Additional Savings	\$8.6M
50% reduction in Central Office staff	\$32.7M
Reduce excess capacity ('empty seats,' unused space)	\$100.4M
Phase out high school bus service (expand IndyGo partnership, increase 'walk zones')	\$121.3M
Reduce other non-instructional personnel	\$18.5M
Execute proposed Broad Ripple High School lease for educational purposes	\$8.0M
Explore sale/lease of Central Office headquarters	\$3.0M
Reduce teacher headcount (12% through attrition)	\$126.3M
Total Efficiency Options	\$477.4M
Surplus after Efficiency Options	\$158.7M
<i>Fund cash reserve (reduced from \$18M to \$15M)</i>	<i>-\$15.0</i>
Fund teacher and principal pay increases	-\$243.2
<i>16% teacher increase, \$150K principal salary, 2% annual raises</i>	
Operating Referendum Need	\$99.5M

The Indy Chamber proposal includes dramatic changes to help IPS 'work smarter' – but keeps per student funding higher than other local districts, pays teachers and principals more, and drives resources to academics instead of administrative overhead. The Chamber will commit to supporting IPS with private resources and technical support through the transition to this new operating model.

Along with the proposed \$52M capital referendum to fund building improvements and safety upgrades, the combined referenda under the Indy Chamber proposal has the following impact:

Referenda Totals (Capital/Operating)	\$152M
Tax Increase (average across property types)	5.7%
Homeowner Tax Increase (\$100,000 home)	4.6%
Total Spending per Student (highest of all metro/major Indiana districts)	\$15,858/student
Teacher/Principal Salary Increases	Fully-funded
Student/Teacher Ratio (below the average of major Indiana districts)	13/1