

Muncie Community Schools



Fiscal Situation & Deficit Reduction Plan Updated 11/13/2017



Scope of MCS, Actual November 2017

Serve children from age 3 to 22 and adults working towards a HS diploma (and potentially an associate's degree)

5115 Traditional Students (Currently 5149)

518.5 Permanent Staff (42% reduction)

| | | |
|---------------------|-------|-----|
| Administrators | 33 | 29 |
| Faculty | 359 | 365 |
| Non-certified Staff | 125.5 | 140 |

Twelve Locations

Six Elementary Schools (PK-5)

Two Middle Schools (6-8)

Muncie Central High School (9-12)

Muncie Area Career Center (9+)

Youth Opportunity Center (6-12)

Camp Adventure

Administrator numbers increased over projections as NMS wasn't closed & EMT approved the addition of an elementary AP position



Major Goals for 2018

Implement our community-based Strategic Plan

Move towards a more personalized and digitally-rich instructional program

Improve the variety and rigor of our curriculum

Create and strengthen the partnerships necessary to ensure our students are ready to learn each day and families are able to be supportive of learning

Address our fiscal and facilities issues

Better engage the public

Begin to develop a coherent corporation-wide professional development program

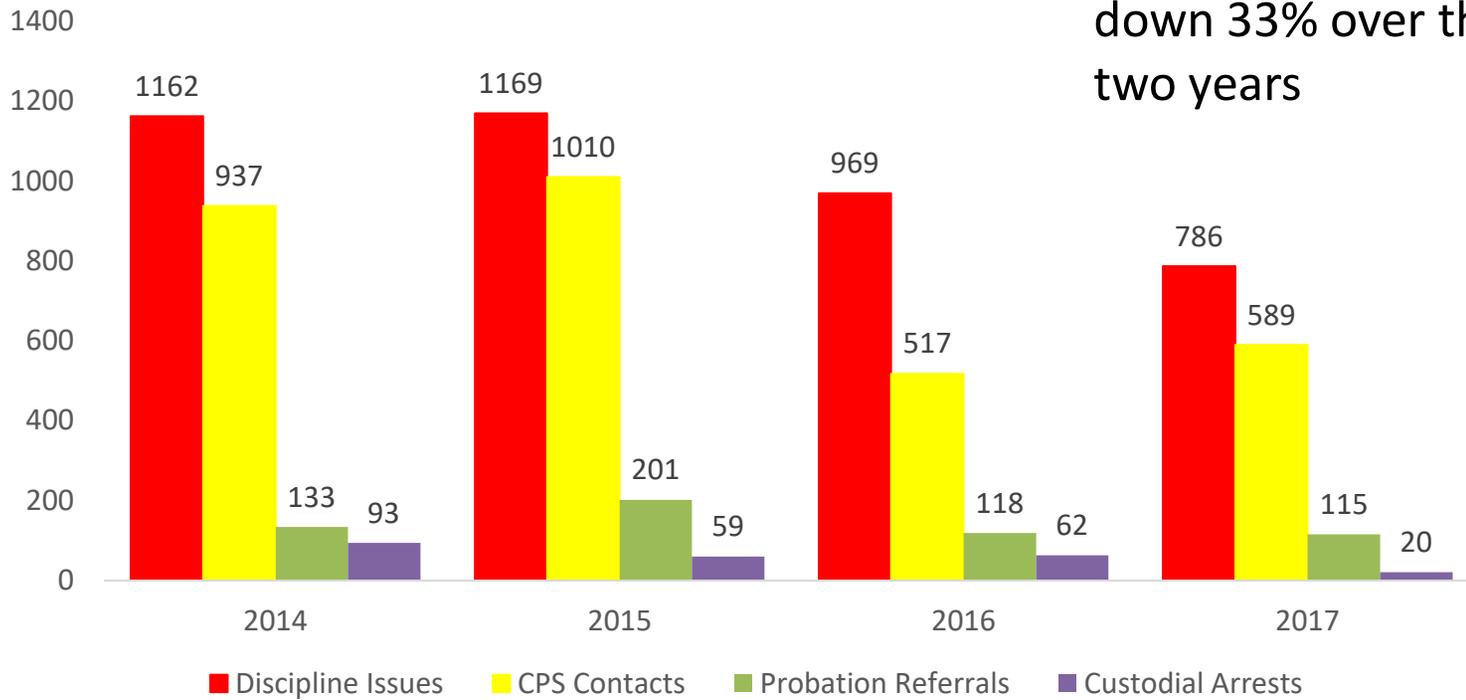
Improve student achievement

Ensure all students and staff are safe and secure



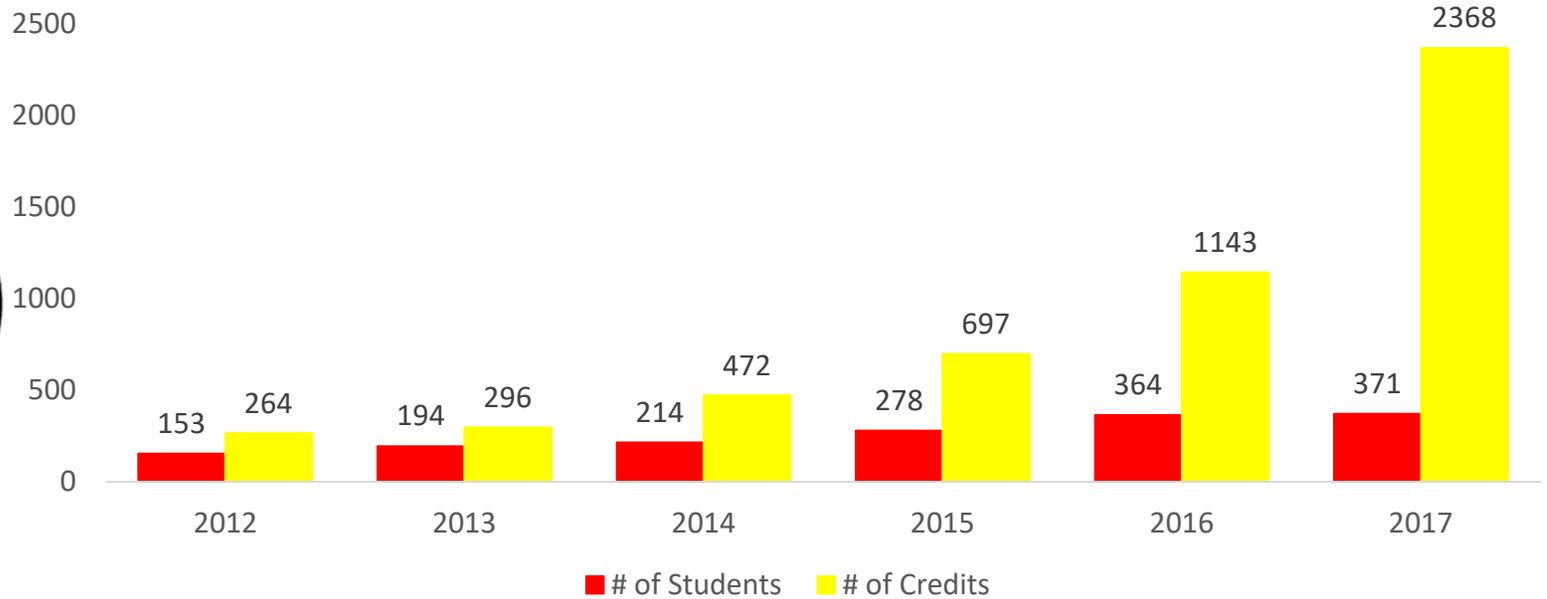
Student Discipline Issues

Overall MCS discipline incidents were down nearly 20% last year; down 33% over the last two years





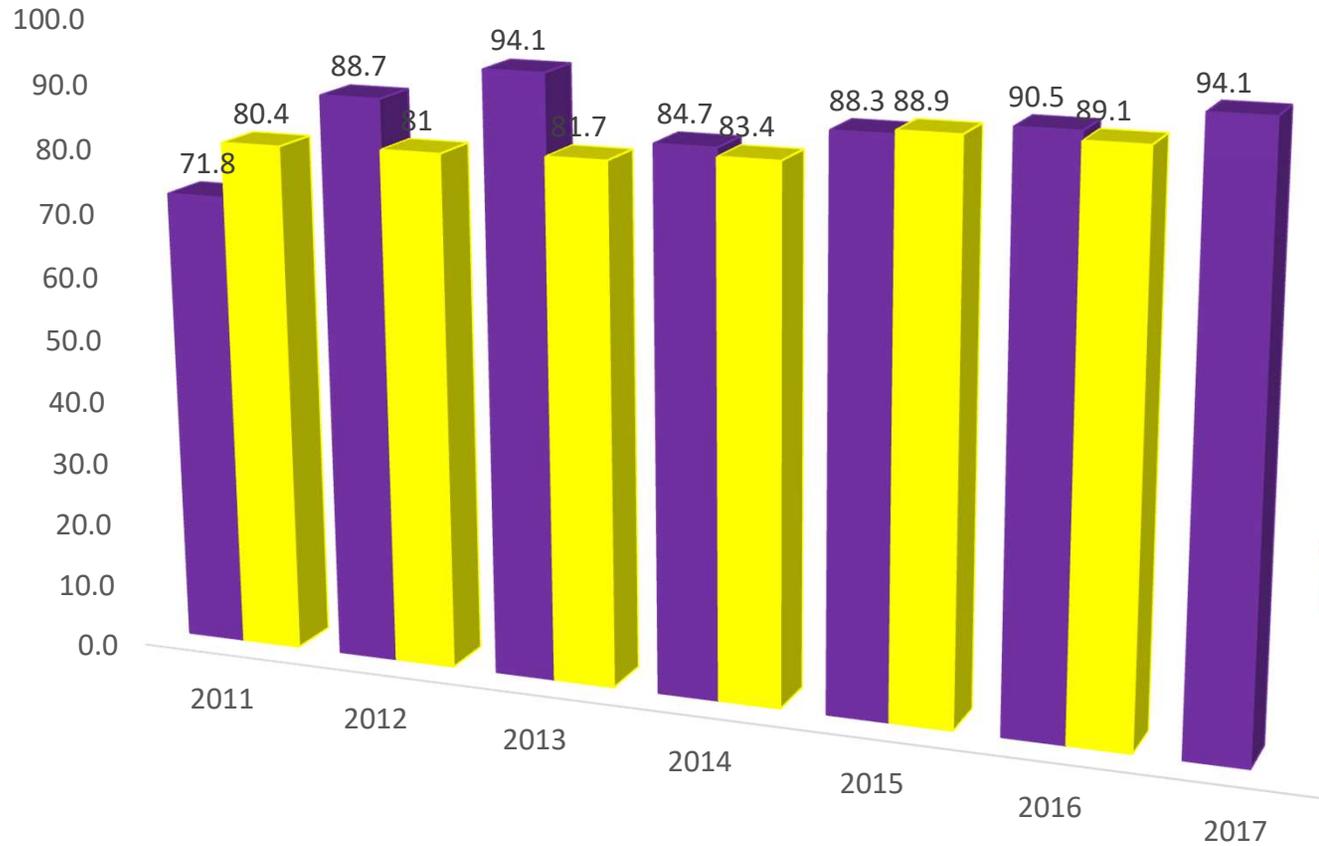
Dual Credit



Beginning this year, some MCHS students will be earning dual credit from BSU

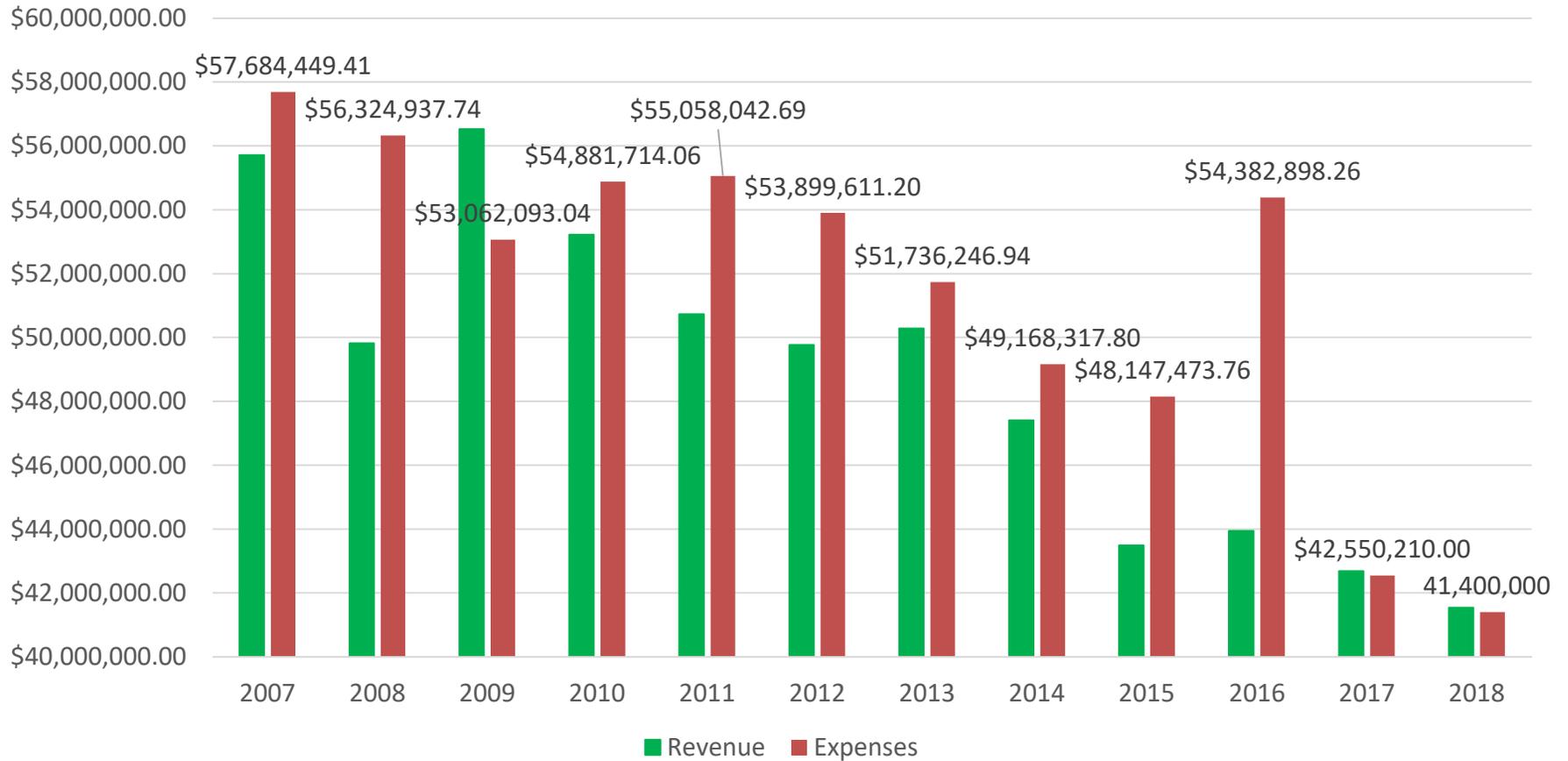


Graduation Rates

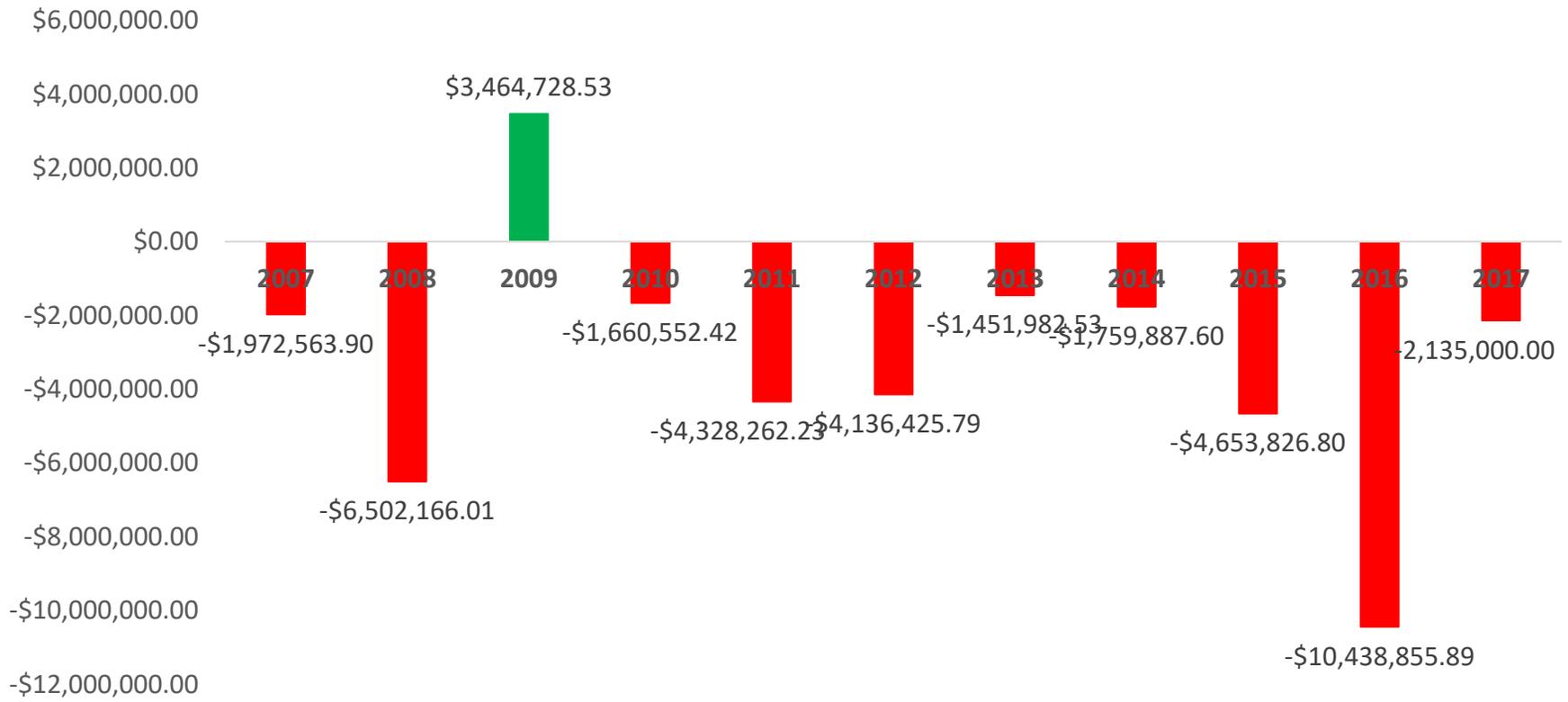


■ MCS ■ State Ave

Finances: Calendar Year; General Fund Revenue v. Expenses



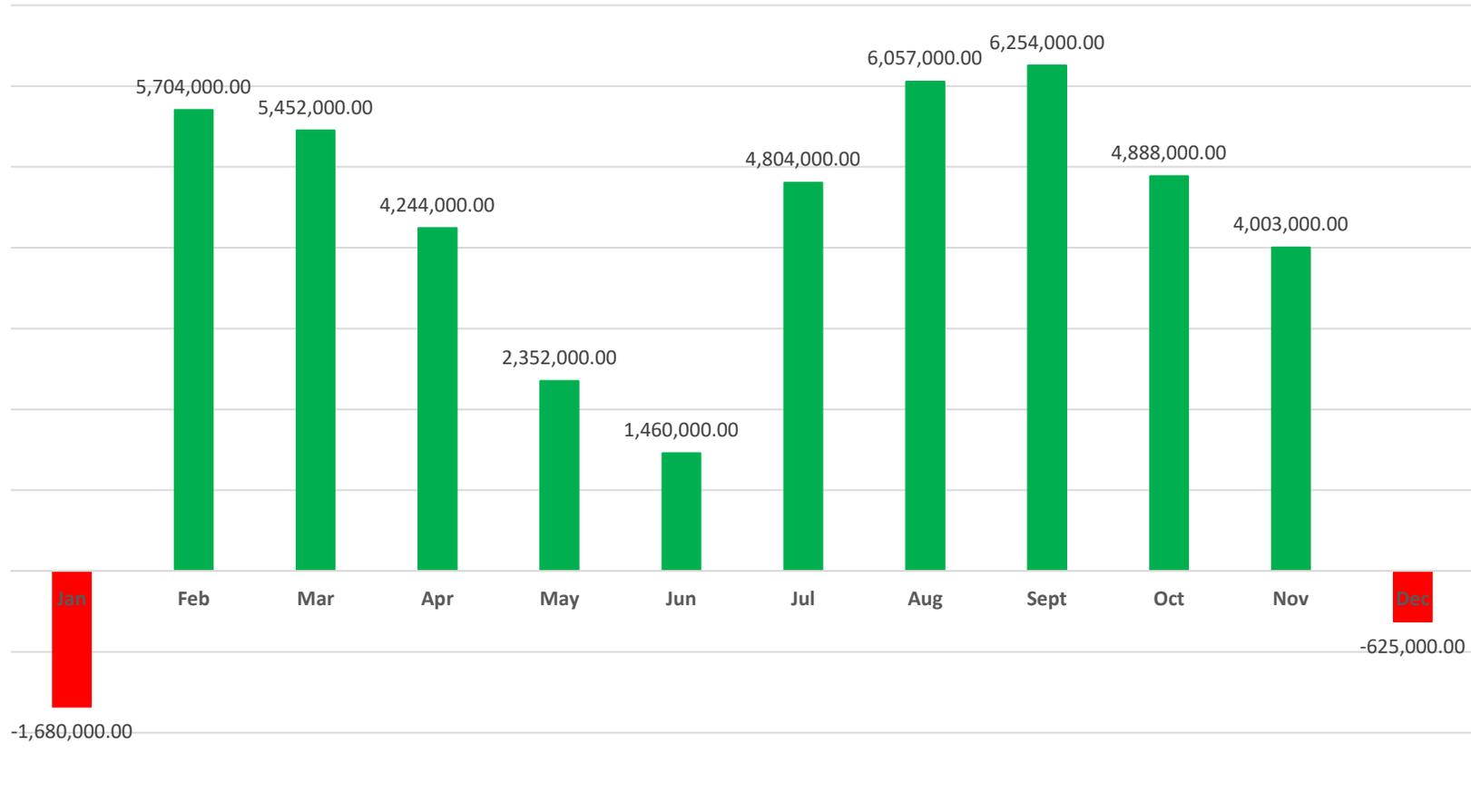
General Fund Surplus/Deficit by Calendar Year



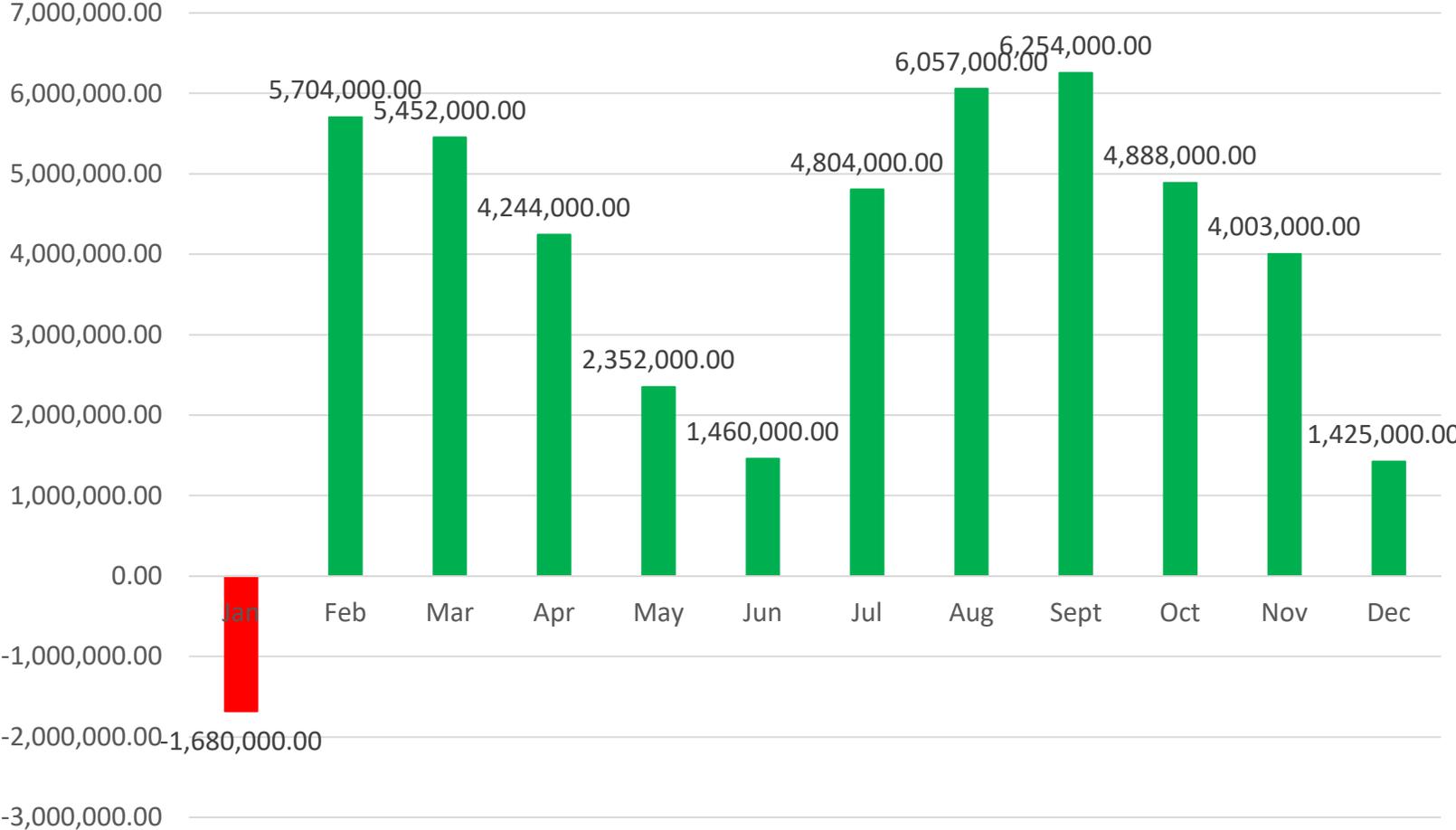
Actual/Projected Cash Flow 2017



Projected Cash Flow 2018 – Worst Case



Projected Cash Flow 2018 – Anticipated



Key Factors - Financial

| Indicator | 2014-2015 | Projected 2017-2018 | Actual 2017-2018 |
|--------------------------|-----------|---------------------|------------------|
| Space Utilization Rate | 71% | 80% | 86% |
| Student: Teacher Ratio | 13:1 | 14.77:1 | 14.33 |
| Number of Administrators | 49 | 28-29* | 33 |
| Number of Teachers | 467 | 365 | 359 |



*Depends upon grant funding: currently one administrator is entirely grant funded

** According to 4/2016 SBoA Audit

*** Projected

Key Factors - Academic

| Indicator | Current Status |
|--------------------------------|---|
| High School Graduation rate | 94.1% (Above state average) |
| AP course participation rate | Participation up 82% over the past five years: <i>US News and World Report</i> listed MCHS #58 in Indiana |
| Dual credit participation rate | Participation up 896% over the past five years |
| Student discipline incidents | Down 33% over last two years |
| ISTEP+ Scores | No failing schools (first two years MCS has not had a failing school since Accountability grades were put in place) |
| Extra-curricular participation | Participation is up at all secondary schools |
| Vocational students | 90% earned some type of industry standard certification |
| Pre-school Students | Began program this year currently serving 40 students through community grants; rising to 60 in January |



Reductions Made prior to June 2017

\$7,981,322.42 in annualized reductions

\$1,380,000.00 in one time revenue since 7/2015

\$419,059.32 Admin \$3,205,425.90 Non-certified staff

\$357,700.00 Facilities \$1,882,000 Teaching staff

\$97,637.20 Supplies & Equipment



Additional Reductions

| | |
|--|----------------------|
| New Transportation Contract | \$1,100,000* |
| Move to solar power for buildings | \$188,000 |
| Modify the way we pay routine bills | \$22,000 |
| Further streamline printing costs | \$25,000 |
| Refiguring how we bill for special education costs | \$132,000 |



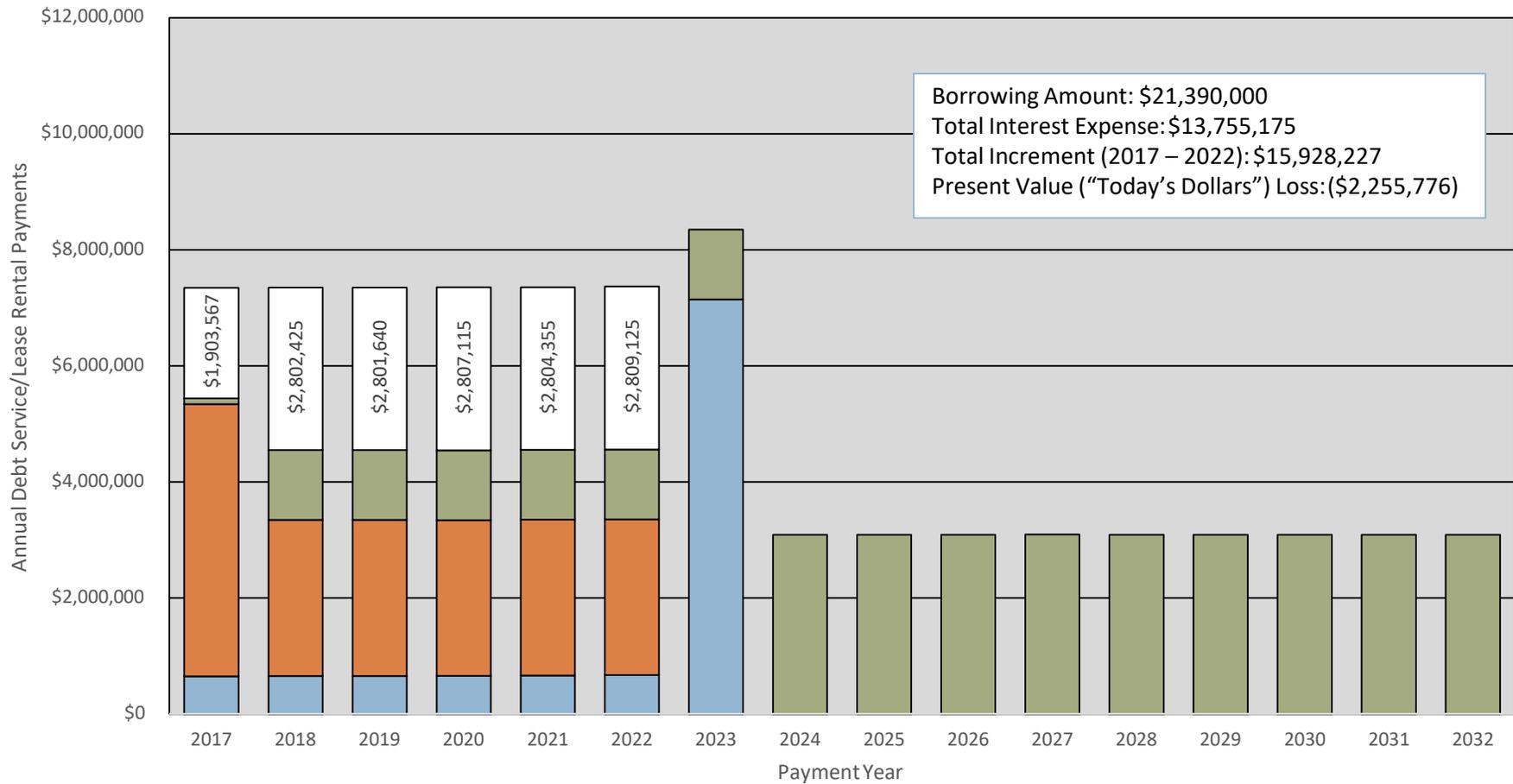
Additional Reimbursements/ Revenue

| Projected at \$100,000 | Current | |
|--|----------|---------------------|
| | | \$213,383.37 |
| Medicaid Reimbursement \$40,000 | | \$118,383.37 |
| BMH/IU Health Support for Athletic Trainer | \$60,000 | |
| BMH/IU Health Support for Physician | | \$27,000 |
| Rental Income from BGC and YMCA | | \$8000 |
| | | |
| Pending | | |
| School Bus Replacement Waiver | | \$350,000 |



MUNCIE COMMUNITY SCHOOLS OUTSTANDING AND ILLUSTRATIVE DEBT
SERVICE/LEASE RENTAL PAYMENTS
(Unaudited)

10 Year Extension



- General Obligation Bonds, Series 2014
- Unrefunded First Mortgage Bonds, Series 2015&B
- Illustrative First Mortgage Bonds, Series 2017
- Increment from Restructuring

Note: Estimated Increment is subject to change depending on the total amount of 2015A/2015B Bonds refunded. The differences could be material. H.J. Umbaugh & Associates



Bond Options

In the process of refinancing about \$22,000,000 in debt from the Series 2015 Bond Sales.

Board approved the sale on October 17, 2017.

None of the 2014 General Obligation bonds are being refinanced.

This should bring MCS about \$2,800,000 annually in additional funding through 2022.

The complete presentation provided to the Board on October 17, 2017 is included as a separate Power Point in your materials.

MCS is considering other bond options, but those seem to require legislative assistance.



Establishing an MCS Education Foundation

Beasley & Gilkison have agreed to assist pro bono in the establishment of an Indiana Not-for-Profit for MCS

Joseph Anderson, past president Muncie NAACP

Dr. Marlin Creasey, retired MCS superintendent

Carey Fisher, community member

Tom Foote, president of the MCHS alumni association

Heidi J. Hale, local business owner

Ron Howell, MCS teacher and coach

Rob Keisling, MCS Board member – elect

Dr. Dea Moore-Young, MCS administrator and parent

Kira Zick, former MCS teacher and parent

Mark Ervin & Ryan Groves, Beasley & Gilkison



| Action | Proposed Timeline | |
|--|---|---|
| Reduce eight administrative positions | Acted on February 28, 2017 (anticipated closing NMS) | Three principalships eliminated; one HS athletic position eliminated |
| Reduce additional support staff positions | Acted on April 11, 2017 & ongoing | 13.5 reductions since that time |
| Act to close three elementary schools | Acted on April 13, 2017 | Buildings closed |
| Appeal IEERB Fact Finding opinion | Filed on April 28, 2017; IEERB Hearing set for June 13, 2017 | SBoA stated transfers out of General Fund not to be considered an expense |
| Establish a MCS Education Foundation to support additional activities and programming | Next meeting set for April 24, 2017; should be completed prior to January 1, 2018. | In the hands of the Beasley & Gilkinson; currently being completed. |
| Meet with vendor partners to reduce contracts based upon smaller physical footprint | Initial meetings set for April 25, 2017 | Savings of approximately \$360,235 annually. |
| Meet with MTA to discuss insurance cost savings proposals | Set for May 15, 2017 | IU Health provided a \$1.9 savings package with no change to teacher benefits; MTA would not consider |
| Determine staffing for 2017-2018, making approximately 30-50 FTE of certified reductions | Prior to June 1, 2017 | Staffing reductions slightly greater than anticipated by 6 FTE |
| Begin process to sell off surplus property or acquire renters | In process, anticipate significant completion by October 1, 2017, pending referendum | In the hands of the EMT's leadership |
| Develop a committee to consider a referendum for facilities work and on whether or not to construct a new middle school | First meeting scheduled for April 20, 2017 (Referendum tentatively planned for November 2017.) | DUAB asked MCS not to consider a referendum at this time |
| Collaborate with BSU & Ivy Tech to consider ways to create efficiencies | Ongoing; last BSU meeting, April 12, 2017; last Ivy Tech meeting April 7, 2017 | Current partnership for welding and HigherTech |
| Collaborate with the City of Muncie to determine its potential level of financial support | Prior to October 1, 2017 | Mayor's team currently working on a one time \$2.7 million repair package for SV & EWA |
| Establish a community advisory board to assist MCS in reviewing its financial issues | Establish the board prior to June 15, 2017 | Responsibility to Emergency Management Team |



Projected End of Year Cash Balances

| Indicator | Cash Balance |
|-----------------------------------|------------------------|
| Cash Balance 12/31/2016 | (3,431,000) |
| Projected Cash Balance 12/31/2017 | (1,680,000) |
| Projected Cash Balance 12/31/2018 | (625,000) to 2,000,000 |



Next Steps - 2018

- ✓ Consider more efficient secondary enrollment options
- ✓ Review options regarding transportation for 2017-2018
- ✓ Continue to review staffing options
- ✓ Work to secure the necessary legislative support to eliminate our long term debt



Questions

