



Muncie Community Schools

Fiscal Situation & Deficit
Reduction Plan
Updated 5/1/2017

Scope of MCS September 2016

- Serve children from age 3 to 22 and adults working towards a HS diploma
- 5650 Traditional Students
- 597.5 Permanent Staff (24% reduction)
 - Administrators 33 (9% reduction)
 - Faculty 408 (9% reduction)
 - Non-certified Staff 149 (43% reduction)
- Fifteen Locations
 - Nine 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



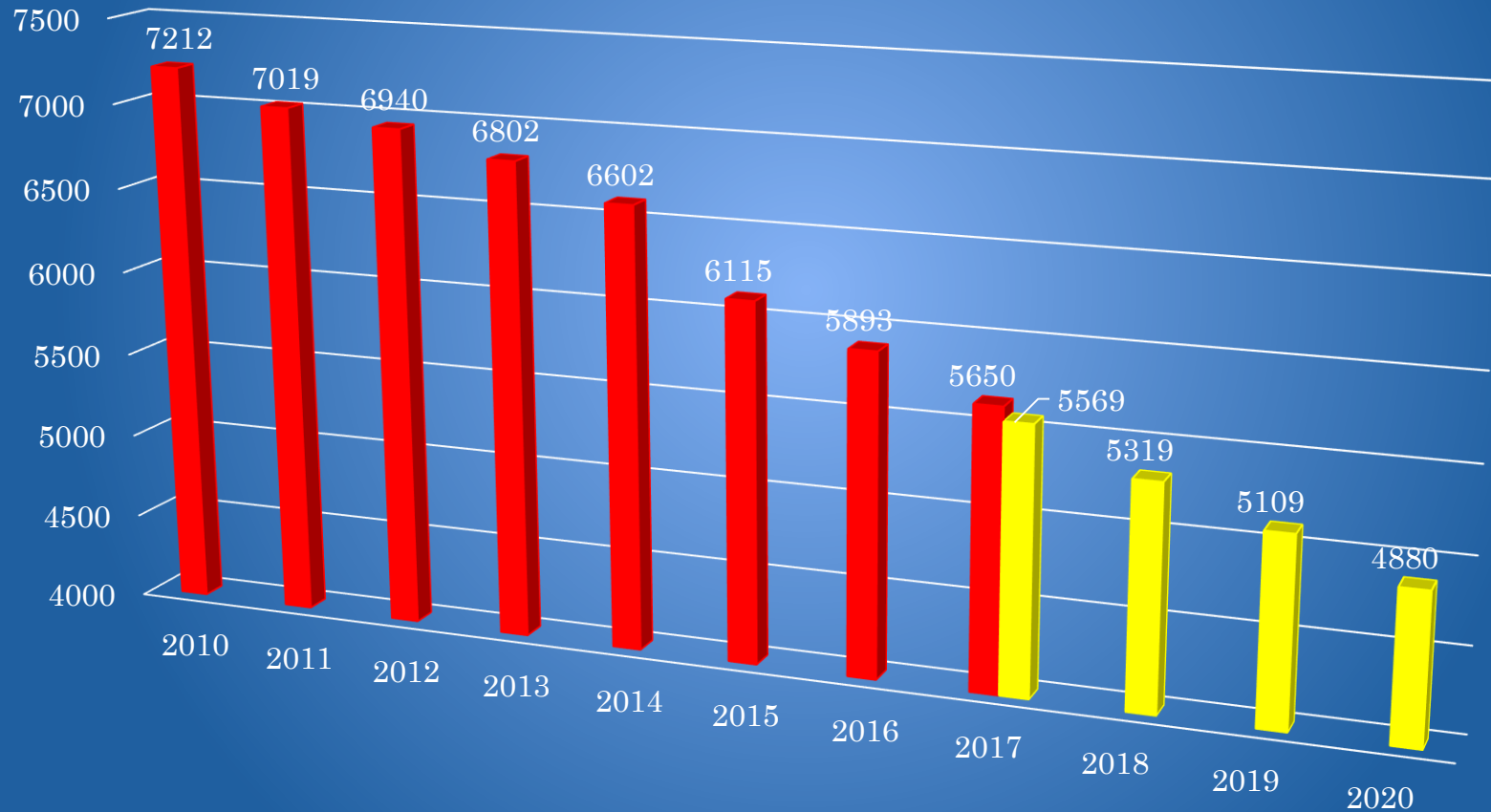
Projections for September 2017



- Serve children from age 3 to 22 and adults working towards a HS diploma
- 5300 Traditional Students
- 528 Permanent Staff (13% reduction from 2016)
 - Administrators 27-29 (projected)
 - Faculty 365 (projected)
 - Non-certified Staff 140 (additional reductions in process)
- 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

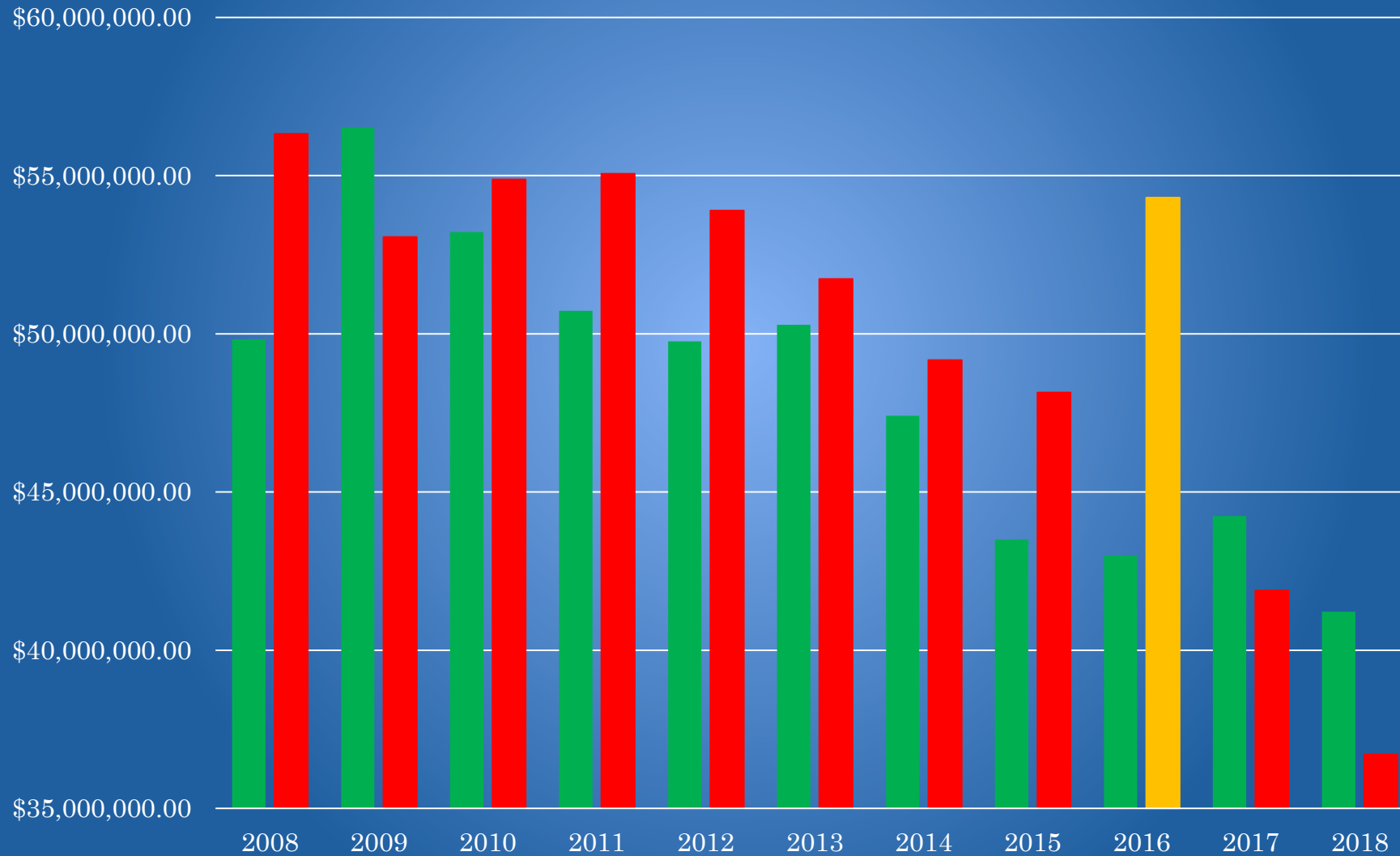
Enrollment

Based upon Fall Reporting

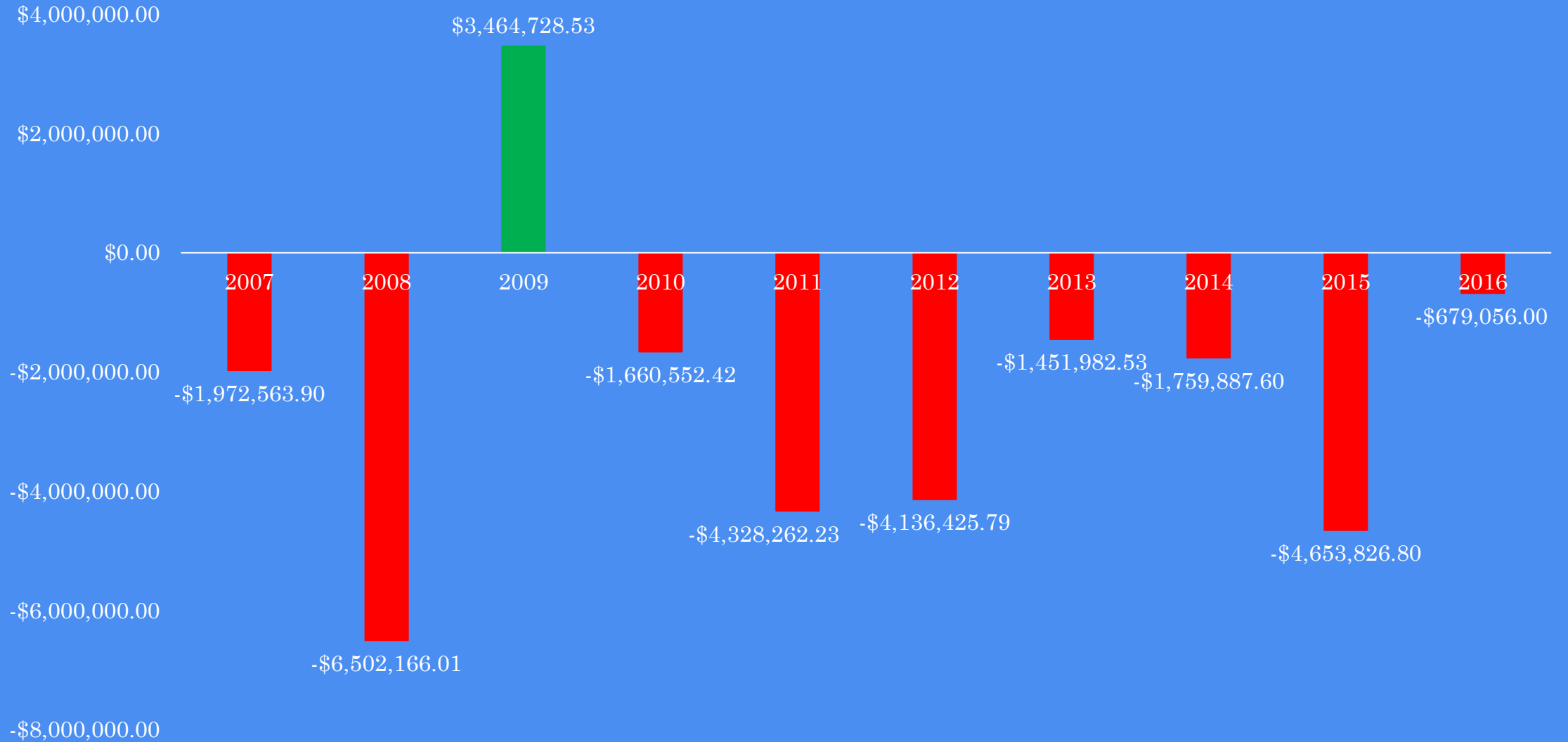


Yellow bar shows projected enrollment from Mike Reuter's financial projections 3/6/2016

Finances: Calendar Year General Fund Revenue v. Expenses



General Fund Surplus/Deficit by Calendar Year



Long-term General Fund Structural Deficit

| Calendar Year | Revenue | Expenses | Deficit |
|---------------|-----------------|-----------------|------------------|
| 2007 | \$55,711,885.51 | \$57,684,449.41 | -\$1,972,563.90 |
| 2008 | \$49,822,771.73 | \$56,324,937.74 | -\$6,502,166.01 |
| 2009 | \$56,526,821.57 | \$53,062,093.04 | \$3,464,728.53 |
| 2010 | \$53,221,161.64 | \$54,881,714.06 | -\$1,660,552.42 |
| 2011 | \$50,729,780.46 | \$55,058,042.69 | -\$4,328,262.23 |
| 2012 | \$49,763,185.41 | \$53,899,611.20 | -\$4,136,425.79 |
| 2013 | \$50,284,264.41 | \$51,736,246.94 | -\$1,451,982.53 |
| 2014 | \$47,408,430.20 | \$49,168,317.80 | -\$1,759,887.60 |
| 2015 | \$43,493,646.96 | \$48,147,473.76 | -\$4,653,826.80 |
| 2016 | \$42,988,994.00 | \$43,668,050.00 | -\$679,056.00 |
| | | Total | -\$23,679,994.75 |

Current Situation

- Cash flow is at crisis point
- According to the State Board of Accounts Audit from 2015, \$9.7 million* in unfunded liabilities from 2013, 2014 & 2015 remained
- Enrollment continues to decline at faster than predicted rates
 - (Enrollment already lower than Performance Services 2014 study anticipated for 2021)
- Property Tax Caps have significant impact on MCS; second highest percentage loss in the state among school corporations
- No significant additional bonding authority
- No ability to fund capital projects within the current funding pattern

* Originally, stated \$10.2 included \$500K in restricted funds



Muncie Community Schools
Cash on Hand-Banks
12/31/2016

AVAILABLE CASH

| | |
|--------------------------------------|----------------|
| Cash-Checking @ First Merchants Bank | (4,237,543.65) |
| Cash-Payroll @ Old National Bank | 32,016.69 |
| Total Cash Available | (4,205,526.96) |

RESTRICTED CASH

| | |
|--|--------------|
| JP Morgan Chase-Union Checking | 717,418.56 |
| JP Morgan Chase-Union HRA | 771,241.72 |
| Star Financial Bank Non-Union HRA | 859.10 |
| Star Financial Bank Non-Union Health Insurance Acct. | 1,686.45 |
| Star Financial Bank Non-Union "105" Acct. | 34,065.42 |
| JP Morgan Chase-Union "105" | 41,297.21 |
| JP Morgan Chase-Union Hi Yield Savings | 350,761.95 |
| Total Cash Available | 1,917,330.41 |

TOTAL CASH IN BANKS

| | |
|---------------------|----------------|
| Total Cash in Banks | (2,288,196.55) |
|---------------------|----------------|

Key Factors - Financial

| Indicator | 2014-2015 | Projected 2017-2018 |
|----------------------------------|---------------|---------------------------------|
| Space Utilization Rate | 71% | 80% (94% pending referendum) |
| Student:Teacher Ratio | 13:1 | 14.77:1 |
| Number of Administrators | 49 | 28-29* |
| Number of Teachers | 467 | 365 |
| Past due bills from General Fund | \$9,755,837** | \$3,740,760*** |

*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 | 92.2% (Above state average) |
| AP course participation rate | Participation up 82% over the past five years |
| Dual credit participation rate | Participation up 412% over the past five years |
| Student discipline incidents | Down 20% over last year |
| ISTEP+ Scores | No failing schools |
| Extra-curricular participation | Participation is up at all secondary schools (60% at MCHS) |
| Vocational students | 90% earned some type of industry standard certification |
| Pre-school Students | Began program this year currently serving 43 students through community grants |

Reductions Already Made

- \$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

Reductions In Process

- \$1,333,000
- 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

Reductions made on 4/11/2017

- Reduction of administrative office support staff (3 positions) \$151,423.00

Reductions made on 4/13/2017

- Closure of three elementary schools \$2,919,725.00

Additional Reimbursements/ Revenue

- \$100,000
- Medicaid Reimbursement \$40,000
- BMH/IU Health Support for Athletic Trainer \$60,000

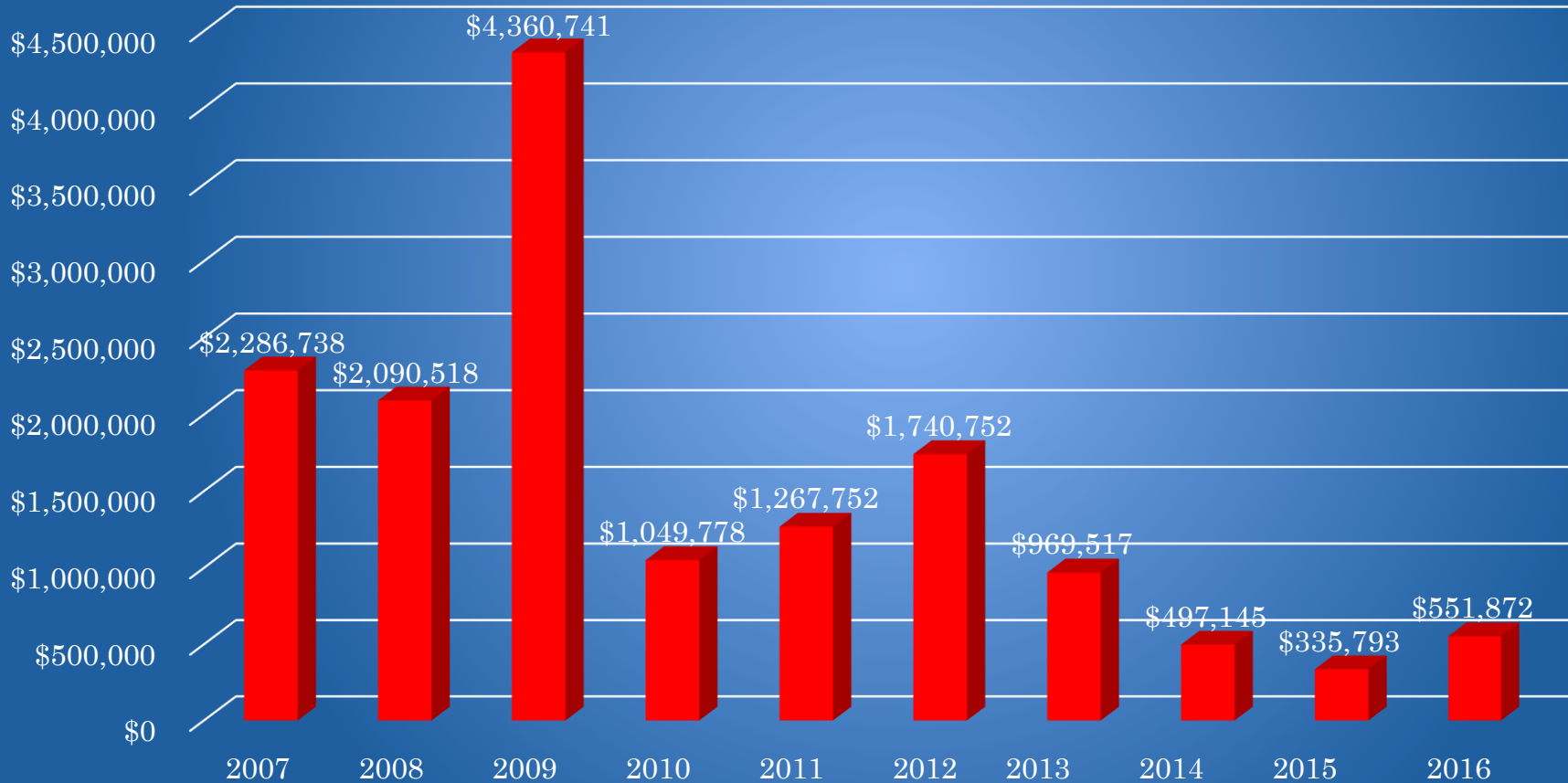
Budget Status

- Total to Date \$12,485,570
- In Question \$962,250
- Additional Needed \$4,552,280

MCS is planning to appeal the Fact Finders' ruling, if successful, that would save more than the additional funds needed

Facilities Maintenance Expenditures

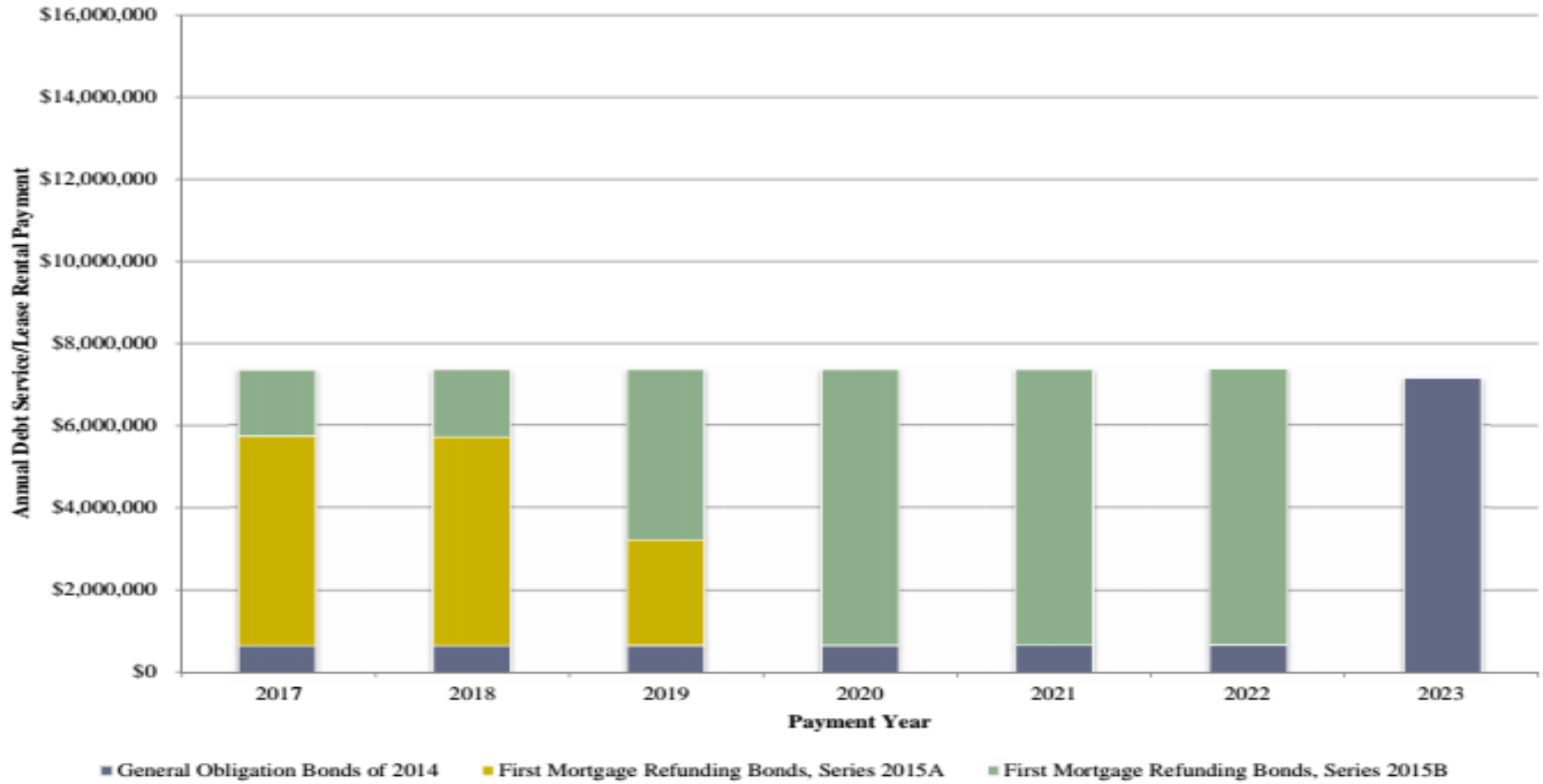
Calendar Year Expenditures



Bond Options

- As of April 27, 2017:
 - MCS has three outstanding sets of bonds
 - No real room to increase MCS's debt service
 - Looking at judgement bonds was about the only option suggested
 - Negative impact on our already tenuous bond ratings
 - Need to make sure we address the expenditures outlined in the scope of the 2014 GO Bonds prior to April 2019
- Positive news is that all existing debt will be retired by 2023.

MUNCIE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXISTING DEBT SERVICE/LEASE RENTAL PAYMENTS
(Unaudited)



Grants & Partnerships

- Last year staff brought in more than \$1.1 million in grant funding for MCS
 - 87 Faculty & Staff received
 - 123 individual grants
- An Example:
 - Partnership with Meridian Health Services have brought additional nine social services support personnel into schools

Next Steps

- Review our existing vendor contracts to further reduce costs in food service, facilities management and nursing services
- Review additional options for reducing health care insurance costs with teachers' union (MTA); reconsider participation in the City of Muncie health clinic
- Review remaining instructional and support staffing to find additional ways to consolidate or eliminate positions
- Continue to find ways to automate existing clerical and administrative tasks in order to reduce administrative burdens and reduce clerical staffing
- Look for ways to collaborate with partners such as BSU to share services, obtain in kind services, etc.
- Look for ways to raise additional revenue through selling off real and other properties, advertising, naming rights, etc.
- Schedule a community referendum on whether or not to retain a two middle school solution for MCS (Nov. 2017?); If the referendum fails, MCS will combine NMS and SMS into a single middle school for 2018-2019.
- Set up a community-based financial advisory panel to help the MCS Board review financial options to address the ongoing financial issues

| Action | Proposed Timeline |
|---|--|
| Reduce eight administrative positions | Acted on February 28, 2017 |
| Reduce additional support staff positions | Acted on April 11, 2017 & ongoing |
| Act to close three elementary schools | Acted on April 13, 2017 |
| Appeal IEERB Fact Finding opinion | Filed on April 28, 2017; IEERB Hearing set for June 13, 2017 |
| 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. |
| Meet with vendor partners to reduce contracts based upon smaller physical footprint | Initial meetings set for April 25, 2017 |
| Meet with MTA to discuss insurance cost savings proposals | Set for May 15, 2017 |
| Determine staffing for 2017-2018, making approximately 30-50 FTE of certified reductions | Prior to June 1, 2017 |
| Begin process to sell off surplus property or acquire renters | In process, anticipate significant completion by October 1, 2017, pending referendum |
| 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.) |
| 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 |
| Collaborate with the City of Muncie to determine its potential level of financial support | Prior to October 1, 2017 |
| Establish a community advisory board to assist MCS in reviewing its financial issues | Establish the board prior to June 15, 2017 |

Projected General Fund Balances

| Indicator | Cash Balance |
|-----------------------------------|--------------|
| Cash Balance 12/31/2016 | (11,056,444) |
| Projected Cash Balance 12/31/2017 | (9,375,254) |
| Projected Cash Balance 12/31/2018 | (4,733,400) |

Questions