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# STATE OF INDIANA

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**DISTRESSED UNIT APPEAL BOARD**



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## **School Corporation Fiscal and Qualitative Indicators Committee Meeting Memorandum**

**Tuesday, May 24, 2022**

Chairman Pete Miller, Executive Director of the Distressed Unit Appeals Board, called the meeting to order promptly at 1:32 p.m. on Tuesday, May 24, 2022. The meeting was held in the Indiana Government Center South, Room 5 (Wabash Hall), as stated in the public meeting notice. Mr. Miller stated that the Indiana Open Door law requirements had been met.

In addition to Mr. Miller, the following committee members were present: Mr. Rob James, Indiana Association of School Business Officers; Mr. Chase Lenon, Director of Audit, with the State Board of Accounts; Ms. Melissa Ambre, Director of School Finance with the Department of Education, and Anna Simons, Budget Analyst with the State Budget Agency, and Mr. James Johnson, Director of Data, of the DLGF.

Mr. Tyler Brown, Senior Director of Engagement and Analytics with the Management Performance Hub, was initially absent, and joined the meeting at 1:37 p.m. He participated for the remainder of the meeting.

Additionally, Ms. Courtney Schaafsma, Director of School Efficiency at the Indiana Department of Education, and Jennifer Thuma, DLGF Deputy General Counsel, were in attendance. Only one person attended as an audience member.

Mr. Miller noted that the purpose of the meeting was to discuss and provide input to the Department of Education regarding the schools identified on the fiscal indicators list, but that he anticipated that no motions would be made and that no official action would be taken.

### **Proposed New and Additional Approaches to Fiscal Indicators**

He also then proposed that the members consider new ways of considering factors for the school indicators dashboard, providing a handout he created for discussion. The members discussed the ideas. Mr. James expressed that he would have concerns about how transfers appeared using the sample charts and graphs, and Mr. Miller replied that perhaps there could be changes to how the data is presented, but that the handout was just a quick example for discussion.

Other indicators the committee might consider measuring could be deferred maintenance, which could be challenging to measure, as schools may not track this in a way that is easily captured. Another indicator could be the impact of self-insurance and what claims/status the units found themselves dealing with in that area. Mr. James expressed reservations because one bad year could be really harmful to a school and that it is hard to predict when a bad year is coming. He noted that most schools have a stop-loss policy though. The committee noted that these are definitely factors related to fiscal health and they may be important to consider if there is a way to capture them.

Mr. Miller expressed that the group would continue discussions on what they could consider for the dashboard and review of fiscal indicators. These are just beginning ideas for discussion.

### **Discussion of Memos Provided by Ms. Courtney Schaafsma**

Ms. Schaafsma noted that last year 23 schools were on the fiscal indicators list for concern with excessive transfers, and this year, there are only a few schools. So, this is a big improvement and reason for positive reactions. Today the committee would discuss only 4 schools, as the remaining 3 schools had additional time yet to provide information per statutory allowances in IC 20-40-2-10.

#### Maconaquah

Beginning with Maconaquah, she outlined the key points for the board. While the school system decreased their transfer amount from last year, they are now on the list twice in a row and have an 18.34% transfer rate. Last year they said they would work toward the 15% but they have not made sufficient progress. Additionally, the school corporation did not provide an adequate explanation for the excessive transfers to justify the situation. In discussing the memo to the committee, she recommended that the school district be asked to provide additional information in a presentation.

After minimal discussion, the committee expressed agreement that the school district present additional information to the next meeting for a more formal presentation. Mr. Miller noted consensus among the members.

#### Eminence

Ms. Schaafsma shared that she believed the school district provided sufficient information and there was no need to ask for a presentation because they failed to timely provide their Form 9, and thus they were actually under the trigger percentage for transfers. She was not concerned with their fiscal situation. The committee members agreed that no further review or information was needed.

#### MSD Warren County

While the school district was on the list last year, and exceeded the transfer trigger this year, at 18.9%, Ms. Schaafsma noted that the district plans to make adjustments so that it falls below 15% next year. She recommended that they be given another year before the committee request additional information or a presentation. The committee agreed.

#### Charles Beard

Ms. Schaafsma noted that a clerical error actually caused the school district to appear on the excessive transfer list for concern to the fiscal indicators committee. While they were just below the 15% trigger (at 14.998%), they mistakenly noted a transfer that put them over the limit, to 16.01%. She will ask them to be more mindful with details and data but recommended no additional steps. The committee gave their support to her recommendation.

Mr. Miller asked the committee if it had any new business to discuss. It did not.

Mr. Miller noted that he had reserved time on calendars for the next meeting in June and looked forward to the presentation from Maconaquah school district, and for the committee discussion regarding recommendations from Ms. Schaafsma about Lake Ridge, North Lawrence, and Taylor.

Mr. Miller adjourned the committee meeting at 2:17 p.m.