

Public School Financing – Budget 101

MISSISSINUEWA
COMMUNITY SCHOOLS



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- Superintendent
- Mississinewa Community School Corporation
- August 2024



Budget Basics

Annually, each School Board establishes a budget.

The budget provides a financial plan for officials and taxpayers that identifies the operating costs and revenue considered essential to the successful operations of the school.

The budget allocates resources among different functions that reflect the goals the school hopes to attain, and the relative priorities assigned to each goal.

The budget is a means of establishing policy and it is the financial method by which the policy decision are implemented.

The budget process is a continuous one. The budget is a working document. Even after adoption, the budget is constantly monitored and reviewed to ensure the overall goals of the corporation are met and exceeded.

Budget Basics – Key Terms

- Department of Local Government Finance (DLGF) – Tax data on specific governmental units can be found on this website. The DLGF is who approves our school's budget and school tax rate every year.
- Distressed Unit Appeal Board (DUAB) – Financial Data can be found on this website for all public schools in Indiana.
- Net Assessed Value (NAV) – The individual burden a taxpayer will have in the overall funding of local government. The NAV is also used in determining tax rate.
- Maximum Levy – The maximum amount of property taxes that may be raised each year. Local units are permitted property tax growth. The previous year's maximum levy is adjusted by the Assessed Value Growth Quotient (AVGQ). The quotient is determined by the DLGF utilizing a six-year average of Indiana non-farm personal income growth.
- Property Tax Levy – The amount of money that a taxing body requires to be collected through the property tax system.
- Property Tax Rate – A percentage applied to each taxing body's assessed valuation which will produce the amount of that taxing body's levy. The rate is expressed in terms of "dollars per \$100 of assessed value."
- Circuit Breaker – Also known as property tax caps limit the amount of property taxes to 1% of property values for homesteads, 2% for other residential and farmland, and 3% for all other property (commercial and industrial).
- Financial Institutions Taxes (FIT) - Tax on the personal property of financial institutions.
- Commercial Vehicle Excise Tax (CVET) – Excise tax for all trucks and tractors having a gross weight greater than 11,000 pounds, a tractor used with a semi-trailer, a semi-trailer having gross weight greater than 3,000 pounds.

Funds for MCSC

Operations
Fund

Education
Fund

Debt Service
Fund

Rainy Day
Fund

How are public
schools funded
in Indiana?



Local School Support



Local School Support



Local School Support – Property Taxes



Property taxes represent the largest local revenue generator for local units of government, and a source of funds for public schools.



The tax is charged against real property (land and improvements), utilities, and personal property.



Inherent in the property tax structure is the need to value property.

The County Assessor value all property in Grant County to determine the gross assessed value (GAV). The GAV is derived by utilizing a market value-in-use method. The County Assessor applies property tax deductions and abatements that reduce an individual property owner's tax liability to determine the net assessed value (NAV).

Operations Fund Supports

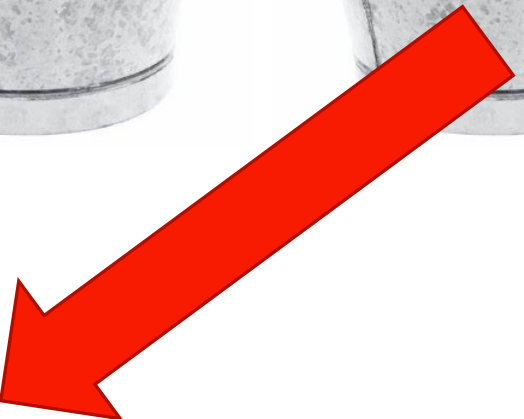


- **Operations Fund** – Broadly used to pay for a school corporation's non-classroom expenditures, such as, non-educational staff (Superintendent, maintenance and grounds staff, transportation director, custodians, bus drivers, central office staff), utilities, facility and maintenance needs, etc. It is a combination of the former funds:
 - Transportation Fund
 - Bus Replacement Fund
 - Capital Projects Fund

Debt Service Fund Supports

- **Debt Service Fund – Levy to meet** annual debt service obligations. These obligations may include both principal and interest payments for lease rentals, general obligation bonds, Veteran's Memorial and Common School Fund repayments, and interest for tax anticipations warrant issues.





Education Fund Supports

- **Education Fund** – The primary fund through which school corporations pay for classroom expenditures. There is no levy imposed for the Educational Fund. This fund is used exclusively to fund student instruction and learning.
 - This is the fund that is directly used to pay for teacher, instructional assistant, clerical, and building level administrators salaries/benefits.
 - Schools are permitted to transfer a maximum of 15% from the Education Fund to the Operations Fund.



State School Support

- **Basic Tuition Support Grant** – State generated revenue based on student enrollment – often referred to as **Average Daily Membership (ADM)**. The ADM relies upon two count dates (fall and spring). The Basic Grant is broken down into three components.
 - **Foundation** – Basic amount per ADM
 - **Complexity** – This is an index that is determined by the number of students enrolled at the school that receive **Supplemental Nutrition Assistance Program (SNAP)**. **Temporary Assistance for Needy Families (TANF)**. And/or foster care.
 - **English Language Learner (ELL)** – Additional funding for high ELL population.

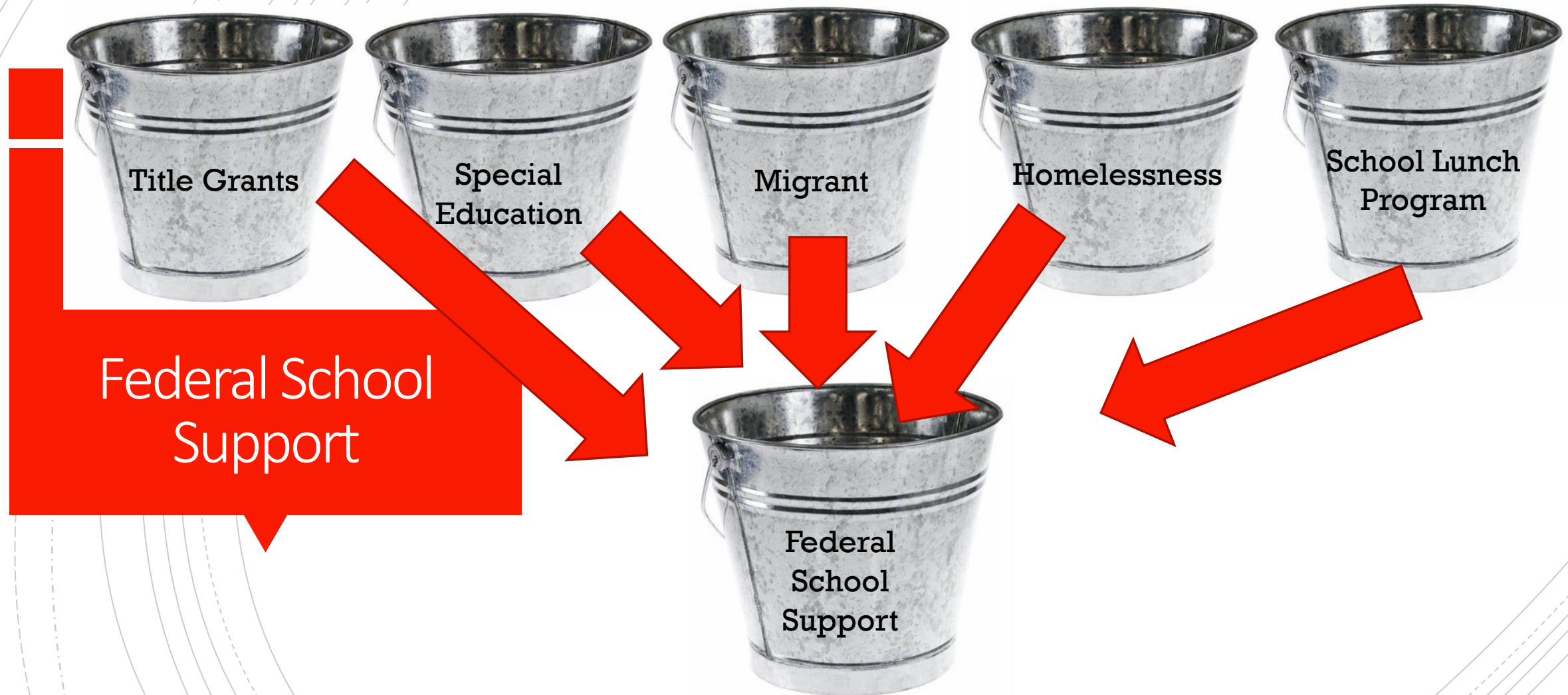
State School Support

- Honors Grant – State generated revenue to provide students with additional support for each student who received an academic honors diploma or a diploma with technical honors.
- Special Education Grant – State generated revenue to provide students with additional support for each student in special education programs. Funding per student based on the following:
 - Severe Disabilities
 - Mild/Moderate Disabilities
 - Communication Disorders
- Career and Technical Education Grant – The distribution of career and technical education monies is based on labor market demand and wage data calculations. This funding is for vocational programs.

The background of the slide features a series of light gray, concentric curved lines that sweep across the frame, creating a sense of motion and depth. On the left side, there is a large, solid red shape that resembles a speech bubble or a callout box. This red shape contains the title text in white. To the right of the red shape, there is a vertical list of grant names, each preceded by a small red square bullet point.

State School Support – Additional Grants

- Summer School Grant
- Digital Learning Grant
- Secured School Safety Grant
- 21st Century Grant
- High Ability Grant
- Teacher Appreciation Grant (TAG)
- Alternative Education Grant
- Non-English-Speaking Grant
- Title 1, 2, 4 Grants
- Special Education Grant
- Special Education Pre-School Grant



Rainy Day Fund

The Rainy-Day Fund is an “emergency” or “savings” fund for the school district. Schools are permitted to currently transfer up to 15% of our total yearly budget from our Education Fund or Operation Fund into the Rainy-Day Fund. Schools are NOT permitted to transfer any money from the Debt Service Fund into the Rainy-Day Fund. MCSC transfers surplus money from the Operations Fund into Rainy Day Fund.



Rainy Day Fund Supports



- Any unplanned or non-budgeted expenses such as replacing a roof that unexpectedly failed, boilers/chillers that unexpectedly stop working, etc.
- MCSC maintains a capital projects list to mitigate these surprise facility malfunctions, however, when dealing with mechanical objects they sometimes fail prior to when we expected to have to replace them.

MCSC Funds Review



Education Fund

- Funded by State School Support Money.
- Education Fund is used to pay for classroom expenditures (teacher salaries, instructional assistants, building level administrators, Nurse, clerical staff).

Operations Fund

- Funded by local taxes.
- Operations Fund is used to pay for a school corporation's non-classroom expenditures, such as, non-educational staff (Superintendent, Central office staff, custodians, bus drivers), utilities, facility and maintenance needs, etc.

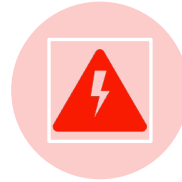
Debt Service Fund

- Funded by local taxes.
- Debt Service Fund is used to pay for annual debt service obligation. These debts have been incurred for facility maintenance and improvements

Rainy Day Fund

- Funded by surplus money at the end of every year from the Operations Fund.
- The Rainy-Day Fund is used to pay for unexpected facility maintenance costs. This is our emergency fund.
- We would like to have 100 days worth of operating costs in this fund. We are not there yet.

What Impacts Local School Finances?



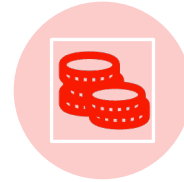
**ANNEXATIONS –
IMPACTS CIRCUIT
BREAKER**



**TAX INCREMENT
FINANCE – IMPACT
CIRCUIT BREAKER**



**OTHER UNITS
INCREASE OF
LEVY/DEBT –
IMPACTS CIRCUIT
BREAKER**



**ADM CHANGES –
IMPACTS BASIC
GRANT AND OUR
EDUCATION FUND**



**STATE FUNDING -
IMPACTS BASIC
GRANT AND OUR
EDUCATION FUND**



**CHANGES TO THE
COMPLEXITY INDEX
CALCULATION -
IMPACTS BASIC
GRANT AND OUR
EDUCATION FUND**



**CHANGES IN LAW –
IMPACTS
EVERYTHING**

2023 Legislative Changes

- K-12 School Funding
 - 5.3% increase in FY 2024
 - 1.8% increase in FY 2025
 - Adds about \$1.9 billion statewide in funding.
 - Families are NO longer charged textbook fees for students. Schools must share \$160 million per year to make up for these fees.
- 2025 is a budget year that will determine funding for 2026 and 2027 for K-12 education and more legislative changes that will impact schools.

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Current Fund Balances: July 2024

Cash Balance

\$7,884,544

Fund	Appropriation	Percentage Spent & Encumbered	Cash Balance
Debt Service	\$2,496,685	50%	\$890,425
Education	\$17,056,813	62%	\$2,612,161
Operation	\$5,795,866	53%	\$893,123
Rainy Day	\$1,077,820	75%	\$3,488,835

After 7 months the % spent is expected to be at 58.33% of the Appropriated Budget for the fiscal year.

MCSC Current Tax Rates

- 2020 - \$1.51
- 2021 - \$1.50
- 2022 - \$1.44
- 2023 - \$1.42
- 2024 - \$1.48
- 2025 - \$1.37 – This is due to a 12% increase in our NAV this year.
- When "old debt" falls off a school's budget it is then that the school looks to take on "new debt" to remain "tax neutral" and it allows the school to maintain and upkeep its facilities. If we do not replace the "old debt" with "new debt" then that tax rate would be taken over by another municipality and then schools would be forced to have a construction referendum to replace roofs, asphalt, HVAC, etc. and the tax would then increase even more. We are being fiscally responsible with taxpayer dollars when we replace "old debt" with "new debt" and keep the tax rate level.

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Out of District Students

- 2023-24 Data

- MCSC had 1,569 in district students that attended CCSC, and we received \$7,250.45/student for State Support that goes directly to our Education Fund. That totaled \$11,375,956 of funding for our Education Fund.
- MCSC had 713 out of district students that attended MCSC, and we received \$7,250.45 /student for State Support that goes directly to our Education Fund. That totaled \$5,169,570.85 of funding for our Education Fund.
 - MCSC only had 98 of our in-district students choose to transfer to another public school and 15 of our in-district students choose to transfer to a non-public school. We rank 7th out of 290 school districts in Indiana with our positive net enrollment of out of district students. This is a testament to our outstanding staff PK-12th grade.
 - Our out of district students make up 31.2% of the revenue for our Education Fund that goes directly towards paying for our teachers and programs that we offer our students.

Out of District Students

- **Changes for the 2024-2025 School Year**
 - MCSC has done an excellent job of attracting out of district students to our district. We have already implemented new screening process starting during the summer of 2024 in which we will screen our out of district students prior to admitting them into our district. If students have excessive absences and/or disciplinary concerns, then they will not be accepted at MCSC. If students are a current out of district student attending MCSC and they have excessive absences and disciplinary concerns, then they will not be permitted to return to MCSC as an out of district students for the 25-26 school year.
 - We need to maintain and increase our out of district student enrollment, however, we need to hold our out of district students and families to high standard to be able to be a part of and remain a member of OUR TRIBE!

Resource Links

- [2023-2025 Digest of Public-School Finance in Indiana – 2023-2025 Biennium](#)
- [DUAB Website](#)
- [DLGF Website](#)
- [Indiana State Board of Accounts](#)



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Questions?

Thank you for your time. Please feel free to reach out to me at anytime for further clarification or if you have any questions at all.

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GO INDIANS!!