

FINANCIAL HISTORY

BUDGET CONCERNS, 2010

- Declining MCCSC enrollment and declines in anticipated revenues at the state level resulted in a projected decline in state funding for the General Fund of \$300,000 in 2010.
- The school funding formula accounts for approximately 94% of General Fund revenues.
- The 2010 General Fund Budget approved by the School Board in October 2009 was only \$96,000 (.14%) higher than the 2009 General Fund Budget.
- A 2% increase in funding is needed by school corporations annually to support increasing costs of utilities, insurance, benefits and annual experience increments in teacher salary schedules.
- In December 2009 the Governor announced 2010 state funding for K-12 education approved by the State Legislature in the spring of 2009 would be cut by 4.55%. The MCCSC lost an additional \$2,830,000 in 2010 state funding as a result.
- The General Fund operating balance was \$2,690,000 (3.9% of annual expenditures) on December 31, 2009. Following the funding reductions described above projections showed 2010 expenditures would need to be reduced by \$1,640,000 in order to avoid a negative cash balance in the General Fund as of 12/31/10. An operating balance of at least 8% of annual expenditures, or \$5,440,000, would be considered an adequate operating balance.
- The MCCSC's total tax rate declined from \$1.0384/\$100 AV in 2008 to \$.5496/\$100 AV in 2010 after the state assumed total responsibility for funding school General Funds. This represented a decline in the MCCSC's total tax rate of 48.88 cents, or 47%.
- In 2008 the MCCSC's total tax rate was \$1.0384 and the state average total tax rate for the 270 school corporations reported on the Department of Education web site was \$1.501 per \$100 AV. Over 90% of the other Indiana school corporations had a greater total tax rate than MCCSC.
- Substantial inequalities have existed in the school funding formula since the early 1970s. 239 of the 293 school corporations (82%) received more funding per pupil through the school funding formula than the MCCSC received in 2009. If the MCCSC had received the state average funding per pupil in 2009, revenues would have been greater by \$5,431,000.
- Standards associated with No Child Left Behind are the same for all schools and school corporations, yet there was a dramatic disparity in per pupil funding received through the State's school funding formula.

- In February 2010 the MCCSC School Board voted to reduce annual expenditures by \$6.7 million dollars. Only about 1/3 of this reduction could be realized in 2010 due to existing contractual obligations. Following the budget reductions the 2010 operating balance was projected to decline by \$2,146,000 to \$500,000 (.8% of annual expenditures).