Mississinewa Community School Corporation

SEA 1 Impacts & Potential Cancellation of Transportation Resolution 27-28 School Year

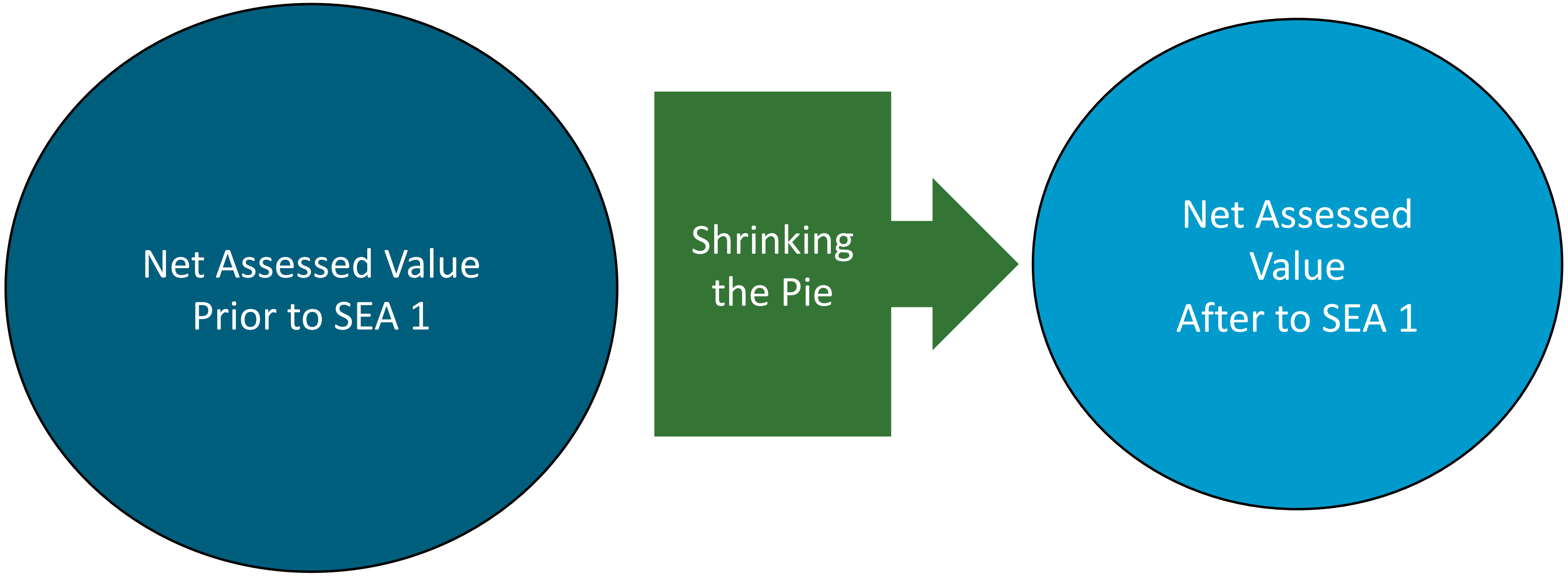
WHY WE ARE HERE TONIGHT?

1. SEA 1 has significantly reduced revenue for public schools statewide.
2. MCSC has taken major internal cost-saving steps, but the deficit continues to grow.
3. Without a passed Operating Referendum in November 2026, MCSC cannot maintain transportation after the 26-27 school year.
4. The board must consider a resolution informing the community at least one year in advance per Indiana Code IC 20-27-13-3.

Impact of SEA 1 and other Circuit Breaker Loss on MCSC's Operations Budget by 2029

	2024	2025	2026	2027	2028	2029
Certified Levy						
Debt Service	2,162.2	2,459.3	2,459.3	2,459.3	2,459.3	2,459.3
Operations	2,412.2	2,508.5	2,608.8	2,713.2	2,821.7	2,934.6
Unit Total	**4,574.4**	**4,967.7**	**5,068.1**	**5,172.4**	**5,281.0**	**5,393.8**
CB Loss						
Debt Service	21.7	33.4	82.6	88.4	93.8	94.4
Operations	285.5	263.0	420.2	637.1	1,401.7	1,425.8
Unit Total	**307.2**	**296.3**	**502.8**	**725.5**	**1,495.5**	**1,520.2**
Net Levy						
Debt Service	2,140.5	2,425.9	2,376.7	2,370.9	2,365.5	2,364.9
Operations	2,126.7	2,245.5	2,188.6	2,076.0	1,419.9	1,508.7
Unit Total	**4,267.2**	**4,671.4**	**4,565.3**	**4,446.9**	**3,785.5**	**3,873.6**
Circuit Breaker Loss						
Operations	11.8%	10.5%	16.1%	23.5%	49.7%	48.6%
Total	6.7%	6.0%	9.9%	14.0%	28.3%	28.2%

How did SEA 1 slow the growth or decrease Net Assessed Value?



Less of the “Pie” to feed the same number of students.

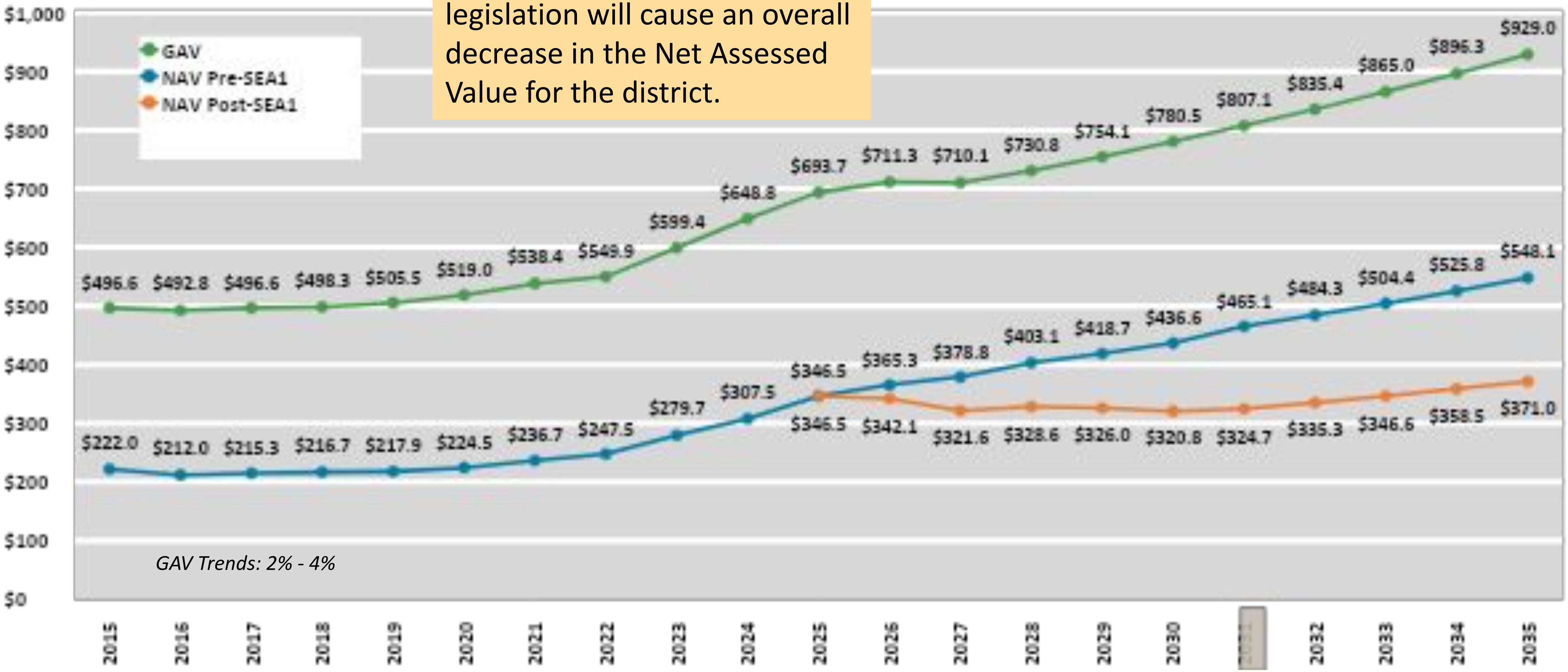
MCSC Net Assessed Value Post - SEA 1 = $321,600,000 in 2027 for 2200 students.

MCSC Net Assessed Value Post - SEA 1 = $342,100,000 in 2026 for 2200 students.

MCSC Net Assessed Value Pre - SEA 1 = $346,500,000 in 2025 for 2200 students.

Mississinewa Gross & Net Assessed Value Projection

New additional deductions in legislation will cause an overall decrease in the Net Assessed Value for the district.



Less of the "Pie" to feed the same number of students.

MCSC Operations Net Levy Post - SEA 1 in 2028 = $1.4 million for 2200 students. Projected revenue would have been $2.9 million without circuit breaker loss and SEA 1 impacts. This is a $1.5 million funding deficit/year by 2028. $636/student in operational revenue. The state average is $1,584/student

MCSC Operations Net Levy Post - SEA 1 in 2027 = $2.0 million for 2200 students. $909/student in operational revenue.

MCSC Operations Net Levy Post - SEA 1 in 2026 = $2.1 million for 2200 students. $954/student in operational revenue

MCSC Operations Net Levy Pre - SEA 1 in 2025 = $2.2 million for 2,314 students. $865/student in operational revenue

Property Tax Revenue Projection: 2025 Levy – Post-SB1 Scenario

Dollars in Thousands

	2024	2025	2026	2027	2028	2029
Certified Levy						
Debt Service	2,162.2	2,459.3	2,459.3	2,459.3	2,459.3	2,459.3
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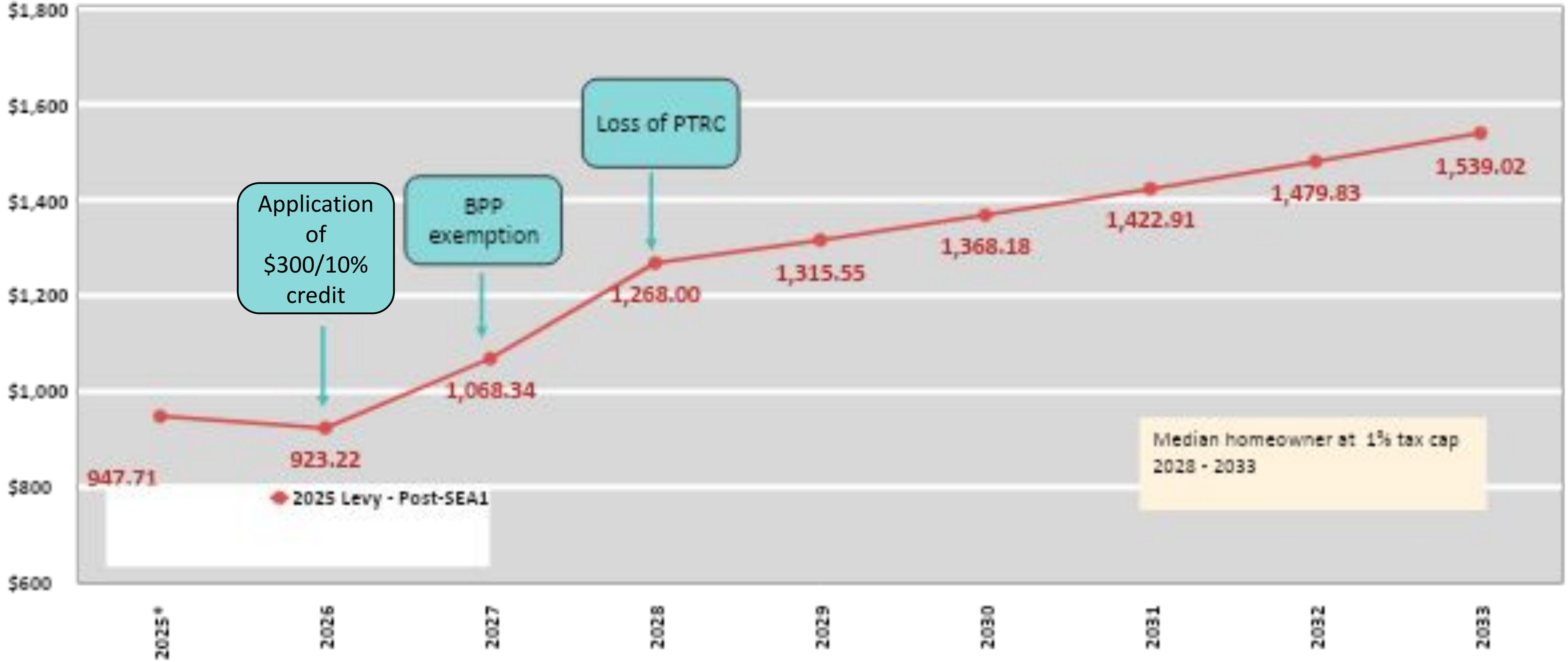
In the Yellow you will see the Circuit Breaker Loss (Property Tax Caps) Pre SEA 1 (2024 & 2025) then then the post Circuit Breaker loss 2026 and beyond. This show the revenue that the district will lose each year due to Circuit Breaker Loss and SEA 1. By 2029 we will lose $1.5M annually.

In the Orange you will see the percentage of our budget that is lost due to Circuit Breaker loss. By 2029 we are at nearly 50% of the Revenue we should receive that we will not receive.

Policy Analytics LLC

Taxpayer Impact: Net Liability on Median Homeowner

*Mill Township Taxing District – 25.9% of School Corp tax base – 2025 total tax rate from all units = **$2.5255***



2025 Median AV: $128,000*

Policy Analytics LLC

Summary of SEA 1 changes which are pushing & pulling against one another:

- Increased Homestead Supplemental Deduction to 2/3 by 2031
- New Homestead $300/10% credit
- Agriculture reduced base rate
- 2% Properties (apartments, long term care & agriculture) receive deduction to 1/3 by 2031
- Exemption of Business Personal Property of $2,000,000 or less
- Elimination of Local Income Tax (LIT) which may affect i) Property Tax Replacement Credits (PTRC) &/or ii) Certified Shares (cash)

MCSC Operations Fund Levy/Student Compared to Grant County Schools

Operations Levy (Monies Received by School District) Per Student (pre SEA 1)

School	Operations Levy/Student	% of Students Out of District
Marion	$2,640	3%
Eastbrook	$1,708	26%
Oak Hill	$1,380	30%
Madison-Grant	$1,009	54%
Mississinewa	$865	30%
State Average	$1,584	10%

**Based Upon 24-25 School Year Data

MCSC receives the lowest amount of Operations Fund levy (Pre-SEA 1) than any other school in grant county and 45% less than the state average. If we were able to generate the state average on a per student basis this would create $1.6M/Year in additional revenue to the operations fund.

SEA 1 will cut this amount even more for MCSC.

Why is Transportation needing to be considered as a potential cut?

- Transportation is the single largest expense that we can legally and functionally cut to make up the loss of revenue to the Operations Fund due to SEA 1.
- Transportation costs about $1.2M annually and that is consistently increasing every year. Even if we cut transportation we cannot fully cut all transportation. Legally we are still required to transport all students with an IEP to and from school.
- We have to consider if we are going to still offer transportation for ECA events or not.
- Best case scenario is that we can cut about $700k-800k from transportation out of the $1.2M.
- We will still need to find other cuts

What Other Cuts Can We Make?

- We would have to next look at reductions in non academic staffing such as central office administration staff, custodial/maintenance staff, and annual capital projects such as building maintenance, asphalt repair, etc.
- There is not another line item in the budget that we can cut that will make up the funding cuts that are being caused by SEA 1.
- We either have to pass a referendum or cut transportation along with other non academic areas.

Is MCSC The Only School Impacted By SEA 1?

- NO - All schools will be impacted, but some will be impacted more than others.
- On a typical election cycle there are usually between 5-8 Schools going for a Referendum. There are currently already approximately 45 schools that will be on the ballot in November 2026. Between the November 2026 and November 2028 election there is expected to be well over 100 operating referendums on the ballots.
- Lake Station School Corporation was forced to reduce their transportation in 2024. There will be other schools and not just MCSC that will have to pass this board resolution to cancel transportation if they are not able to pass an operating referendum. This is again due to SEA 1 impacts which are out of our control.

Why Can't We Move Money From Another Fund?

- The debt service fund is used for specifically listed projects within the bonds that were authorized. We cannot use it to pay for salaries or annual/recurring expenses like transportation. We can use it to pay for one time purchases like buses.
- We already transfer the maximum of 15% from the Education Fund to the Operations Fund that is allowed by the State. Our community wanted us to tighten up our out of district enrollment and take less students. We did that and we have 162 less students this year, but that means we also lost about $250,000 of Education Fund money this year that would have been transferred to the Education Fund.
- We have two options left at this time
  - 1. Pass an Operating Revenue to recoup the loss in Revenue from SEA 1.
  - 2. Cut Transportation and other vital staff and services to make up the difference in the loss of revenue.
  - 3. There is not a 3rd option to continue to operate as we stand. We either increase revenue via a referendum or we make hard cuts. We cannot legally operate our operations budget in the negative.
    - We have already been contacted by the Distressed Unit Appeal Board (DUAB) to ask us what our plan is for handling this cash flow issue that has been presented to us due to SEA 1. They reached out to the schools to get 5 year cash flow projections based upon this impact. We are one of the schools getting hit the hardest in Indiana.

Time For Public Comment and Board Comment

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GO INDIANS!!