



School City of Mishawaka

Creating a Culture of Excellence

May 26, 2026

Indiana Department of Education
Distressed Unit Appeals Board

Re: Excessive Education to Operations Fund Transfer List Response Calendar Year 2025

This letter is being offered as the response to the Excessive Transfer notification received on March 27, 2026 from the Department of Education. We do acknowledge that the School City of Mishawaka did exceed the recommended 15% Education to Operations limit for calendar year 2025. The actual percentage was 15.84% and even though it was not 15% or below, it was an improvement from calendar year 2024 when the transfer percentage was 18.11%. We as a corporation have continually worked to achieve the 15% and work even more diligently to achieve the desired percentage in calendar year 2026.

Even though we are striving to reach the 15% threshold, our corporation faces some challenges that other school corporations do not have to take into consideration when considering how much of their Education Fund revenue they will transfer each year. The biggest factor in our calculation is the circuit breaker losses we experience in regard to our property tax revenue which funds the Operations Fund. I have included a document that includes a spreadsheet that lists the data for School City of Mishawaka since 2019 when the restructuring of the funds to include the 15% transfer from the Education to Operations Fund. In 2019 the percentage of revenue lost to circuit breaker credits was 29.63%. As of calendar year 2026, the data reflects a percentage of 72.62% of lost revenue due to circuit breaker credits and the new supplemental homestead credit. This lost revenue decimates our Operations revenue funding. We are constantly looking for ways to use our dollars more efficiently, but there are many expenditures within the Operations Fund that we have no control in containing the cost. Many of these are the utilities used within the corporation. We have been working to update our buildings to better utilize energy when possible, but that also takes revenue to do which is in short supply in the Operations Fund. Along with the increased circuit breaker losses, our corporation now has to share our operations levy with the charter schools in our district as we are located in St. Joseph County. This is another loss we have to absorb. Mainly right now the circuit breaker credits and new supplemental homestead credit are the crux of why the amount that is transferred from the Education Fund to Operations Fund occurs within the School City of Mishawaka's finances. Without the transfer that exceeds the recommended 15%, the operations of the corporation would suffer in calendar year 2025.

Our school district does not hold much business property within it and mostly consists of residential property. The school district is made up of 8 square miles and if there are any businesses/apartments that might yield high property tax revenue, they are located within a TIF

Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297

Phone [574] 254-4500 • Fax [574] 254-4585 MishawakaSch001s.com

district managed by the City of Mishawaka. Any revenue earned from those districts we are notified each year that the city has allocated those funds for their purposes and there are none available to us. There are not many opportunities for new home builds within our district either to bring in new revenue. With this mostly residential make-up of our district, the Operations Fund will just continue to be affected. We are working to lessen the effects as much as we can, but the buildings still have daily needs as well as long term maintenance.

Included in this document within the packet are spreadsheets that lists various financial data points in relation to other school corporations with ADM counts similar to the School City of Mishawaka for calendar years 2024-2026. School City of Mishawaka has the lowest Operations Fund levy each year. This low starting point for funding of the Operations fund initiates the higher transfer amount. From the data listed, it can be seen that just based on the Operations levy, the amount spent per student is the lowest in the cohort. In 2024, this amount was \$782.78 rising to \$835.09 in calendar 2026. These are amounts without the circuit breaker losses calculated included. When these credits are included in the calculation the amount per student goes from \$314.08 in 2024 to \$228.67 in 2026. Even with the amount we are transferring which is the largest amount in the cohort, the per student amount total for the Operations Fund only puts the corporation 8th of the eleven schools listed in the document in 2026. In 2024, School City of Mishawaka was 10th out of the cohort consisting of the eleven schools listed. We have made some progress, but not much as we are working hard to reduce the amount transferred from the Education Fund to Operations Fund. The Education Fund is extremely important, but without buildings being able to function, there is no place to educate them.

As has been stated in our previous responses, we have older buildings that continually need repair and maintenance. We have been utilizing general obligation bonds to address the major needs within the corporation, but the everyday maintenance and small projects we are trying our best to handle within the Operations Fund. We are striving to not take out additional debt than is absolutely necessary as we will need every dollar of property tax revenue in the upcoming years. I have included a document listing the buildings within the corporation and their ages for your reference.

Administration is continually discussing and reviewing where funding could be saved. Expenditures are reviewed as well as always looking at staff openings when they occur to evaluate as to whether it is a position that could be absorbed or dissolved. Within the last year, we have not filled positions that have been left empty by personnel finding other job opportunities or for other reasons. We, as a corporation, know the district will be facing many funding challenges in the next few years and are proactively working to reduce the costs of the corporation now and looking at what measures can be taken in the future.

In previous years, declining enrollment has been noted, but the corporation was fortunate for the 2025-2026 school year to actually have the number of students used to calculate the Basic Grant Tuition support to be status quo from 2024-2025. Even though the total amount of students remained the same, the makeup of the number differs due the number of virtual students increased from 24-25 to 25-26. This increase occurred as we promoted the CAVE, our virtual school which opened in the fall of 2024. This has an effect on the Education Fund revenue as the virtual student are only funded at 85% of the foundation amount. We believe that without this addition to our district our student enrollment number would have declined dramatically. Any decrease in student enrollment trickles down to affecting the revenue available to Operations so we work just as hard to attract and retain the students within our district.

I am also including documents that reflect the expenditures for the Operations Fund for 2023-2025 so that you can see we are diligently working to reduce costs. Various expenditures

Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297

Phone [574] 254-4500 • Fax [574] 254-4585 MishawakaSch001s.com

for the Operations fund have been evaluated so that alternative ways to fund the expenditures could be found. To help take the strain off of the Operations Fund, all new Technology expenditures for calendar year 2026 were assigned to the Operating Referendum Fund. Several expenditures that have increased are out of our control. Utility costs which are controlled by the municipality we are located in have experienced rate increases and we cannot change those increases but work to absorb them as efficiently as we can. In reviewing the Expend Comparison spreadsheet contained within the Data spreadsheet, it is revealed in 2025 expenditures increased by 4.44%. This increase is mostly due to utility costs increasing and the one-time purchase of two new school buses. With the Operations levy increasing 4%, without the school bus purchase the corporation would have been within the funds generated by the increased levy. As the corporation looks forward to finishing out the 2026 calendar year budget, with the expenditures for the Operations Fund calculated and projected for the next seven months, we have the potential to actually decrease expenditures by 7.83%. This decrease I believe is because no expenditure is off the table when discussing where can the corporation make changes to enable the school corporation to function more efficiently financially. Many ideas have been discussed and some have been followed through with and some have not. That does not mean they will not be brought back to the table at a later date.

The corporation finally reached a milestone I was happy to reach in calendar year 2025. The two last Energy Savings Bonds that were being paid for from the Operations Fund were paid in full. The payoff of these two bonds allowed approximately \$200,000 to be available for other needs in calendar year 2026.

Our buildings are on the older side, as reflected in the included document. The high school is 100 years old this year and our newest building is 23 years old. With buildings of these ages, maintenance and upgrading when needed comes at a price. As everything else these days, repairs are expensive, as is maintenance. We have been doing our best to only perform the needed items from the Operations Fund along with using other funds available when possible.

The Referendum renewed in 2024 had specific items that it could be utilized for which included Technology and School Resource Officers. To alleviate the effect these expenditures would have on the Operations Funds, these expenditures have been entirely allocated to the Operating Referendum fund except for the matching amount for the Secured School Safety Grant located within the Operations Fund.

As we work through calendar year 2026, only 15% of the Basic Grant payments received have been transferred to the Operations Fund. My goal is to meet the 15% recommended percentage for calendar year 2026. The corporation almost made it this year coming up short at 15.84%. This was a decrease of 3.35% from 2025. With only .84% remaining between 15.84% and 15%, I believe that it is possible to reach the 15% recommended goal. Any additional thoughts or ideas that the Department of Education or DUAB has that might help us reach the 15% transfer goal are always welcome.

Respectfully,



Rachel Dutoi
School City of Mishawaka
Director of Business Services
dutoir@mishawaka.k12.in.us
574-254-4503

Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297
Phone [574] 254-4500 • Fax [574] 254-4585 MishawakaSch001s.com



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

Excessive Education Fund Transfer Checklist for Affected School Corporations

The following information should be considered in response to placement on the Excessive Education Fund Transfer List.

Date of Department of Education notification date of placement on the Excessive Education Fund Transfer List:

3/27/2026

Date of acknowledgement by superintendent of placement on the Excessive Education Fund Transfer list at the next school governing body meeting following notification of placement on the list. Note the acknowledgement is required to be entered into the meeting minutes:

April 15, 2024

Internet link where the school published the Excess Education Fund Transfer notice and relevant reports within 30 days of acknowledgement at the public meeting:

Michawaka schools.com/about-us/publicnotice

Date of submission of Explanatory Documentation to the Department of Education and to the fiscal and qualitative indicators committee (must be on or before June 25, 2026)

6/4/2024

Does the Explanatory Documentation include answers to the following questions?

How and why the school corporation's leadership believes the school corporation failed to meet the education fund transfer target percentage for the next calendar year.

☒ Yes ☐ No

The steps the school corporation's leadership is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage for the next calendar year

☒ Yes ☐ No

Does the school corporation have additional comments or supporting documentation that would be helpful for the Department and the Fiscal and Qualitative Indicators Committee's review? If so, please include a copy.

☒ Yes ☐ No

Please include a copy of this checklist with the submission of Explanatory Documentation to the Department and the Distressed Unit Appeals Board.

Email information to: schoolfinance@doe.in.gov and indicators@duab.in.gov



Indiana Department of Education

Dr. Katie Jenner, Secretary of Education

To: Dr. Stevens, Superintendent, School City of Mishawaka (7200)

Copy: School Business Officer and School Governing Body

From: Brenda Erbse, Department Director, Office of School Finance

Date: March 27, 2026

Re: Excessive Education Fund Transfer List

Based on the requirements of Indiana Code 20-40-2-9, School City of Mishawaka (7200) transferred more than fifteen percent of total Education fund revenue in calendar year 2025. Therefore, the school corporation did not meet the education fund transfer target percentage for calendar year 2025 and is subject to further review. Based on Form 9 financial data filed with the Indiana Department of Education (IDOE), the following determination was made:

Total revenue deposited into the Education Fund for CY 2025:	\$46,951,787.79
Total transfer amount from the Education to Operations Fund:	\$7,438,405.22
Education to Operations transfers as percent of total Education Fund revenue:	15.84%

Based on the information, the school corporation shall do the following:

1. Publicly acknowledge receipt of this notice at the next meeting of the school governing body,
2. Enter into the school governing body's official meeting minutes acknowledgement of this notice, and
3. Within thirty days, publish IDOE's notice, and any relevant individual reports prepared by IDOE on the school corporations internet site.

The school corporation has ninety days from the date of this notice to prepare and submit to the Distressed Unit Appeals Board (DUAB) and IDOE explanatory documentation to explain the following:

"I.C. 20-40-2-10(b)

- (1) How and why the school corporation's leadership believes the school corporation failed to meet the education fund transfer target percentage.
- (2) The steps the school corporation's leadership is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage for the next calendar year."

Please present the information prepared and shared with DUAB and IDOE to the school governing body at its next public meeting. The governing body shall enter documentation and discussion as part of its official minutes for that meeting. A checklist and frequently asked questions document are attached to the memorandum to assist in this process.

Please email or mail a complete copy of the information to:

Distressed Unit Appeal Board
Dan Schmidt, Executive Director
100 N. Senate Ave.
IGCN, 10th Floor
Indianapolis, IN 46204
indicators@duab.in.gov

Indiana Department of Education
Brenda Erbse, Senior Director, School Finance
100 N. Senate Ave.
IGCN, 9th Floor
Indianapolis, IN 46204
berbse@doe.in.gov