

March 15, 2017

Memorandum: Recent Studies of Muncie and related school corporations

The following documents provide data and analysis relevant to public discourse and strategic decisions regarding school corporations in selected Indiana communities. We perform this work at the request of several elected leaders and members of the greater Muncie business community. While it is well known that Muncie School Corporation is undergoing significant financial difficulties in relation to the FY16 and FY17 contracts, these documents are not intended to inform or influence that process or its outcome in any way. The facts and analysis contained here are known to both the School Board and the Muncie Teacher's Association, so nothing here is germane to that negotiation. However, much of what we offer here is unknown to community members and local elected leaders. This is because the data are available from a number of different sources, and because there has been a great deal of incorrect information about school financing provided in public forums and the media.

We encourage interested readers to review the accompanying report, which offer context, sources and other information relevant to understanding the challenges facing MCS in the coming years. The following points represent the key points of this work.

- MCS student enrollment effectively peaked in 1967, and has declined consistently and significantly over the ensuing 50 years. These dynamics mimicked the Muncie population in general, and demographic forecasts confirmed these trends repeated from the mid-1970's onward.
- Since peak enrollment, MCS built two new high schools, one additional middle school, and one new elementary school.
- Countywide population has declined since 1971, and school enrollment in Delaware County has declined since the start of available data (1990).
- Since the 2005-6 school year, 94.8 percent of all public school student declines occurred within MCS.
- Between 2005-6 school year, the legislature made three funding changes, and three regulatory changes affecting MCS.
- The funding changes were:

- Shift of school operational funding to state General Fund, and imposition of property tax caps affecting capital and transportation funding.
- Removal of ‘de-ghoster’ rule from the school funding formula, which ended the practice of continuing payment to declining schools, and delaying payment to growing school corporations.
- Adjusting the school funding formula as part of the FY16 funding increase to count Federal program eligibility with reporting directly from Federal agencies.
- The regulatory changes were:
 - Permitting students to attend any school of their choice, and funding that choice at the new school formulary rate (intra-state transfers)
 - Expansion of charter schools
 - The private school voucher program for low-income students.
- The combination of these policies had many different effects. The following observed outcomes occurred in Delaware County.
 - On a per student basis, MCS school operation funding grew to one of the highest in the state of Indiana, and the highest in Delaware County.
 - On a per student basis, MCS property tax collections declined, but were restricted in use to capital improvements and transportation. They remain the highest in Delaware County.
 - Due to the end of the de-ghoster, the rapid loss of students in MCS reduced total state funding, but on a per capita basis, it remained the highest in the region. The FY16 funding formula changes provided MCS with the largest increase in state aid of any school corporation in Indiana.
 - Enrollment in private and charter schools declined significantly in Delaware County. Private and charter school enrollment peaked at 9.1 percent in 2005-6 school year, and is today less than 4 percent of county school enrollment.
 - Enrollment at MCS has declined by 26.1 percent since the 2005-6 school year. Roughly half of this decline (13.8 percent) represents MCS students choosing to attend other local public schools.
- The turbulent decade of school reforms in Indiana resulted in changes in Delaware County, which are very different from those commonly noted when discussing the challenges facing MCS. While property tax payments declined, operational funding rose on a per student basis. Today, when comparing a representative classroom of 25 students, MCS receives \$34,482 more than the next best funded school corporation in the county (Wes-Del), and \$53,993 more than the lowest funded school corporation in the county (Cowan). Moreover, the loss of enrollment at MCS is unrelated to vouchers for private schools or the opening of charter schools. Charter and private school enrollment decreased by

more than half since 2005-06. Rather, MCS students have chosen to attend other local public schools.

- Continued financial problems at MCS are not a revenue issue. On a per student basis, MCS is one of the most highly funded school corporations in Indiana, and by far the highest in East Central Indiana. Rather, the issue is one of failing to align facilities and staff costs to match the observed 50-year trend. In the decade ending with the last school year (2015-16), MCS lost 26.1 percent of its student enrollment, while the decline in employed teachers was 7.1 percent. Today, MCS maintains physical plant, which can accommodate more than 40 percent higher enrollment. Thus, operational costs are between 15-25 percent higher than warranted and physical plant is roughly 40 percent higher than warranted in the 2016-17 school year. Every forecast of enrollment suggests a continuing decline through at least 2030.

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A Brief Review of School Financing, Performance and Enrollment in Delaware County and Comparable School Corporations in Indiana

March 15, 2017

(Revision of the March 1, 2017 version)

**Center for Business and Economic Research
Ball State University**

Purpose

This review provides information related to the financing of school corporations in Delaware County, Indiana. We include a history and projection of school enrollment (public and private), information on school performance, the role of property taxes, school corporation physical plant, and finally a comparison of per student funding and staffing for Delaware County's seven school corporations and other Indiana school corporations comparable to Muncie Community Schools. The goal is to help clarify these issues by providing data across the county's school corporations and other similar school corporations.

School Financing in Indiana

With the passage of HEA1001, beginning in FY2009, all of school operational funds (100%) come from the state funding formula. This state funding is used to pay salaries and other operating expenses. Transportation and capital expenses, which includes building repair and maintenance, are financed by local property taxes. Prior to Fiscal Year 2009 the state paid 85% of operating funds.¹

The state funding formula has a base element and a 'complexity' adjustment, which is effectively an increase in per student payments for school corporations with high shares of low-income households. The funding formula was adjusted in 2010 and 2016 to make two changes. The first eliminated elements that slowed the flow of funds from declining to growing corporations (de-ghosting). This meant that a school losing a student would receive no funding the subsequent year, when in past formula, the loss would be phased in over three years, for both the losing and gaining schools. The second change replaced the accounting of school complexity in the funding formula with data from federal agencies regarding specific Federal programs (SNAP, TANF and Foster Child enrollment).²

¹ See http://www.indianacounties.org/egov/documents/1207595285_814300.pdf for a good overview of the data.

² See this STATE Impact report for a quick review of recent changes.
<http://indianapublicmedia.org/stateimpact/2015/06/16/districts-state-funding-changed/>

Since the 1950's, funding has followed students, now it is 100% of operational funding and it follows more quickly than in years past.³ Student enrollment ultimately determines annual state funding for public schools.

Property tax payments are collected on all eligible property within a taxing unit's geographic boundary. The 2008 HEA1001 (and subsequent Constitutional Amendment) capped property tax rates. The complexities of property tax administration make the local tax system difficult to understand. We make note three widespread misunderstandings.

Property tax collections are capped both by tax rate and by growth of individual taxing unit budgets. The places that lost the most revenue to property tax caps were the most highly taxed places in Indiana, and Delaware County was among the most heavily taxed counties in the state. Still, those taxing units typically receive more revenue than the places with lower impacts from tax caps, as will be apparent in the next section.

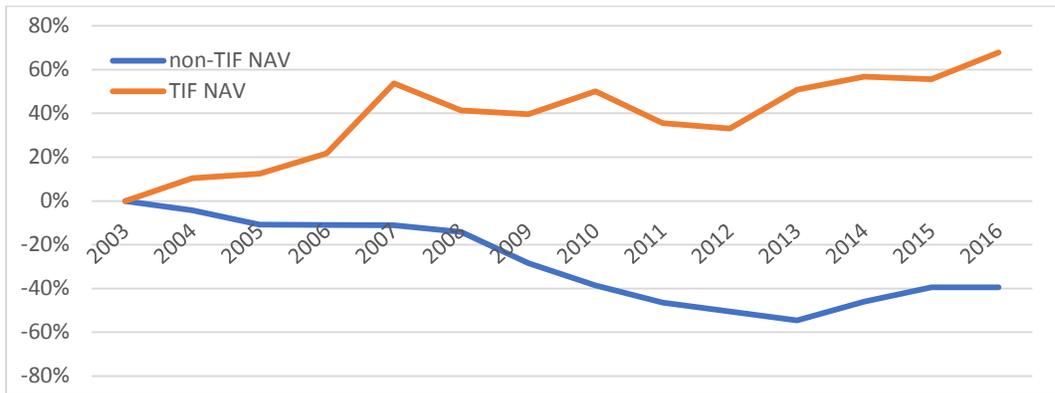
The actual impact of not-for-profit activity should be assessed as the impact that activity would have on tax revenue if it left the community. For example, the impact of Ball Memorial Hospital on tax revenues in Delaware County is appropriately measured as the loss to revenue if the hospital were to close. While some small not-for-profit activities may occupy land for which an alternative higher use could be found by the private sector, the net effect of the large not-for-profit activities across Delaware County is unambiguously positive.⁴ Local taxing units receive more, rather than less revenue due to the presence of the large not-for-profit activities in the community because of the positive impact these organizations have on overall property value in Muncie.

Property tax losses from the assessed value include personal deductions (at least 12 including Homestead, Veteran's Disability, Heritage Barn, etc.). Personal property is also removed from the tax rolls for up to 10 years through Property Tax Abatements (roughly \$275 million, or 8.16% of assessed value in Delaware County in the most recent year available). Tax Increment Financing also captures all assessed value growth for up to 25 years. Household Deductions, Business Personal Property Tax Abatement and Tax Increment Financing have significantly reduced the base of taxation in Delaware County. For example, TIF use in Delaware County has captured 100 percent of all net property growth in the county since 2003, seriously limiting tax revenues to all government units. See the figure 1.

³ Schools also receive significant extramural funding from federal, state and non-profit grants for particular activities. While these are an important part of school funding, they are not clearly reported in a single location, and are subject to wide annual variation. Moreover, most of these funds (Title I, IDEA, Free and Reduced Lunch support are not part of the general fund and are deployed to specific uses not otherwise funded. Thus, we do not discuss them in this brief document. Some examples are here: <http://febp.newamerica.net/k12/IN/1807320>. Title I funds and Free and Reduced lunch program provide additional support to school corporations serving low income students. IDEA funding partially supports special education programs.

⁴ The accounting method of estimating not for profit assessed value is for comparative purposes only, not to render an economic estimate of the value of not-for-profit activities and their impact upon tax revenues.

Figure 1. Property Tax Assessed Value Growth (TIF and non-TIF Assessed Value)⁵



School Budgets

Schools in Indiana receive funding from the state funding formula, with student counts collected twice annually.⁶ Property tax payments come from the school share of local property taxes. Comparing funding at the corporation level is helpful in understanding the degree of financial stress each unit faces.

There is significant variation in school funding at the corporation level in Delaware County (table 2). Cowan Community Schools receive \$6,096 per student from the state funding formula, and an additional \$1,319 from local property taxes. This is the lowest state aid per student in the county and second lowest property tax support. Liberty-Perry (Wapahani) receives \$1,105 from property taxes. Again, these funds are intended for operational and facility/transportation respectively. At the high end, Muncie Community Schools receives \$7,636 per student from the state and another \$1,939 from local property taxes, the highest per student revenues in the county. See Table 2.

⁵ See Hicks, Faulk and Devaraj (2015) <http://projects.cberdata.org/reports/FiscalTIF-20160129.pdf>

⁶ See State Board of Accounts Financial Statement and Federal Single Audit Report of Muncie Community Schools, 2015 (B46277) for audit results of MCS student counts.

Table 1. Delaware County School Funding, Enrollment and Student-Teacher Ratios⁷

Corporation	2016-17 Enrollment	Student to Teacher Ratio (2015-16)	State Funding per Student (2017)	2017 Property Tax Appropriations per Student	Total per Student Funding 2016-17	Percent Funding Difference (from Lowest in County)	Funding Difference per class of 25 Students (from lowest in County)
Cowan C.S.	791	13.6	\$6,096	\$1,319	\$7,415	0%	\$0
Wapahani (Liberty-Perry)	1,210	14.5	\$6,506	\$1,105	\$7,611	3%	\$4,901
Yorktown C.S. (Mt Pleasant)	2,534	17.6	\$6,143	\$1,529	\$7,672	3%	\$6,412
Daleville C.S.	924	13.6	\$6,053	\$1,777	\$7,830	6%	\$10,374
Delta (Delaware)	2,622	15.2	\$6,320	\$1,667	\$7,987	8%	\$14,292
Wes-Del	817	12.3	\$6,373	\$1,823	\$8,196	11%	\$19,511
Muncie CS	5,690	12.0	\$7,636	\$1,939	\$9,575	29%	\$53,993

On a per student basis, MCS receives \$1,263 (or 18%) more per student from the state formula, and \$116 more per student in local property taxes than the next best funded corporation in Delaware County (Wes-Del).

These different funding levels through the state formula are by design, to accommodate costs associated with providing a wider array of services to poorer populations.⁸ The property tax differences are caused by very large variations in property value within the city of Muncie relative to other locations in the county. Even with property tax caps, all Muncie taxing units receive much higher tax revenues than surrounding jurisdictions. This is due to the much higher levels of assessed property, per person, in the municipality than in surrounding jurisdictions.

Many residents will be surprised at the large differential in payments to schools. For a typical class of 25 students, MCS receives \$34,482 more dollars on a per capita basis than the next highest funded school corporation (Wes-Del) and \$53,993 more than Cowan Community Schools, the lowest in the County.

It has been widely asserted that recent school funding changes have hurt Muncie School Corporation, along with other urban and rural school corporations. While the end of the de-ghoster is a modest⁹ financial drain on Muncie, the FY016 funding changes were especially advantageous to Muncie. Among the nearly 300 school corporations subject to this change, Muncie Community Schools enjoyed the highest total and relative increase in state aid. Per

⁷ Sources are IDOE Compass (2015-16 and 2016-17) and DLGF County Budgets.

⁸ Seventy-five percent of MCS students receive free or reduced-price meals, while between 30 and 50 percent of students in the six other Delaware County school corporations received free or reduced-price meals.

⁹ The de-ghoster change would have cost Muncie roughly \$250,000 over two years for the loss of 100 students.

Student funding increased by 7.4 percent, or by \$528 per student from the 2014-15 school year to the 2016-17 school year (see Table A1 in the appendix).

Muncie is one of the larger school corporations in the state. Table 2 shows enrollment, student-teacher ratios and funding for other large school corporations in the state – twelve school corporations with the next highest and lowest enrollment. These twelve corporations had enrollment between 5,100 and 6,700 students during 2015-16. Of these school corporations, only Goshen has a lower student-teacher ratio at 11.3 students per teacher. Eight of the twelve comparison corporations have lower total per student funding than Muncie Community Schools. All but one of the comparison group have higher local funding. Eight of these twelve comparison corporations also had decreases in enrollment between 2015-16 and 2016-17 with Gary losing the most students (over 600).

Table 2. School Funding, Corporations with Enrollment Similar to Muncie Community Schools (sources: IDOE, DLGF)

Corporation	2016-17 Enrollment	Student to Teacher Ratio (2015-16)	State Funding per Student (2017)	2017 Local Property Tax Appropriations per Student	Total State and Local per Student Funding 2016-17
Richmond C.S.	4,998	13.4	\$7,453	\$1,010	\$8,463
Huntington County C.S.	5,265	13.9	\$6,523	\$2,040	\$8,563
Concord C.S.	5,394	15.2	\$6,512	\$2,597	\$9,109
Plainfield C.S.	5,466	17.5	\$6,194	\$3,704	\$9,898
Michigan City Area Schools	5,601	12.7	\$7,438	\$2,502	\$9,940
Muncie C.S.	5,690	12.0	\$7,636	\$1,939	\$9,575
Gary C.S.	5,823	13.6	\$8,030	\$4,190	\$12,220
Duneland S.C.	5,842	17.0	\$6,315	\$2,820	\$9,135
Kokomo C.S.C.	6,172	13.5	\$7,216	\$2,116	\$9,332
Valparaiso C.S.	6,261	17.3	\$6,276	\$2,074	\$8,350
Decatur Township M.S.D.	6,452	15.4	\$6,515	\$2,810	\$9,325
Clark-Pleasant C.S.	6,571	16.0	\$6,328	\$2,900	\$9,228
Goshen C.S.	6,610	11.3	\$6,655	\$2,330	\$8,985

Muncie Community Schools also serves a large number of low income households with over 75 percent of students receiving free or reduced priced lunches. Table 3 shows school corporations that have similar proportions of students receiving free or reduced priced lunches. Of these twelve comparison school corporations, eight had lower per student funding than Muncie Community Schools. Only one of the comparison group had a lower student-teacher ratio – Medora Community School Corporation that is a small corporation (enrollment of 205) in Jackson County. Anderson Community Schools and Michigan City Area Schools are other

school corporations in this group that stand out as having low student-teacher ratios and high total per pupil funding levels.

Table 3. School Funding, Corporations with Free and Reduced Lunch Share of Students Similar to Muncie Community Schools

Corporation	2016-17 Enrollment	Student to Teacher Ratio (2015-16)	State Funding per Student (2017)	2017 Local Property Tax Appropriations per Student	Total State and Local per Student Funding 2016-17	% Students with Free or Reduced Lunch
South Bend C.S.	18,110	18.0	\$7,307	\$1,719	\$9,026	71.1%
Medora C.S.	205	9.2	\$6,962	\$3,413	\$10,375	71.8%
Michigan City Area Schools	5,601	12.7	\$7,438	\$2,502	\$9,940	72.8%
Warren Township M.S.D	12,297	15.3	\$7,278	\$2,250	\$9,528	74.4%
River Forest C.S.	1,544	16.2	\$7,200	\$1,608	\$8,808	74.4%
Wayne Township M. S. D.	16,111	14.1	\$7,183	\$2,049	\$9,232	74.7%
Muncie C.S.	5,690	12.0	\$7,636	\$1,939	\$9,575	75.1%
Marion C.S.	3,898	14.3	\$7,425	\$1,270	\$8,695	75.4%
Lake Station C.S.	1,289	16.1	\$7,143	\$1,763	\$8,906	76.0%
Frankfort C.S.	3,193	13.0	\$6,800	\$1,655	\$8,455	76.3%
Richmond C.S.	4,998	13.4	\$7,453	\$1,010	\$8,463	76.4%
Anderson C.S.	7,088	12.5	\$7,563	\$3,225	\$10,788	78.1%
Gary C.S.	5,823	13.6	\$8,030	\$4,190	\$12,220	78.4%

There is no ‘optimal’ school funding level, but taxpayers and policymakers should consider comparison data on funding, staffing and performance, when evaluating the relative fiscal stress facing individual units. Likewise, understanding enrollment dynamics is also critical to this issue.

Muncie Metro Area Population

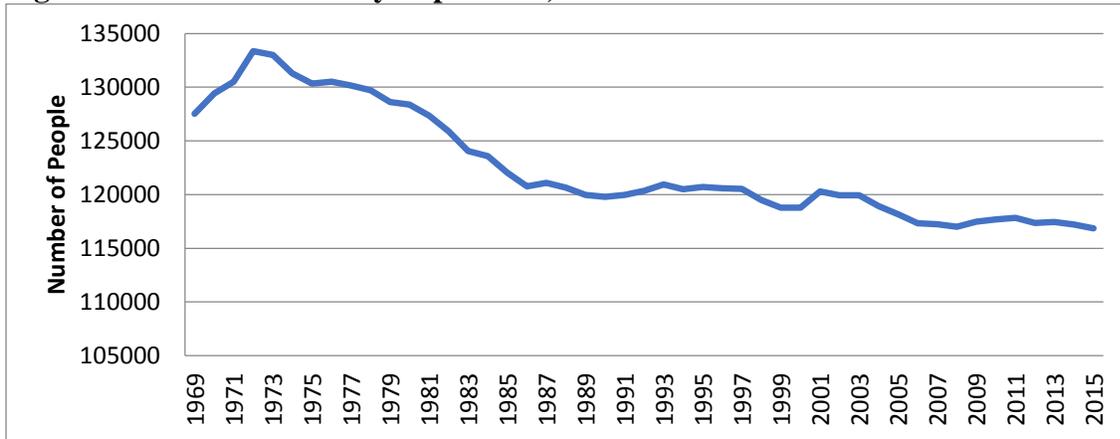
The population within the Muncie Metropolitan Statistical Area (Delaware County) has been in decline since the early 1970’s (Figure 2).¹⁰ Muncie city population peaked in the late 1960’s, and between 1960 and 1970, the number of children under age five dropped by 9.2 percent. Economic forecasts consistently reported population declines from at least 1974 through December 2016.¹¹ This research center has reported on, and forecast population declines for

¹⁰ <http://profiles.cberdata.org/profiles/demographics/Delaware>

¹¹ See Brown, Joseph D, Population Growth Patterns for Muncie, Indiana, Bureau of Business and Economic Research, Ball State University (1974) and Hicks, Michael J. 21st Annual Indiana Economic Outlook, Center for Business and Economic Research, Ball State University, December 5, 2016. See also the 1975 Barton Aschman Associates transportation estimates for the year 2000, which reported 1975 transportation systems were appropriate for the projected 2000 population.

Muncie from at least 1974, annually through 2016, and in projections through at least 2030. These forecasts are widely reported, and have been used in the development of several facility plans for MCS and other local public infrastructure and planning efforts for more than four decades.¹² From at least the mid 1970's onward, no policymaker could have been unaware of the long trend of population loss or the projections for population loss in Muncie.

Figure 2. Delaware County Population, 1969-2015



Historical student counts in Delaware County are readily available since 1990. Public school enrollment has been in decline over this period (Figure 3). For MCS, enrollment peaked in 1967, with 19,808 students.¹³

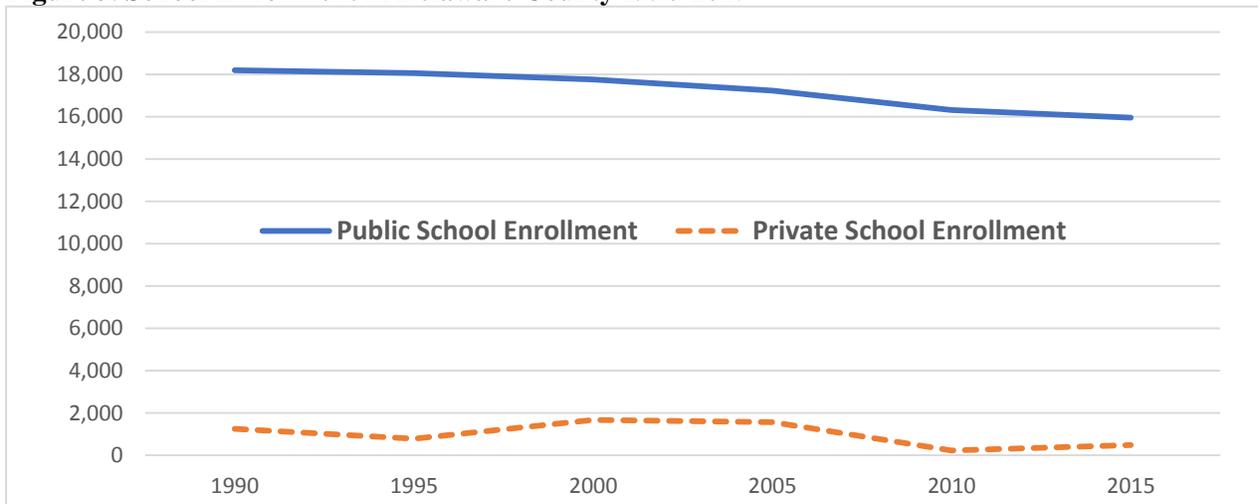
Over the past decade, private school losses have exceeded public school student declines. As of 2016, Delaware County had 15,768 public school students and 220 private school students. Public schools experienced a 13.3 percent decline (2,428 students) since 1990. Private schools saw their enrollment decline by 82.5 percent, or 1,040 students since 1990. The private school enrollment share peaked at 9.1 percent in 2005 and was 1.4 percent of all Delaware County students during 2015. Charter School enrollment at physical locations within Delaware County accounted for 174 students in K-8th grade during 2016.¹⁴

¹² <http://www.thestarpress.com/story/news/local/2016/12/05/population-drain-slows-eci-economy/94688450/>

¹³ An excellent review of school enrollment and building history is available from Robin Gibson's 2015 story in the Muncie Star Press: <http://www.thestarpress.com/story/news/local/2015/03/20/starting-one-room-schoolhouse/24866803/>

¹⁴ See Stats Indiana for County enrollment and IDOE School Data Reports for individual enrollment data.

Figure 3. School Enrollment in Delaware County 1990-2015



Over the past decade, almost 95 percent of the student population declines in Delaware County have come from Muncie Community Schools. Recent forecasts suggest that decline will continue at a steady pace through 2030 (Figure 4). School corporation enrollment and school performance are linked. Households vote with their feet, and the enrollment changes (both public and private) reflect those patterns of household choice.¹⁵

The opportunity for families to ‘vote with their feet’ regarding school location was enhanced by a series of state policies that enabled students to choose the school of their choice and attend a school outside their corporation of legal settlement (home school corporation) if space is available. Between 2010 and 2012 the legislature adopted rules expanding charter schools, offering vouchers for private schools and allowing families more school choice options.¹⁶ However, in Delaware County private and charter school enrollment remain a fraction of what it was in 2005.¹⁷

The declines in school enrollment affected all public local schools in Delaware County. There was also an apparent shift away from private and charter choices, to other local public schools, even as the share of local private school students using vouchers rose. There were also significant demographic shifts, but these were concentrated in the surrounding school

¹⁵ See Hicks (2016) <http://projects.cberdata.org/reports/DisappointingEconDevt-20160620.pdf>, and Hicks and Faulk (2016) here: <http://projects.cberdata.org/reports/CountyPopulationGrowth.pdf>.

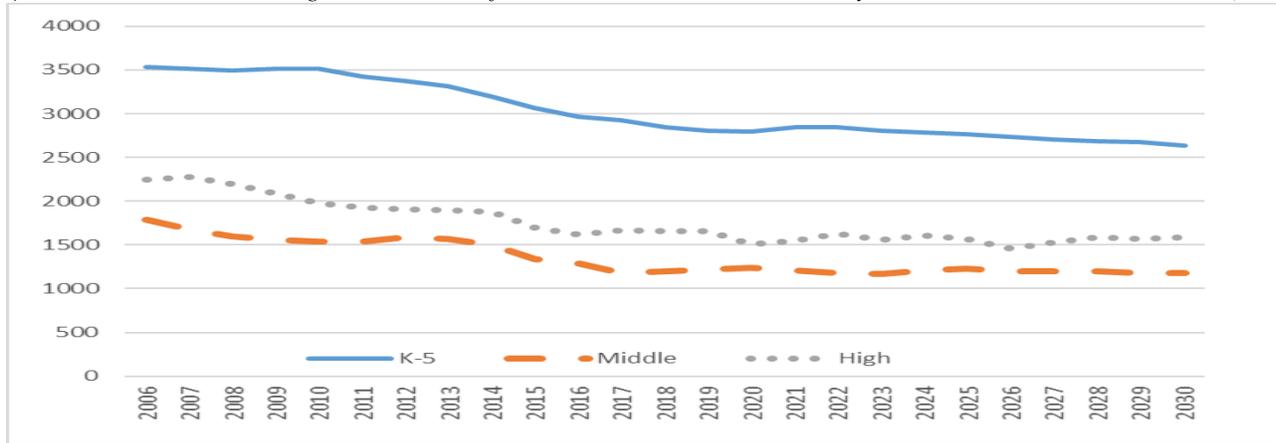
¹⁶ See HEA 1002, and a media explanation here: <http://indianapublicmedia.org/stateimpact/2016/08/19/years-indianas-voucher-program-functions-differently/>.

¹⁷ According to IDOE reports, during 2015-16, 201 students residing in Muncie Community Schools Corporation received vouchers to attend private schools. During 2016-17, 174 students attended Inspire Academy, the charter school located in Delaware County. For details see <http://compass.doe.in.gov/dashboard/reportcard.aspx?type=corp&id=1970>.

corporations. Muncie Schools saw a decline of students overall of roughly 26.1 percent, and also a decline in special education and Free and Reduced Lunch Students (students at roughly 200 percent of the Federal poverty line). Within the surrounding schools, there was a sharp increase in students eligible for Free and Reduced Lunch (FRL). Yorktown and Cowan saw more than a doubling of their FRL students, while Wes-Del experienced the smallest absolute and proportionate increase of 142 students, a 54 percent increase. There were similarly high changes in the ethnic composition of schools outside Muncie. See table A2.

Figure 4. MCS Students by School Level (History and Forecast)

(Source: Hicks and Schlesinger, *A Forecast of Enrollment in Muncie Community Schools: 2006-2030, March 2016*)



The change in school enrollment with respect to staffing is also relevant to any discussion of school financing. To clarify this we compare the Delaware County school corporations in 2005-6 and 2015-16. These are convenient dates since they represent the first year prior to the suite of changes outlined above, and provide a decade of change, ending on the most recent year for which full data is now available. These data are imperfect, since it captures some teachers not in the classroom, but performing other duties. Still, it reflects a likely problem in the staffing of schools. In particular, MCS saw a decline of 1,818 students, but only 40 teachers, yielding the lowest student teacher ratio in the County, and one of the lowest in the state (table 4).

Table 4. School Enrollment and Staffing Changes 2005-6 through 2015-16

Corporation	2005-6		2015-16		2005-6	2015-16	% Change Students	% Change Teachers
	Students	Teachers	Students	Teachers	Student/Teacher Ratio	Student/Teacher Ratio		
Cowan	651	40	762	56	16.3	13.6	21.5%	40.0%
Wapahani (Liberty-Perry)	1,194	75	1,178	81	15.9	14.5	1.3%	8.0%
YCS (Mt Pleasant)	2,312	124	2,466	140	18.6	17.6	9.6%	12.9%
Daleville	673	46	937	69	14.6	13.6	37.3%	50.0%
Delta (Delaware)	2,826	164	2,562	169	17.2	15.2	-7.2%	3.0%
Wes-Del	880	60	852	69	14.7	12.3	-7.2%	15.0%
MCS	7,701	530	5,883	490	14.5	12.0	-26.1%	-7.5%

School performance

Measurements of school performance are imperfect; as traditional testing captures both student and school characteristics, (students from more affluent and better-educated households do better on standardized tests). To better measure the role schools play in student achievement, Indiana adopted a growth model score. This score measures individual student growth in comparison to a cohort of similar students. The growth model score can be compared to raw achievement levels for each school corporation. Interpreting these scores relative to the state average offers insight into overall performance (achievement) and student academic growth (relative to a statistically similar cohort). Achievement scores are heavily influenced by family characteristics, while the growth model score controls for family differences, so is primarily the result of school contributions to learning.

To display this for Delaware County, we combined the Math and Language Arts scores for each school corporation, and plotted them relative to the Indiana average on the following graphic (Figure 5).

Interpreting this is relatively straightforward, recalling that achievement is the average of the corporations ISTEP+ pass rate (math and language), while the growth model measures student growth in learning from the previous year when compared to a similar cohort of students across the state.

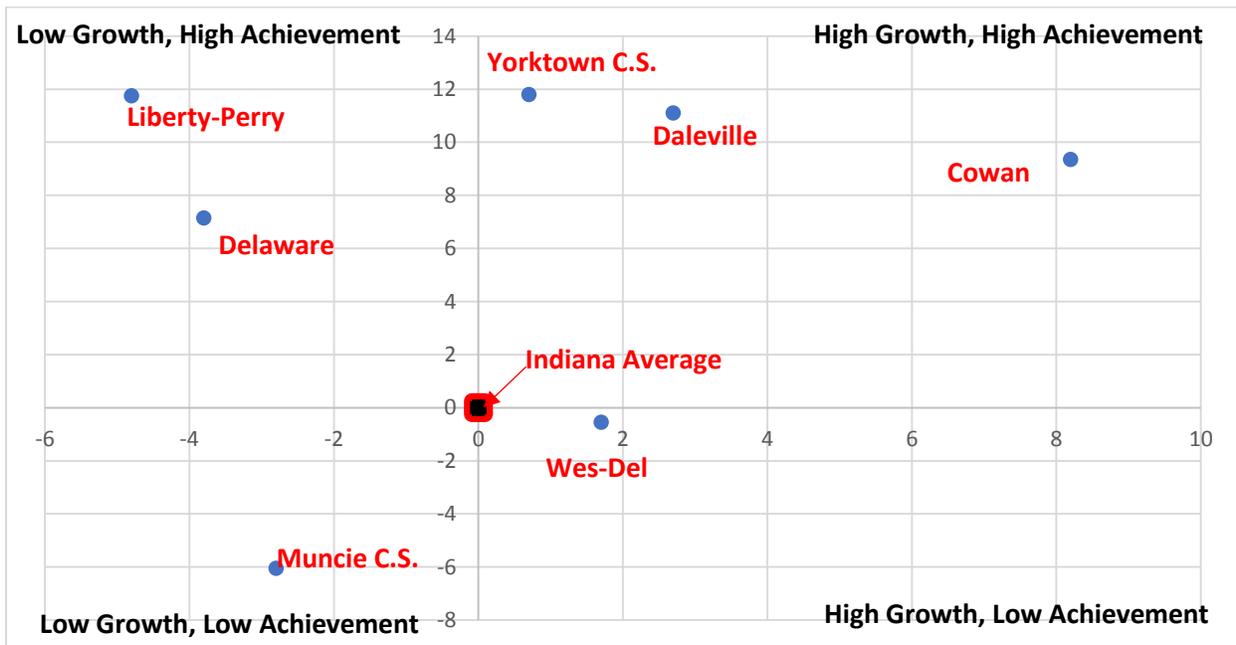
The middle point (origin) denotes the Indiana average for achievement and learning growth. Schools that are high growth, high achievement are performing above average, and getting relatively better. Schools that are low growth, low achievement are performing below average and getting worse.

Schools that are high growth low achievement are catching up to the average, while schools that are low growth, but high achievement are moving back to average. There is very little variation on these trends in Delaware County over the past half-decade.

We note here, that there is a very strong correlation between student performance (as measured by the ISTEP+ pass rate) and change in enrollment. On average, schools with below average pass rates are losing students, while those schools with above average pass rates are gaining students.

The transfer of students from MCS to surrounding schools comprises roughly 13.4 percent of current enrollment, or about 800 MCS students, who currently live within the corporation boundaries. This does not include students who have physically relocated to other public schools. The transfer represents a loss of roughly \$6 million to Muncie Community Schools, and savings to taxpayers of more than \$1 million in lower formula payments.

Figure 5. IDOE ISTEP+ Test Scores and Growth Model Results, Spring 2016¹⁸



School physical plant, transportation and property taxes

The population changes across Delaware County have challenged the physical plant and infrastructure of school facilities and equipment. Growing school corporations such as Yorktown and Daleville face space constraints across school facilities. Nearly all school buildings across the county are relatively old for schools in the United States. However, the large enrollment declines in MCS offer a qualitatively different challenge than faces other schools in the county.¹⁹

The MCS Corporation has a physical plant that is far too large for its current and future student population.²⁰ Overall occupancy rates are now less than 75 percent in the current facilities, and headed towards 68 percent in 2030 (table 5). The excess property costs have meant deferred maintenance on all facilities. One result is an excess supply of physically poor assets. Sale of the excess supply of current assets will not remedy debt or cash flow problems. Only three

¹⁸ See <https://learningconnection.doe.in.gov/GrowthModel/Search.aspx> for historical data by school and corporation in Indiana.

¹⁹ All schools in Delaware County currently transport students to school. The costs per student are determined primarily by the availability of alternative public transportation and population density. More urban places have lower per student transportation costs. These are funded by property taxes.

²⁰ Muncie Community Schools currently includes nine elementary schools, two middle schools, one high school, the Muncie Area Career Center, the Adventure Learning Center and the Youth Opportunity Center

schools or 25 percent of capacity were ranked in good shape in the 2015 facilities assessment, while 6 required significant maintenance.

Table 5. MCS Facility Capacity Assessment and Forecast ²¹

	Optimal Capacity	2017 enrollment	2030 projection	Surplus Capacity in 2030
Elementary Enrollment	3,724	2,970	2,747	977
Secondary Enrollment	4,184	2,913	2,663	1,521
Capacity utilization		74.4%	68.4%	

MCS has a current supply of classrooms that can accommodate 2,025 more students than are currently enrolled. That number will grow to nearly 2,500 students or 100 excess classrooms by 2030. This 100 excess classrooms translates to between three and five excess schools, and a similar level of staff.

Summary

There are significant variations in performance, funding, staffing and physical plant challenges among the school corporations in Delaware County. Policymakers and taxpayers concerned about these issues should have a firm grasp of data regarding formulary aid from the state, property tax collections and the impact of recent legislation as well as staffing, facility capacity and private school enrollment in the county.

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Appendix

²¹ Source: Hicks and Schlesinger forecast and Long-Range Facility Determination Plan Report, Muncie Community Schools, January 27, 2015
[http://www.muncie.k12.in.us/Portals/0/Reports/MCS_Long%20Range%20Facility%20Determination%20Plan_Jan%202027%202015\(rs\).pdf](http://www.muncie.k12.in.us/Portals/0/Reports/MCS_Long%20Range%20Facility%20Determination%20Plan_Jan%202027%202015(rs).pdf)

Table A1. School Funding Change

Corporation	State Funding per student (2015)	State Funding per student (2016)	State Funding per student (2017)	change (15-17)	Percent Change
Cowan	\$5,719	\$5,946	\$6,096	\$377	6.6%
Wapahani (Liberty-Perry)	\$6,252	\$6,363	\$6,506	\$254	4.1%
YCS (Mt Pleasant)	\$5,789	\$5,997	\$6,143	\$354	6.1%
Daleville	\$5,814	\$5,962	\$6,053	\$239	4.1%
Delta (Delaware)	\$6,055	\$6,217	\$6,320	\$265	4.4%
Wes-Del	\$6,144	\$6,255	\$6,373	\$229	3.7%
MCS	\$7,108	\$7,316	\$7,636	\$528	7.4%

Table A2. School Demographic Changes

Corporation	Choice Scholarship 2015-2016	2005-06 Free or Reduced Lunch	2015-16 Free or Reduced Lunch	10 year change (ending 2015-16)	10 year percent change, Free or Reduced Lunch	2015-16 Free or Reduced Lunch, share
Cowan	<10	92	300	208	226%	39%
Wapahani (Liberty-Perry)	<10	344	573	229	67%	48%
YCS (Mt Pleasant)	19	275	853	578	210%	35%
Daleville	<10	171	430	259	151%	46%
Delta (Delaware)	10	649	1015	366	56%	39%
Wes-Del	<10	264	406	142	54%	48%
MCS	201	4,684	4,418	-266	-6%	75%