

Randolph Southern

Donnie Bowsman
Superintendent

Melissa Kosisko
Treasurer

Shawntel Baker
Deputy Treasurer

Cindee Cowen
*Administrative
Assistant*

SCHOOL CORPORATION STRIVES FOR EDUCATIONAL EXCELLENCE

DATE: 4-12-21

TO: Indiana Department of Education
Fiscal Qualitative Indicators Committee

FROM: Randolph Southern School Corporation Board of School Trustees
Mr. Donnie Bowsman, Superintendent
Mrs. Melissa Kosisko, Corporation Treasurer

SUBJECT: Excessive Education Fund Transfer List

Randolph Southern School Corporation (RSSC) received notice from the Indiana Department of Education (IDOE) on February 26, 2021 that the school corporation had transferred more than fifteen percent of the total Education fund revenue in calendar year 2020. Per I.C. 20-40-2-9, the school corporation must perform the following tasks:

1. Publicly acknowledge receipt of the notice at the next school board meeting.
 - a. Superintendent Bowsman presented the letter to the school board at its monthly meeting held on March 8, 2020. Mr. Bowsman reviewed the required duties of the school corporation leadership in relation to I.C. 20-40-2-9.
 - b. The board made a motion and voted to approve receipt of the Excessive Education fund Transfer List notice.
2. The notice was approved and placed in the official minutes of the RSSC Board of School Trustees on April 12, 2020.
3. Within thirty days, publish the IDOE notice and any relevant individuals reports prepared by the IDOE on the school corporation internet site.
 - a. The Superintendent instructed the Technology Director to place the notice on the corporation website under the Board tab and Publications. The notice was published on March 8, 2020 and can be found at <http://www.rssc.k12.in.us/board/publications/560-excessive-education-fund-transfer-list/file>
4. The school corporation has ninety days from the date of the notice to prepare and submit documentation to explain:
 - (1) How and why the school corporation failed to meet the education fund transfer target percentage.
 - (2) Steps the school corporation is planning or actively taking to budget and spend during the next calendar year to meet the transfer target percentage for the next calendar year.

HOW & WHY:

First, prior to 2018 school corporations were mandated to pay the salary and benefits of the superintendent, central office staff, director of operations, janitors, board members, school resource officer, and groundskeeper from the General fund (now Education fund). Further, cleaning supplies, attorney fees, promotional expenses, mileage, professional development, and most utility costs were mandated to be paid out of the General fund (now Education fund). These expenditures accounted for approximately 19.7% of the total General fund/Education fund budget. Schools were not permitted to pay these expenses from the Capital Projects fund, Transportation fund, and School Bus Replacement fund. Moreover, only specific expenditures identified in Indiana Code or by the Indiana Accounting and Uniform Compliance Guidelines Manual were permitted to be paid from these tax levy funds. With the passage of I.C. 20-40-18-1 and the creation of the Operations fund in 2018, school corporations were provided more flexibility to utilize funds pay expenditures. However, I.C. 20-40-2-9 placed a limit of 15% transfer of funds from the General/Education fund to the Operations fund. This new regulation essentially shifted the burden of paying some of those expenditures from the General/Education fund to the Operations fund and local taxpayer. Specifically, in the case of RSSC, 4.7% of the expenses had no revenue stream. Per I.C. 20-46-8-1, a school corporation may only raise a certain amount of maximum tax levy in the Operations fund based upon Assessed Valuation (AV) of homes, farms, and businesses. Therefore, with no additional revenue streams the school corporation would be forced to make cuts in staffing, building repairs, supplies, equipment, or conduct a referendum, or infuse funds from other accounts. The large cash balance in the Rainy Day fund is a result of operating efficiently through strategically planning projects, cooperative agreements, conducting a well-organized maintenance program, and only purchasing equipment and buses as needed.

Second, matters at RSSC have become more complicated because the school corporation has declined in enrollment from 2018 to 2021 by 75 students. Consequently, the less students mean less funding the Education fund. The school corporation has lost over \$450,000.00 in funding over the last 4 years. The school corporation has reduced staff through attrition, assigned personnel to multiple job duties, restructured health insurance, and reorganized federal grants to supplement and support students.

Third, the school corporation has operated extremely efficient over the last 10 years and provided an excellent education. There are 67 school corporations in 17 counties between RSSC to Marion County. This comparison includes 2 counties north and south of Randolph County. RSSC has the 10th lowest tax rate (\$0.8871) among all those school corporations. We just completed a PE/Locker Room Renovation, elementary roof replacement, and high school chiller replacement. The bond obtained for this project will be paid off in 2023. Additionally, the 2009 QSCB bond will be paid off in 2023. These two bonds equate to \$0.29 of the current tax rate or \$515,185 of levy. The payoff of these two bonds could open the door for an Operations fund referendum if student enrollment does not increase.

Fourth, the school corporation has been able to provide a base salary increase, or stipend, or health insurance increase, or health savings account increase every year since 2011. The school corporation has not had a Reduction in Force (RIF) since 2011. It has never placed a tax referendum on the ballot. The school corporation has not applied for a Common School Loan since 2011.

Last, RSSC is a small school corporation. It does not have a true Transportation Director. Rather, this position is split between the Maintenance Director, Central Office Secretary, and Deputy Treasurer. RSSC does not have a full-time mechanic. The Maintenance Director makes minor repairs while large

repairs and inspections are subcontracted with a local garage. RSSC does not have a full-time Groundskeeper. This position is part-time. RSSC does not have a Curriculum Coordinator or an Assistant Superintendent like most school corporations. Duties such as grant writing and submission of federal/state reports are submitted by the Superintendent and Central Office staff. Staff professional development is coordinated by the Superintendent and Principals. These split duties are clearly a savings to the school corporation. However, it takes a toll on our staff. Quite frankly, we do more with less compared to fellow school corporations.

STEPS TO MEET EDUCATION FUND TRANSFER TARGET PERCENTAGE:

First, the maximum tax levy for the 2021 was \$1,144,357. The school corporation budget request was \$1,054,793 and under the max by -\$89,564.00. The school corporation will request the max levy in 2022 in order to decrease the transfer of funds from the Education account to Operations fund. The larger levy request will increase the tax rate by \$0.05 and reduce the -\$145,699.53 to -\$56,135.52. Further, the maximum levy growth quotient should provide additional funds to the Operations fund for 2022.

Second, RSSC has shifted student instructional related staff from the Operations fund to the Education fund for the 2021 school year. These changes align with the approved IDOE Chart of Accounts. For example, some instructional software utilized by teachers each day in the classroom was being paid from the Operations fund. Those expenditures are now being paid from the Education fund. Further, a special education paraprofessional riding the bus with a student was being paid from the Operations fund. This person is now being paid from the Special Education 611 federal grant. The 2020 Education fund budget was increased from \$2,916,851 and to \$2,966,935 in 2021. The 2021 Operations fund budget was decreased \$1,927,469 and to \$1,835,228 in 2021. The changes made from 2020 to 2021 will reduce the need to transfer \$92,241 to the Operations fund.

Third, RSSC has a healthy cash balance in the Rainy Day fund and the Windmill fund. The Board of School Trustees may direct the Superintendent to infuse funds into the Operations fund to ensure the school corporation does not exceed the 15% target transfer amount.

Fourth, RSSC may lease-to-own school buses in lieu of purchasing. This strategy would permit the school corporation to appropriate specific payments over time rather than making large purchases each year.

Fifth, RSSC may apply for the Common School Fund loan in order provide additional funds for advances in technology or construction.

Sixth, RSSC may be required to impose a RIF in the Education fund if enrollment continues to drop.

Last, RSSC may need to conduct referendum placing a question on the ballot to increase the tax rate for the Education fund. This would ensure a certain amount of revenue for a specific period of time.

Respectfully,



Mr. Donnie Bowsman, Superintendent