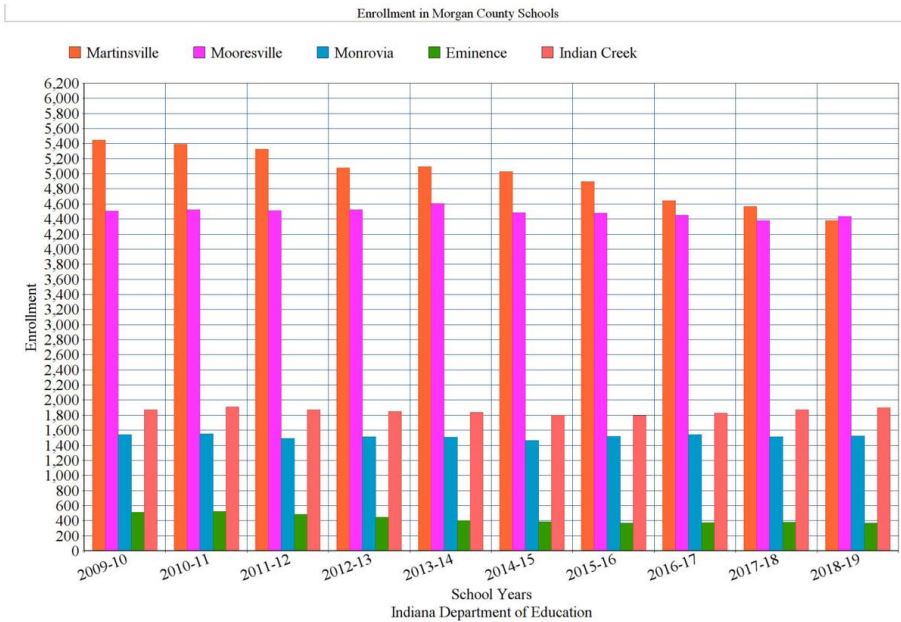


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## Decline in enrollment, funding changes impact budget of MSD of Martinsville

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### MARTINSVILLE

The Great Recession was a decade ago, but its impact continues to be felt a decade later in many areas, including education, which has been seen at the local level, particularly by the Metropolitan School District (MSD) of Martinsville, which recently announced that it was cutting two administrator positions next year, which followed on the heels of the recent state report that showed yet another drop in its student population.

Due to the recession some 10 years ago, many school districts around the country were forced to make cuts and reduce staff.

Dr. Michele Moore  
unknown



According to a Nov. 29, 2017, Center on Budget and Policy piece, reduction in jobs began in mid-2008 when the first budget cuts were made, and by mid-2012 school districts cut 351,000 jobs. Some of those jobs returned, but according to that same article, it's still 135,000 jobs less than in 2008.

Another factor in the teacher shortage is pay; many teachers opt for careers in higher paying fields. Enrollment in teacher education programs has also declined, from 691,000 in 2009 to 451,000 in 2014.

Schools around Indiana have seen their budgets decrease. Indiana schools are funded primarily through sales and income tax, a change in law, per a Jan. 4, 2015, Chalkbeat article, that was negatively impacted by the recession. "But when a recession hit at the same time, causing sales and income tax revenue to drop, the state budget was soon stressed, and schools were among the services that saw funding cut."

Earlier this year, representatives at the Indiana State House approved a plan to make up for potential shortfalls for education funding, authorizing the transfer and spending of up to \$100 million from the state's reserve tuition fund.

#### MSD of Martinsville

At the local level, the MSD of Martinsville has been impacted by tighter budgets. The MSD's budget for 2015 was \$51,675,726, but that budget has steadily decreased in the subsequent years. The projected budget for 2019 is \$42,789,851.

One factor in the declining budget is the downturn in the number of students enrolled within the district. Schools receive funding based on a single-day head count, which, per an Aug. 31, 2012, Indiana Public Media article is "based on average daily membership, or how many students have enrolled."

The MSD has seen a decline in enrollment of 825 students since the 2009-2010 school year. Enrollment was 5,470 in 2010 and 4,645 in 2017 — or a drop of 15 percent from 2010 levels.

In the most recent state report, MSD had 4,300 students, which includes a net loss of 557 students of both public and choice scholarship transfers — or 11 percent of the 4,857 students who are legally residing within the district.

There has also been a decline in enrollment across the U.S. According to the National Education Association schools. In fall 2016 nationally enrollment was down 0.1 percent from fall 2015. Indiana was one of three states with the greatest decline in enrollment, 2.3 percent down from fall 2015.

The decline in enrollment is something that MSD Superintendent Dr. Michele Moore has kept an eye on over the last several years; it's also a matter that she says she gets asked about frequently.

"And what I discovered is that we're not the only one. There's 183 districts out of 200 (in Indiana) that are in declining enrollment. It's really weird because in Indiana, there seems to be this huge demographic shift going on," Moore said.

Those demographic shifts include people moving to suburban areas. Other school options, like charters and voucher schools, have also impacted enrollment across the state.

"Vouchers and charters are part of it and private school funding, but a lot of it is just moving to big cities — and we're aging," Moore said. "You go to the grocery store, what do you see? It's just a lot of older people, and they're not having babies."

Per a Dec. 2016 report from the Center For Evaluation and Education Policy, the spending declined from \$5,764 per-pupil in 2009 to \$5,534 per-pupil in 2012. Adjusting for inflation, the per-pupil spending was equivalent to \$6,402 in 2016. The spending per-pupil was \$6,614 in 2017-18 and is \$6,709 for 2018-2019.

"Even though the Legislature has been generous and they give us money every biennium, we actually are getting less than the year before, and that's because of declining enrollment," Moore said.

The MSD was also impacted by changes in the funding formula. Previously, districts got extra funding for students on free or reduced lunches. Beginning in 2015, extra aid was calculated based on the number of children receiving welfare services or foster care.

That really impacted funding for the MSD of Martinsville, where 51 percent of the district's students are on free or reduced lunch.

"Because Martinsville has 51 percent free and reduced, we basically lost three-quarters of a million dollars in funding," Moore said.

### Salaries

The total cost of all salaries for the 2015-2016 school year was \$15,991,159, and in the 2017-2018 school year, the total cost of salaries was \$13,439,381.

The minimum annual salary at MSD for a full-time teacher in 2015-2016 was \$35,763, the average annual salary for a full-time teacher was \$52,088, and the maximum annual salary for a full-

time teacher was \$66,372.

Two years later, those numbers had dropped at MSD. The minimum annual salary for a full-time teacher in 2017-2018 was \$37,000, the average annual salary for a full-time teacher was \$46,665, and the maximum annual salary for a full-time teacher was \$65,239.

Moore said the change in the average was due to the retiring of 24 teachers two years ago who were at or near the top of the pay scale.

The number of certified positions was 307 during the 2015-2016 school year, and 288 certified positions during the 2017-2018 school year.

#### Student-teacher ratio

When teachers have retired or otherwise left the district, they weren't always replaced due to the decline in enrollment, but Moore said they were also mindful of keeping the student-to-teacher ratio just right.

"We actually track that because we want to try to keep that level, and it fluctuates a little bit," she said. "It was 15.32 in '12. It's 15.30 now, so we went up a little bit, almost to 16 and then we went back down, so we do track that."

She said there was added difficulty due to variations in enrollment at the elementary schools around the district.

"So for Centerton for example, you might have a really small class size, because there's just not that many kids versus if you're in town at Smith, they're at 20 to 25 in almost all of their classes," Moore said. "Centerton's kindergarten class has 17, and so that's really hard, that's where it gets difficult. An in-town teacher might think we're increasing class sizes hugely. Well, we're not. It's because your enrollment stayed constant, but the enrollment out in the country is decreasing, and you have to have kindergarten at Centerton."

#### Budget changes

There has also been a change to how school budgets are done. Under the previous plan, school districts had a General Fund, Capital Projects Fund, Debt Service, Transportation Fund and Bus Replacement Fund.

School districts will now have three funds: Education, Operations and Debt Service.

Education was previously part of the old general fund and will cover only expenditures that are instruction-related. Operations combines capital projects, transportation, bus replacement and expenditures from the general fund that covered overhead and maintenance for the district. The function of Debt Service remains unchanged.

### Benefits

According to presentation at the board's budget meeting earlier this year, staffing costs took up 90 percent of the general fund. Those costs include salary, health insurance, retirement and other benefits.

Health insurance has increased since 2015. The district's share of plan for a single employee plan was \$4,406.40 and its share for a family plan was \$12,021.12. The cost to the district for a single employee plan was \$5,457.24 to \$5,947.20.

The cost to the district for an employee and child plan was \$11,004 to \$11,808. The cost to the district for an employee and spouse plan was \$12,960 to \$13,560 and the cost to the district for a family plan was \$14,836.20 to \$16,135.20.

The district paid portion has increased to around 24 percent for employee only plans and around 34 percent for family plans.

"The premiums go up, it's bargained in our teacher contract so we actually spend about \$3.2 million for healthcare every year which is a lot of money when you look at it," Moore said. "Our general fund budget is \$30 million, so 10 percent of our budget goes to healthcare."

Moore said at the request of the teachers union, they've paid higher wages for teachers.

"In our teacher contract, we pay a flat dollar amount towards the teachers' premiums, and what we've done the last two years, we have not changed what we pay toward teacher premiums. We've paid more on the teacher salary, and the reason we've done that is because if we pay more on the teacher salary, it helps the teacher out because they have a higher wage for their pension," Moore said. "That's been the philosophy of the union that unions wanted. They wanted more on the base, so we've done that, so our costs have been pretty stable — they've been about \$3.2 million the last three years."

The budget includes a commitment to fund future pay increases for staff members who are rated effective or highly effective. Last year, the school returned to an increment scale. Per the PowerPoint, "Increment increases are \$1,000 between each level or \$1,500 if you move between a bachelor's to a master's level."

That's resulted in a bit of budgetary challenge.

"We always cut in advance of that because I don't want to deficit finance. So when I build my budget for '19, I assumed how many kids I was expecting to lose, and I built the budget on that. And then the gamble is, do you guess high enough?" Moore said. "So like this year, I didn't, and I had about a \$100,000 in revenue that I'm going to have to cut from the 19 budget."

"Well if you cut \$100,000, plus you try to give teacher raises, so you've got your raise plus what you're cutting, extra kids. So I'm going to have about \$600,000 that I'm going to have to cut in '19, so obviously administration's part of it and that will probably give us \$150,000 about. So I'm still going to find \$450,000 that I'm going to have to cut."