



Muncie Community Schools

PRESS RELEASE

*Steven M. Baule, PH.D, Superintendent
DiLynn Phelps, Interim Director of Human Resources
Anthony Harvey, Chief Information Officer*

April 1, 2017

Dear MCS Stakeholder:

The Fact Finder appointed by the Indiana Educational Employment Relations Board (IEERB) handed down her opinion on Friday regarding which collective bargaining agreement would be put in place. The MTA's last best offer (LBO) or the Board's LBO. Unfortunately, the MTA and the Board were unable to come to an agreement over the last 20 months. The lack of agreement was generally over the size and impact of MCS's structural deficit and the impact of unfunded liabilities from previous years.

Unfortunately for all involved, this is a situation that took more than a decade to create. However, immediate steps must be taken to address the current cash flow issues in MCS to ensure that MCS is able to pay its staff and vendors. Changes in state funding and the property tax caps have definitely have had a negative impact on MCS's financial situation, but MCS's lack of responsiveness to those changes have made the situation worse as well. Additionally, significant fiscal issues have been raised by the biannual audits by the State Board of Accounts, but MCS failed to act decisively to address many of those issues.

MCS has asked both the City of Muncie and the Muncie Redevelopment Commission for help through its TIF funding, but at this point in time, no funds have been forthcoming. The City of Muncie has provided some in kind services to MCS such as assistance in plowing and salting parking lots, etc. MCS has also asked state officials for assistance. Some seem to think that these avenues have been untried. That is not accurate. Members of both houses and both parties at the state house have heard from MCS's leadership about the needs of MCS. Some assistance has come in the form of legislative changes, but it has been clear any funding will most likely have to come through the Distressed Unit Appeals Board (DUAB) process. MCS did previously ask the DUAB for funding, but was turned down. MCS went to the tax payers directly with a request for a referendum November 5, 2013; that referendum was soundly defeated with 54% of voters voting against the ballot measure. MCS has also been slow to respond to its declining enrollment and has more schools than projections show that it will need over the next decade.

The options described in the paragraph above being exhausted leave MCS little choice but to make significant reductions to operational costs. With the MTA's LBO being selected, MCS will continue to be burdened with much higher than average insurance costs for its employees. The Board may appeal the decision since we believe it will cause continued deficit financing.

Additionally, MCS will have to investigate all other ways to reduce costs. Simply to make up the projected increased costs of the teachers' insurance plan, we will need to cut nearly \$2 million. This is about the amount saved by closing four elementary schools and a middle school. However, MCS must live within its means; all other MCS staff members have already seen reductions in either compensation and/or insurance benefits. MCS regrets having to make additional cuts and close schools, but the fiscal realities make this necessary in order to remain viable.



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The Fact Finder's decision, which we hope will be overturned on appeal, leaves MCS in potentially the most perilous fiscal situation in the state. MCS will renew its efforts to reach out to all entities that can potentially be of assistance and would urge each individual to do the same. Difficult decisions to reduce MCS's physical footprint will need to be made shortly. MCS still holds out hope that the community will be able to work together to move forward towards the vision of a digitally rich instructional environment that educates the whole child and provides children and their families the resources necessary to be successful today and throughout life.

The Muncie Community Schools (MCS) serve approximately 6000 students from Muncie and the surrounding area. MCS provides a range of diverse opportunities for children as well as adult basic education. For more information about MCS events, programs or services, please contact Ana Pichardo, Director of Communications at 765-747-5210 or apichardo@muncieschools.org. Follow MCS on Twitter @MuncieSchools and like us on Facebook @ <https://www.facebook.com/MCS1Official>.

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