

Decatur County Community Schools

••• LEARNING TODAY, LEADING TOMORROW •••

Understanding Our School's Finances

A Community Guide to How We're Funded, What's Changing, and What It Means for our School Community

*Community Meeting
March 25, 2026*

TONIGHT'S AGENDA

01

How Indiana Schools Are Funded

Where the money comes from

02

Where the Money Goes

Understanding our cost structure

03

Our District's Trends & Challenges

Enrollment, demographics, and finances

04

State Legislative Changes

What's happening at the Statehouse

05

Impact on Decatur County Schools

Our 5-year financial outlook

06

Path Forward & Your Role

Options ahead and how your voice shapes what comes next



CAUTION: BUMPY ROAD AHEAD

THE "BUCKETS" — HOW SCHOOL MONEY IS ORGANIZED



Bucket 1

Education Fund

Funded by the state based on enrollment (ADM). Pays for teachers, instructional staff, and classroom materials



Bucket 2

Operations Fund

Funded locally through property tax. Pays for transportation, utilities, maintenance, non-instructional staff. Levy-capped by the state.



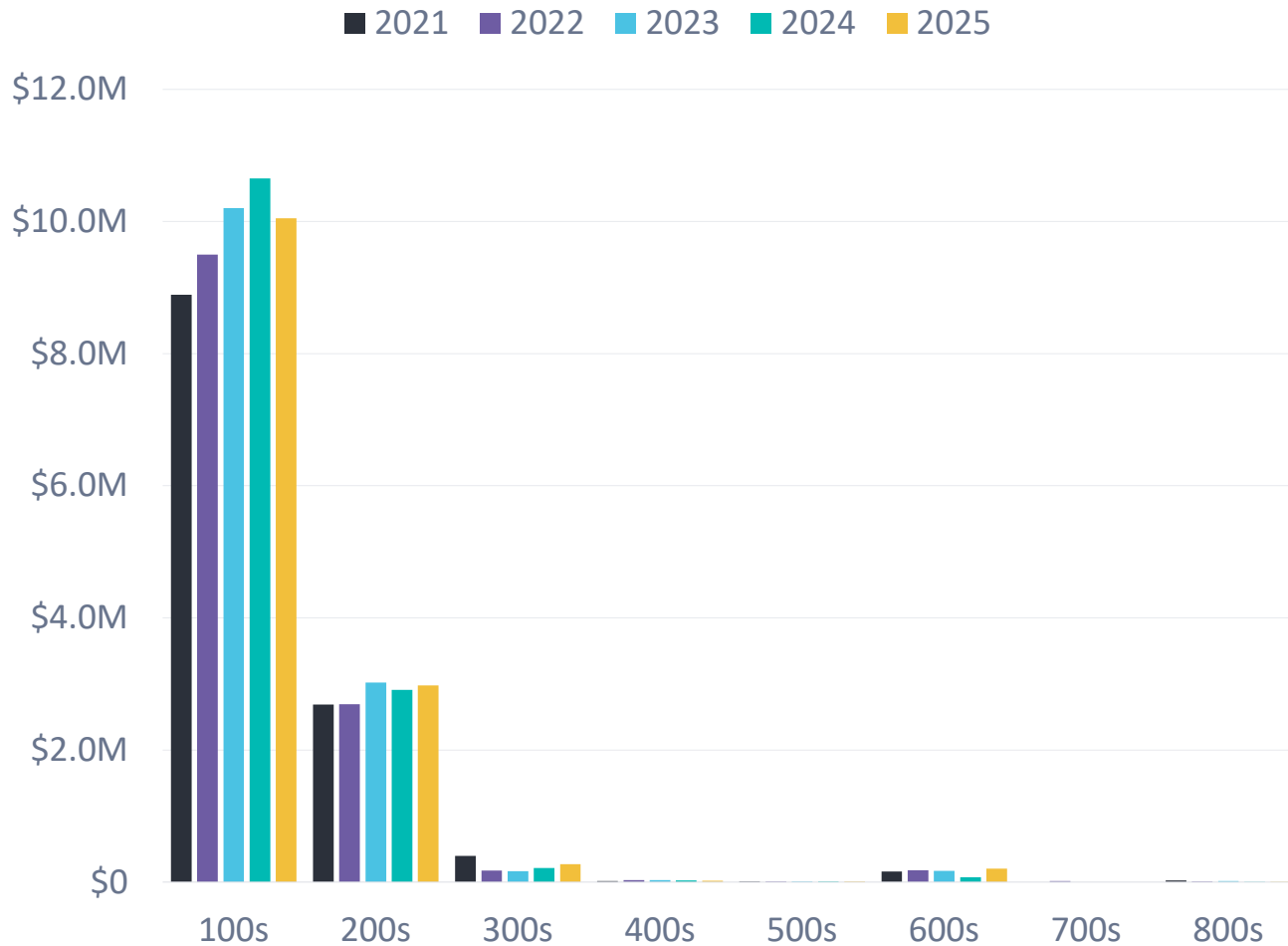
Bucket 3

Debt Service Fund

Pays for capital projects through debt. Funded through property tax. Restricted to capital purposes only.

WHERE THE MONEY GOES - EDUCATION FUND

Expenditures by Object Code | 2021 – 2025



Positions Paid from Education Fund

~96% of spending is people: salaries and benefits

Classroom & Instruction

- Teachers
- Instructional Assistants
- Librarians / Media Specialists

Student Support

- Counselors
- Nurses
- Special Education Staff

Administration

- Principals
- Assistant Principals
- Director of Learning
- Director of Special Education

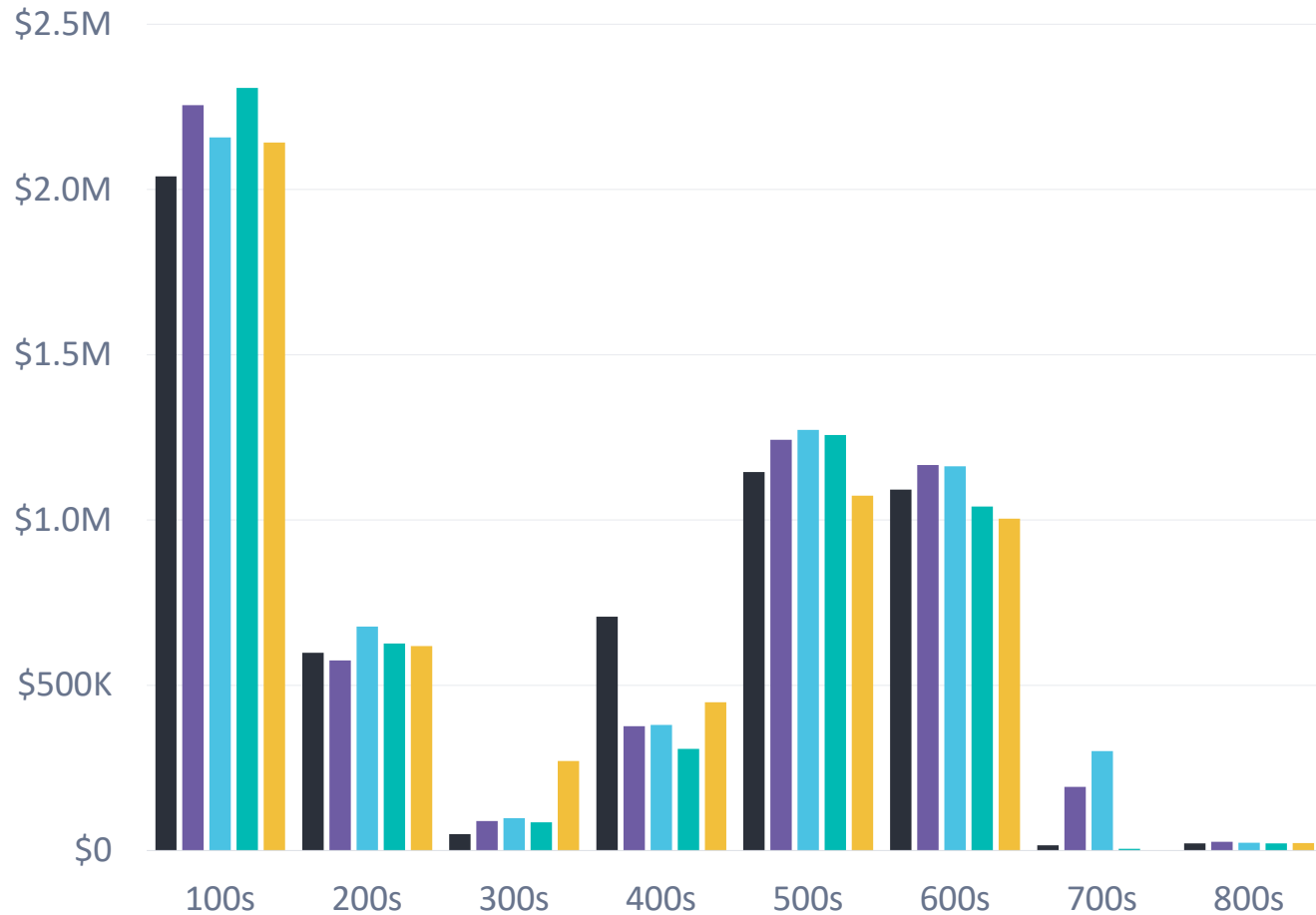
Object Code Key

100s Salaries | 200s Benefits | 300s Prof. Services | 400s Utilities | 500s Purch. Svcs | 600s Supplies | 700s Capital | 800s Dues

WHERE THE MONEY GOES - OPERATIONS FUND

Expenditures by Object Code | 2021 – 2025

■ 2021 ■ 2022 ■ 2023 ■ 2024 ■ 2025



Positions Paid from Operations Fund

Facilities & Maintenance

- Custodians
- Maintenance Workers

Transportation

- Bus Drivers
- Mechanics

Technology & Support

Central Office

- Superintendent
- Central Office Support Staff

School Resource Officers

Object Code Key

100s Salaries | 200s Benefits | 300s Prof. Services | 400s Utilities | 500s Purch. Svcs | 600s Supplies | 700s Capital | 800s Dues

ENROLLMENT

Legal settlement, residential, and transfer trends (2017–2025)

+70

Legal Settlement

1,900 → 1,970 (+3.7%)

-319

Residential Enrollment

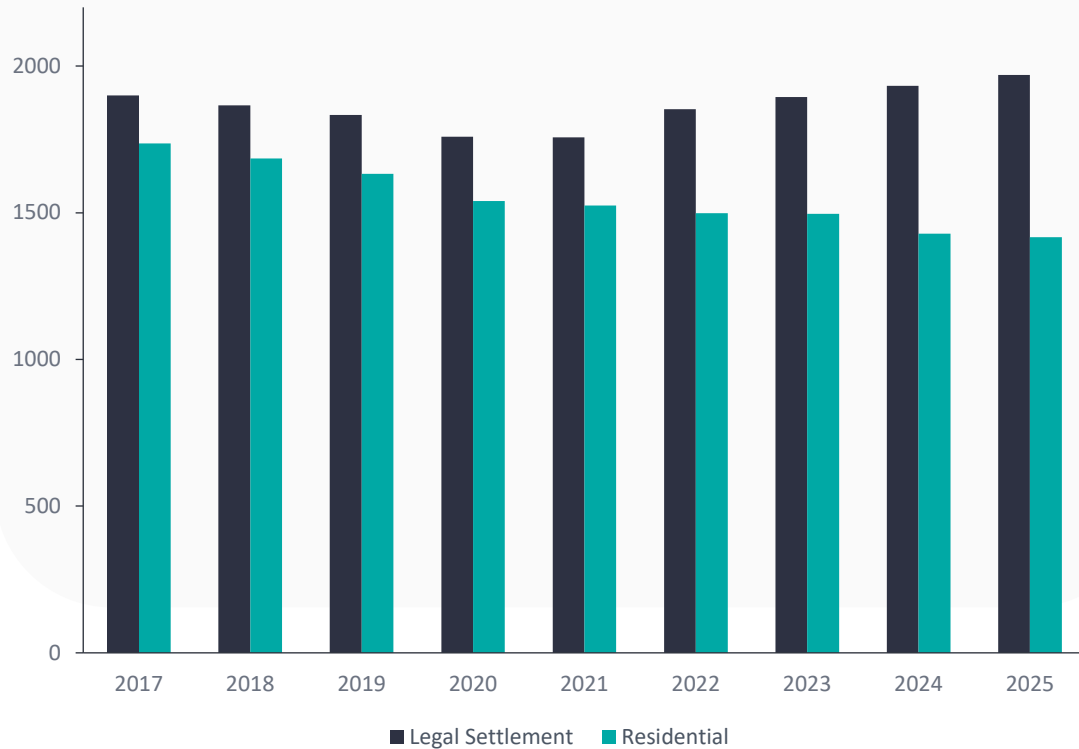
1,736 → 1,417 (-18.4%)

-328

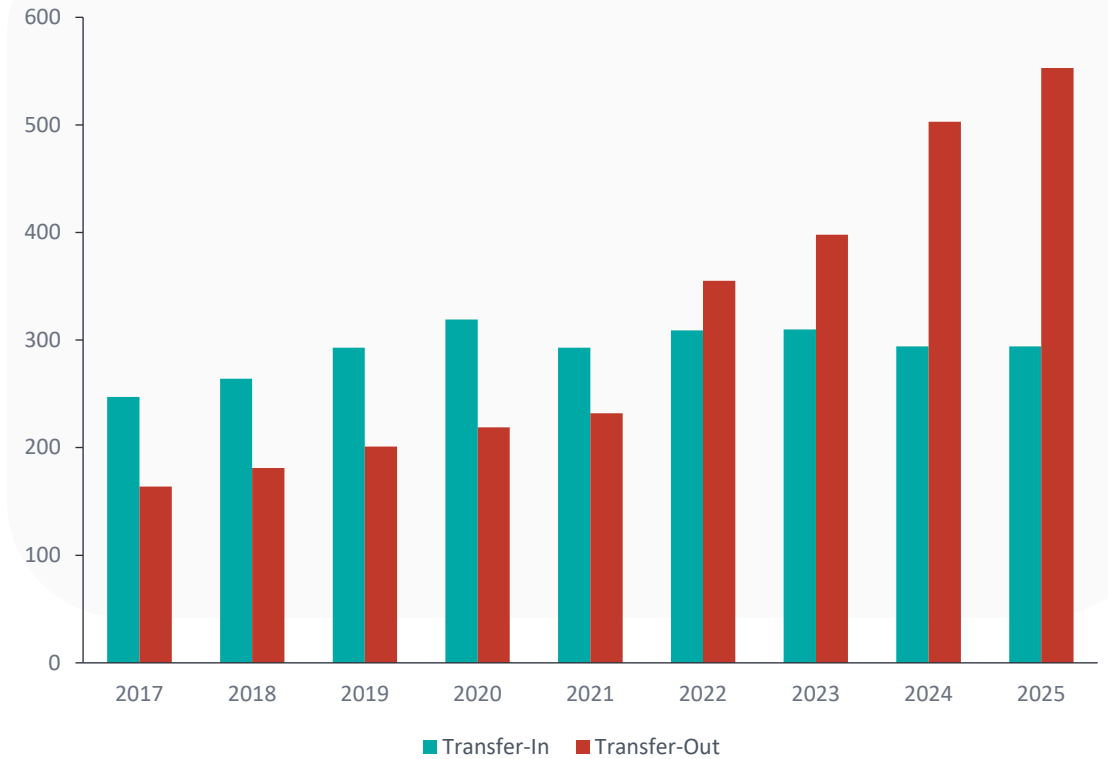
Net Transfer Swing

+83 → -245 (net loss)

Legal Settlement vs. Residential Enrollment

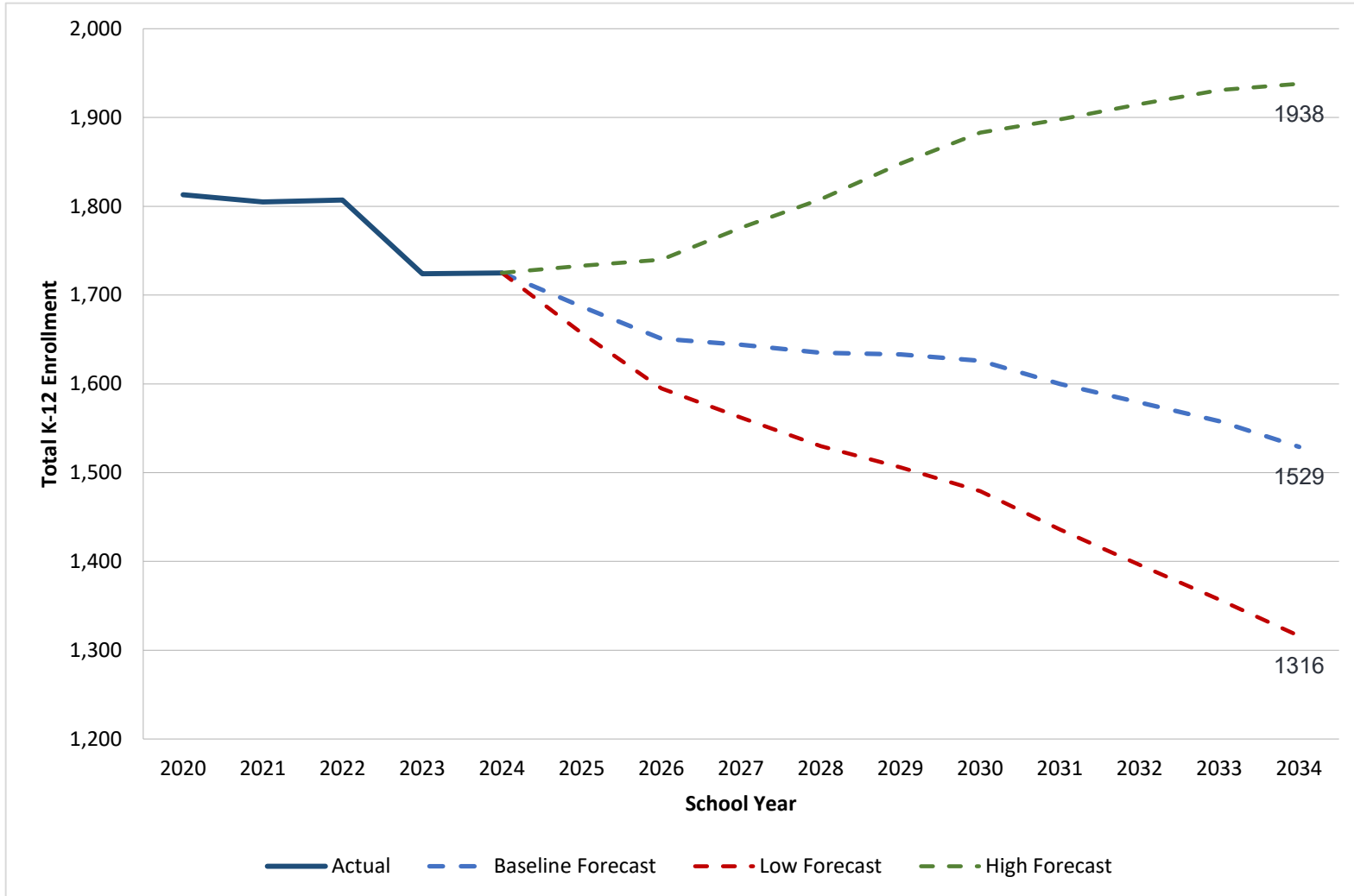


Transfer-In vs. Transfer-Out



WHERE IS ENROLLMENT HEADED?

K-12 Enrollment Projections — Cohort Survival Model



Projection Scenarios (by 2034)

High Forecast

1,938 (+213 students)

Growth scenario — sustained in-migration and rising birth rates

Baseline Forecast

1,529 (-196 students)

Status quo trends continue — gradual decline in cohort sizes

Low Forecast

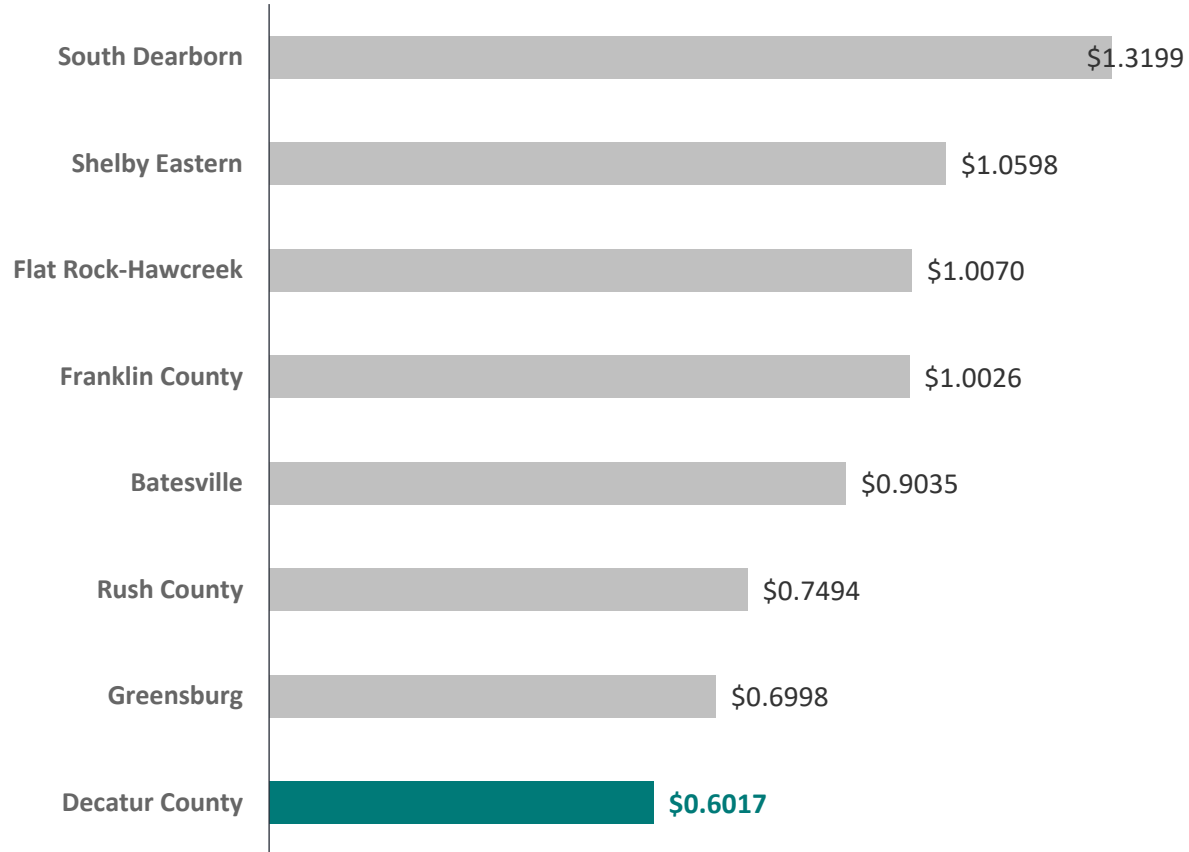
1,316 (-409 students)

Accelerated out-migration and continued demographic decline

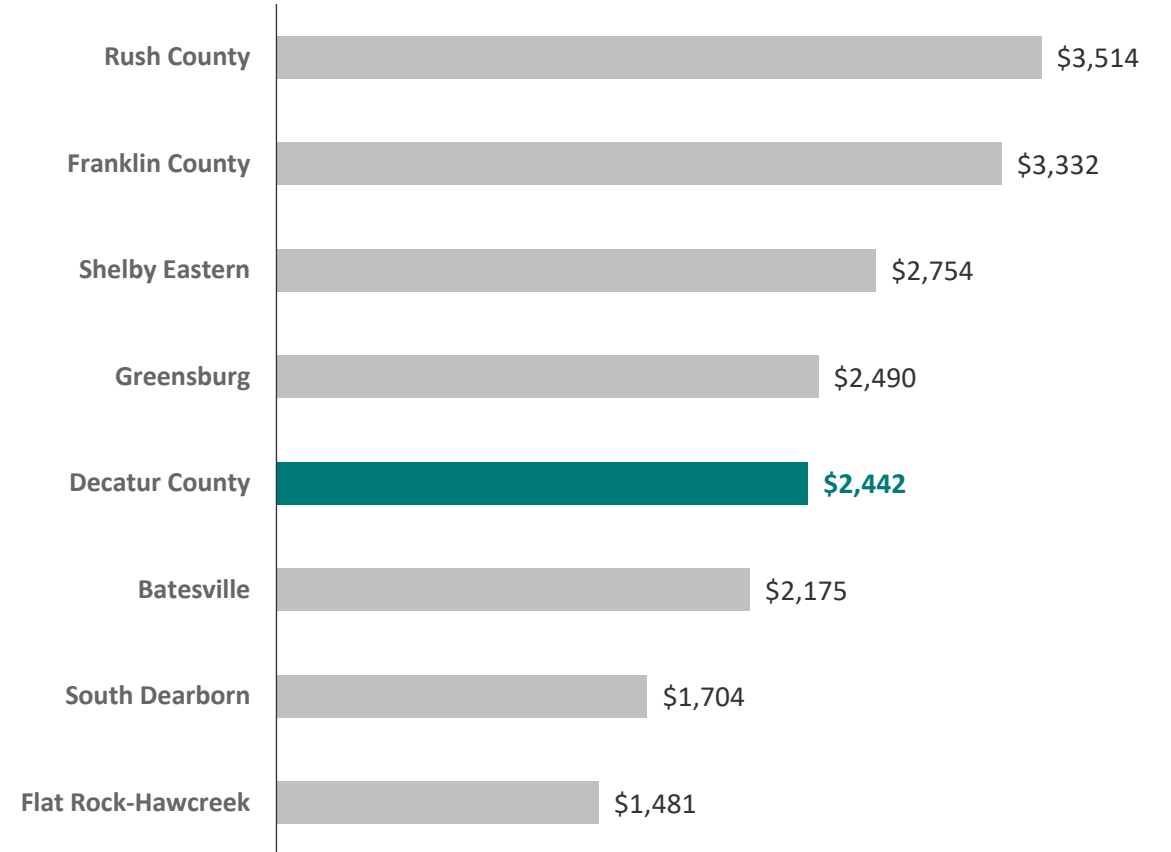
Source: DCCS K-12 Enrollment Projections — Cohort Survival Methodology

PEER COMPARISON — TAX RATES & OPERATIONS FUND LEVY

Total Tax Rate (2025)



Operations Levy Per Pupil (2025)



DCCS 2025 tax rate **13th lowest in the state**
 2025 State of IN Median tax rate = **\$0.9764**

■ DCCS ■ Peers

2025 STATE LEGISLATIVE CHANGES

HEA 1001 — Funding Formula

- Increase in foundation amount
- Decrease in complexity amount
- Curricular materials rolled into the formula
- Decreases in some categorical funding

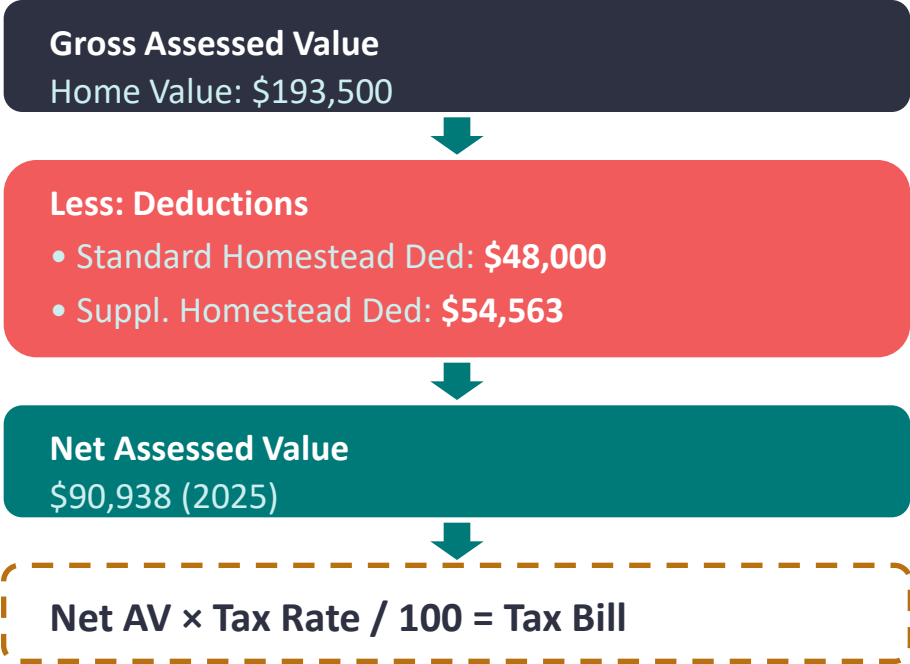
SEA 1 — Property Tax Changes

- Changes to deductions for homestead properties (1% tax cap bucket)
- Adds homestead credit for the lesser of 10% or \$300
- Adds percentage-based deductions to 2% tax cap bucket properties
- Changes de minimus amount for personal property from \$80K to \$2M
- Removes 30% depreciation floor for new equipment placed after January 1, 2025 (excluding TIF allocation area established before January 1, 2025)

SEA 1 — Revenue Changes

- Eliminates the sharing of Local Income Tax with school districts beginning with 2028 budget
- Cap the 2026 Operations Fund MLGQ at 4%

PROPERTY TAX (1% Homestead) — HOW IT WORKS



SEA 1 replaces the standard deduction with a percentage-based homestead deduction that grows as home values rise.

SEA 1 — Homestead Deduction Phase-In (\$193,500 AV)

	2025	2026	2027	2028	2029	2030	2031
Standard Ded.	\$48,000	\$48,000	\$40,000	\$30,000	\$20,000	\$10,000	\$0
Suppl. Hmstd %	37.5%	40.0%	46.0%	52.0%	57.0%	62.0%	66.7%
Suppl. Hmstd Ded.	\$54,563	\$58,200	\$70,610	\$85,020	\$98,895	\$113,770	\$129,065
Net Assessed Value	\$90,938	\$87,300	\$82,890	\$78,480	\$74,605	\$69,730	\$64,436
Annual % Change	—	-4.0%	-5.1%	-5.3%	-4.9%	-6.5%	-7.6%

How much will Gross Assessed Value grow? Will it grow enough to cover the annual % change?

PROPERTY TAX (2% Tax Cap) — HOW IT WORKS

Gross Assessed Value
Home Value: \$193,500



Net Assessed Value
\$193,500 (2025)



Net AV × Tax Rate / 100 = Tax Bill

SEA 1 creates a new deduction for 2% cap properties (rental, ag, long-term care) phasing from 0% to 33.4% by 2031.

SEA 1 — 2% Cap Deduction Phase-In (\$193,500 AV)

	2025	2026	2027	2028	2029	2030	2031
2% Cap Ded. %	0%	6%	12%	19%	25%	30%	33.4%
Deduction Amt	\$0	\$11,610	\$23,220	\$36,765	\$48,375	\$58,050	\$64,629
Net Assessed Value	\$193,500	\$181,890	\$170,280	\$156,735	\$145,125	\$135,450	\$128,871
Annual % Change	—	-6.0%	-6.4%	-8.0%	-7.4%	-6.7%	-4.9%

How much will Gross Assessed Value grow? Will it grow enough to cover the annual % change?

WHAT THESE CHANGES MEAN IN DOLLARS

Funding Formula

- **Additional revenue in 2025-26: +\$141K**
- **Net revenue decline in 2026-27: -\$266K**
 - The formula gain is offset by the loss of curricular materials funding and projected enrollment decline

Homestead Credit Changes

- **Annual impact on property tax revenue: approximately -\$266K**
 - Per changes in 2026 Legislative session, the 2026 impact is shared between the Debt Service and Operations fund, and all losses will be applied to the Operations Fund in 2027

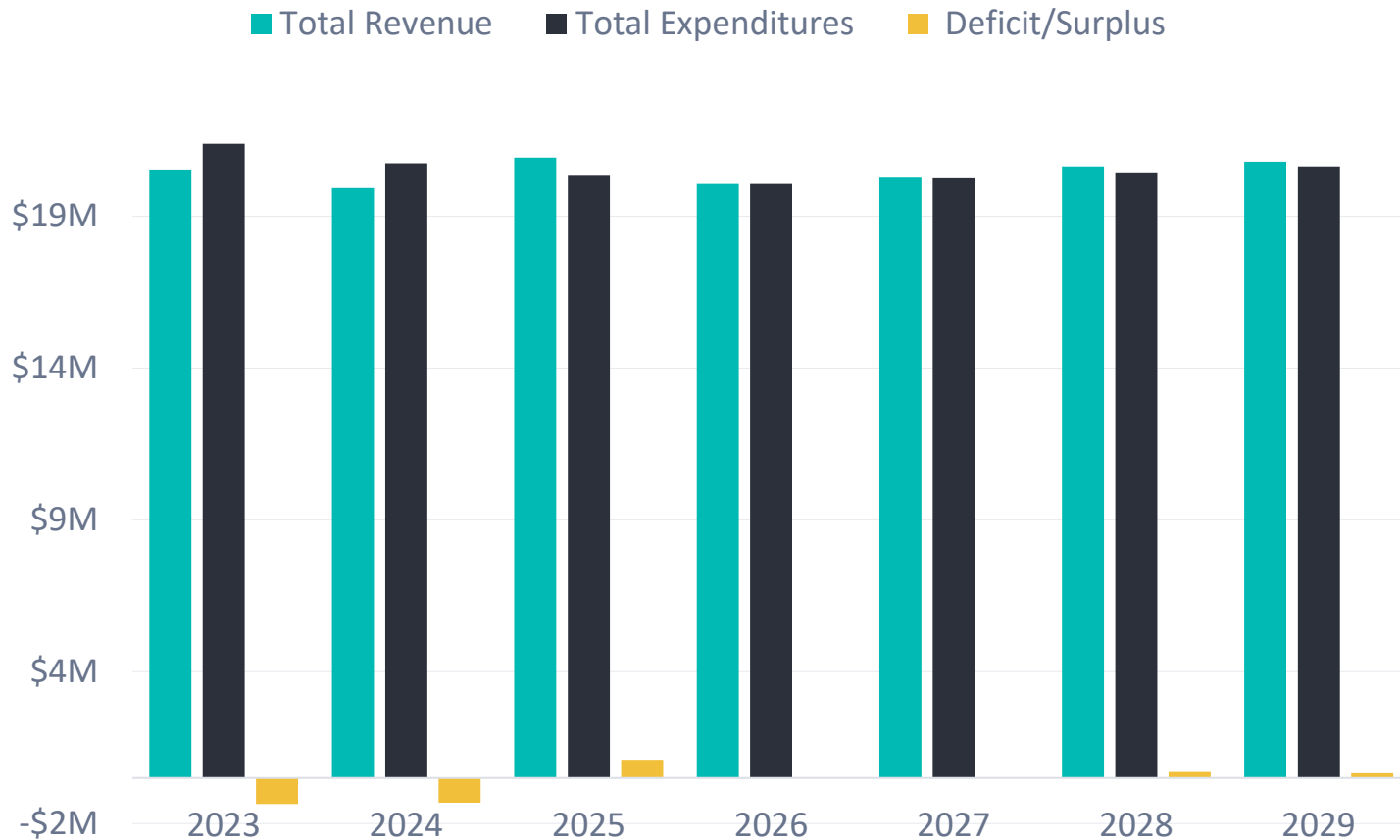
Local Income Tax Eliminated

- **Annual loss of Local Income Tax revenue: approximately -\$265K beginning in 2029**
 - Changed during 2026 Legislative session; originally effective in 2028

Total estimated revenue loss by 2029 in the Ops Fund is approximately -\$530K per year (homestead credit + local income tax)

FINANCIAL PROJECTIONS — ED & OPS COMBINED

Revenue vs. Expenditures | 2023 – 2029



Key Assumptions

- Curricular materials expenditures included annually
- Enrollment per demographic study
- Salaries & Benefits static beginning 2026
 - Each 1% increase in salary/benefits costs approx. \$166K.
- MLGQ formula assumed annually (3.9% - 5.6%)
- Homestead property tax credits starting in 2026
- LIT sunset applied 2029

Deficit / Surplus by Year

2023	(\$854K)	Actual
2024*	(\$819K)	Actual
2025	\$602K	Actual
2026	\$3K	Projected
2027	\$22K	Projected
2028	\$196K	Projected
2029	\$156K	Projected

*Note: 2024 Actual deficit was mostly mitigated by the Curricular Material Fund restructuring per IDOE.

SEARCHING FOR THE “AND”: WHAT WE ARE WORKING TO PROTECT

As we close tonight, let's step back from the numbers and remember what this is all about — and what we are committed to protecting.



To do so may require us to use various levers



WHAT YOUR DISTRICT IS ALREADY DOING

DCCS has already taken action. Here is what the district has done to manage costs and protect classrooms:

Education Fund

Reduced teaching positions / Updated high school schedule

Limited hours of instructional assistants

Decreased days & pay for elementary administrators

Increased Medicaid reimbursement revenue

Operations Fund

Outsourced some custodial services

Outsourced some IT services

Eliminating central office positions

Bond for deferred maintenance / capital needs

Consolidating bus routes

KEY TAKEAWAYS — SUMMARY

1

School Funds Are Restricted By Law

Money in one bucket have restrictions on how they can be spent. The Education Fund can't fix a roof; the Operations Fund can't pay teachers.

2

DCCS Faces a Structural Revenue Gap

Declining enrollment reduces state funding, and recent legislative changes reduce funding in the Operations Fund

3

The District Has Already Taken Action

DCCS has reduced positions, outsourced services, and eliminated central office roles. But further efficiencies alone won't close the gap long term.

4

Decisions Are Coming — Your Voice Matters

Additional changes are going to be needed to shrink the deficit.

Q & A

Thank You! Baker Tilly K-12 Financial Management Team

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