

Misconceptions in School Finance

August 20, 2026



Enrollment and Expenditures

Special Ed

Transportation

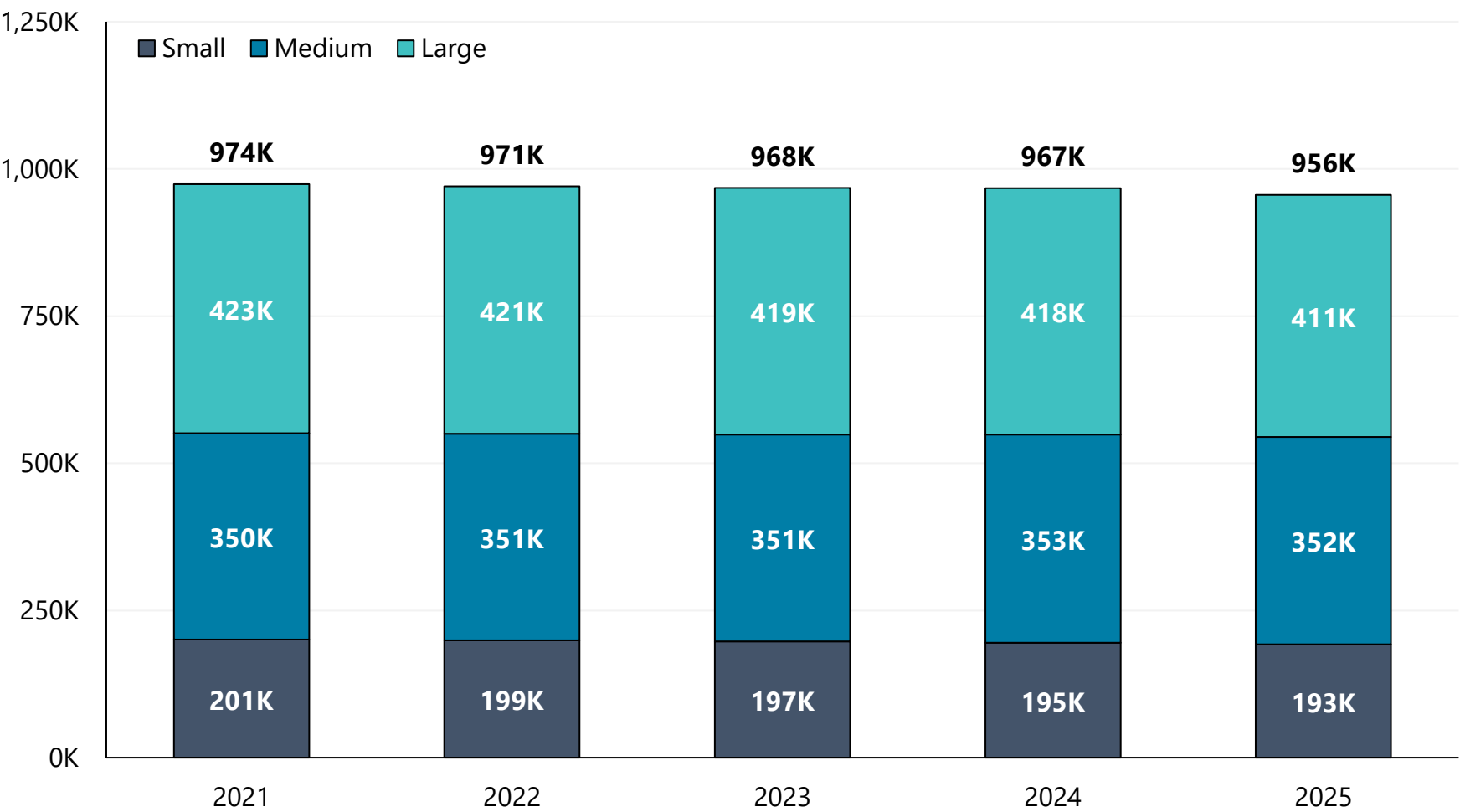
Cash Balances

Mandates

Administration

State Enrollment Trend Data

Fall Total ADM (Traditional Schools)



-0.5%

Enrollment CAGR
2021 to 2025

-18.4K

Enrollment Change
2021 to 2025

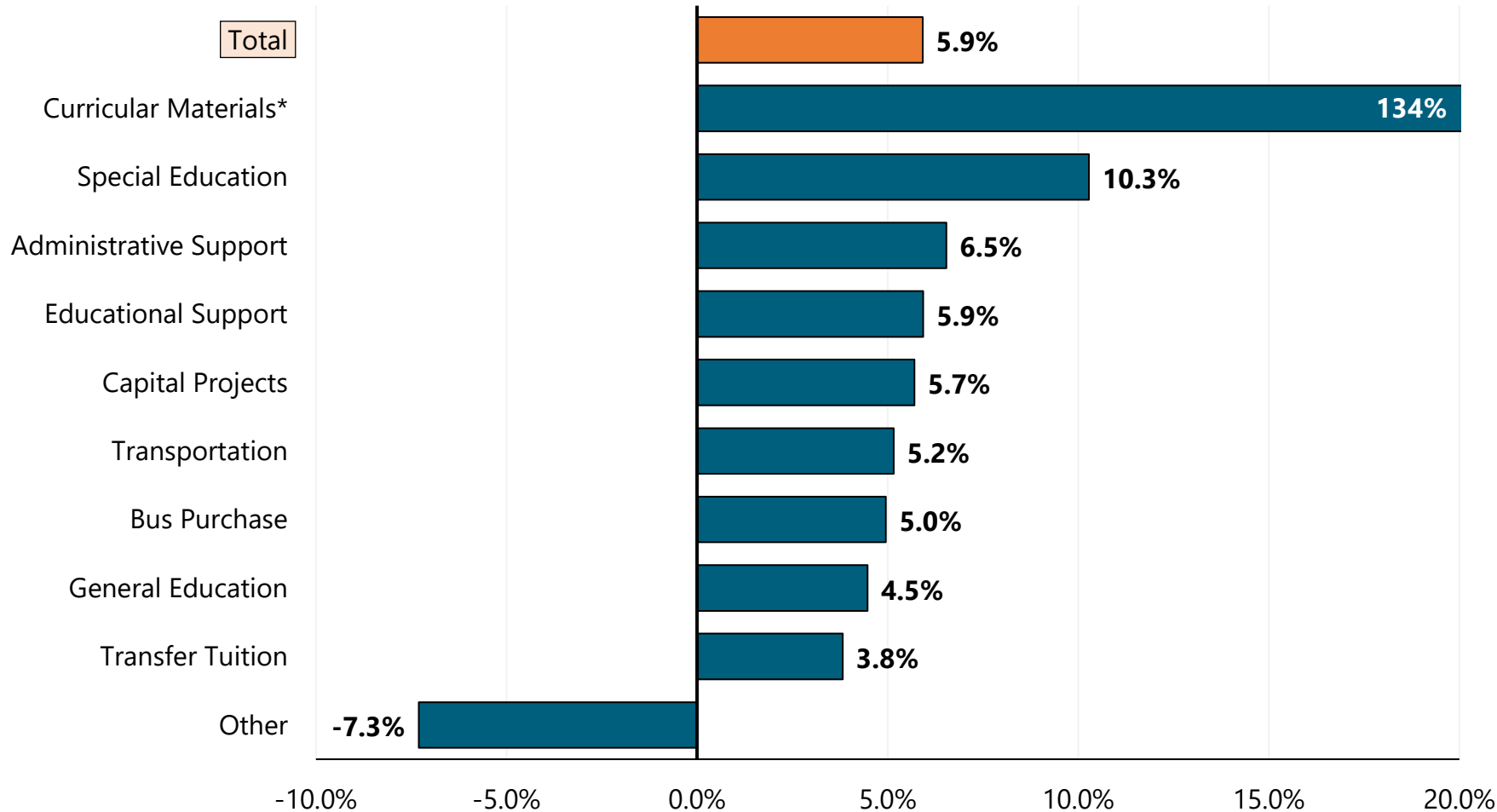
43%

of Students in Large Schools
2025

**If enrollment declines,
expenditures should
decline at the same rate**

What's driving expenditure growth

2021 to 2025 CAGR



+10.3%

Special Ed. CAGR
2021 to 2025

+5.2%

Transportation CAGR
2021 to 2025

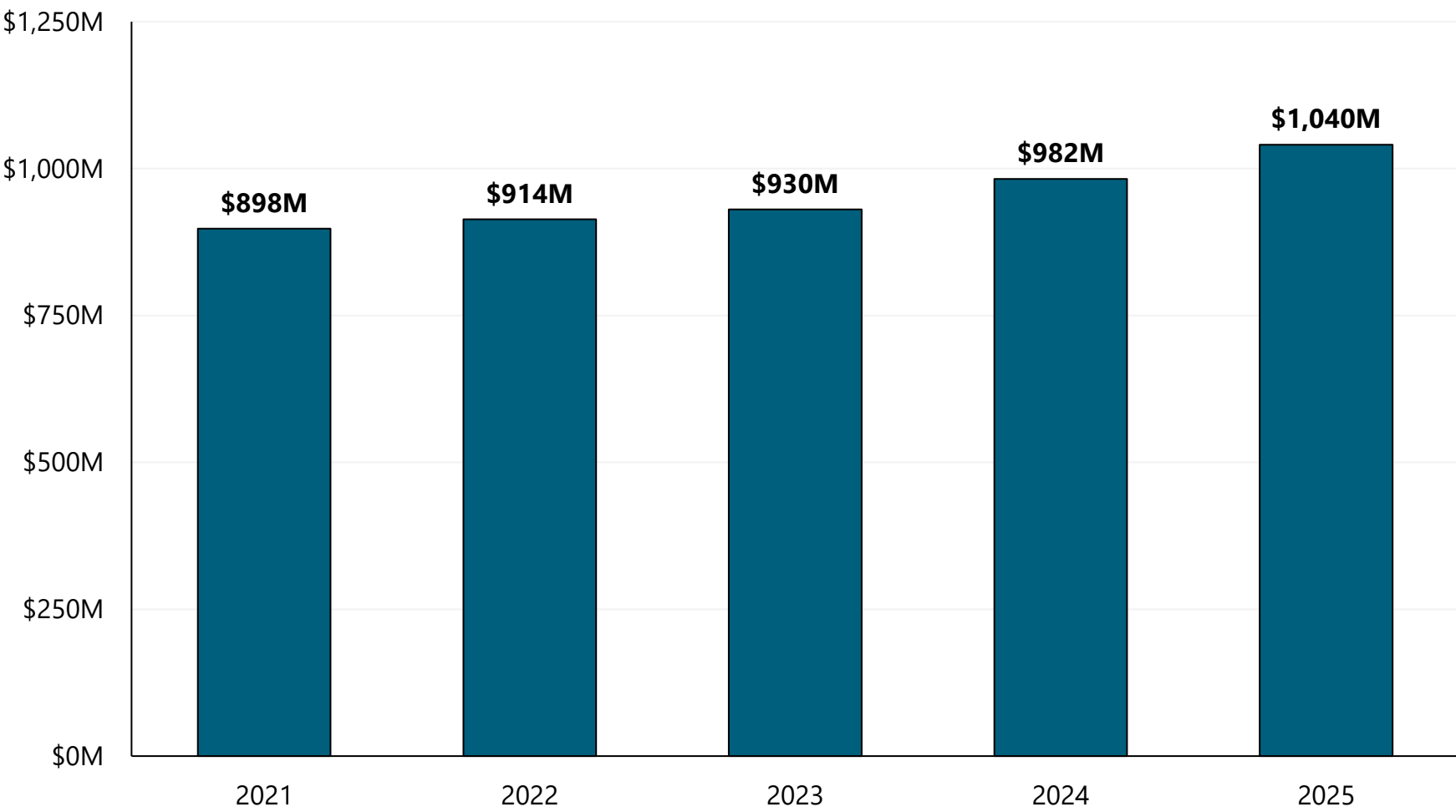
+6.5%

Admin Support CAGR
2021 to 2025

*SEA 1 reclassified textbooks, software & hardware under Curricular Materials in 2025.

Health Insurance Costs

Calendar Year



+5.94%

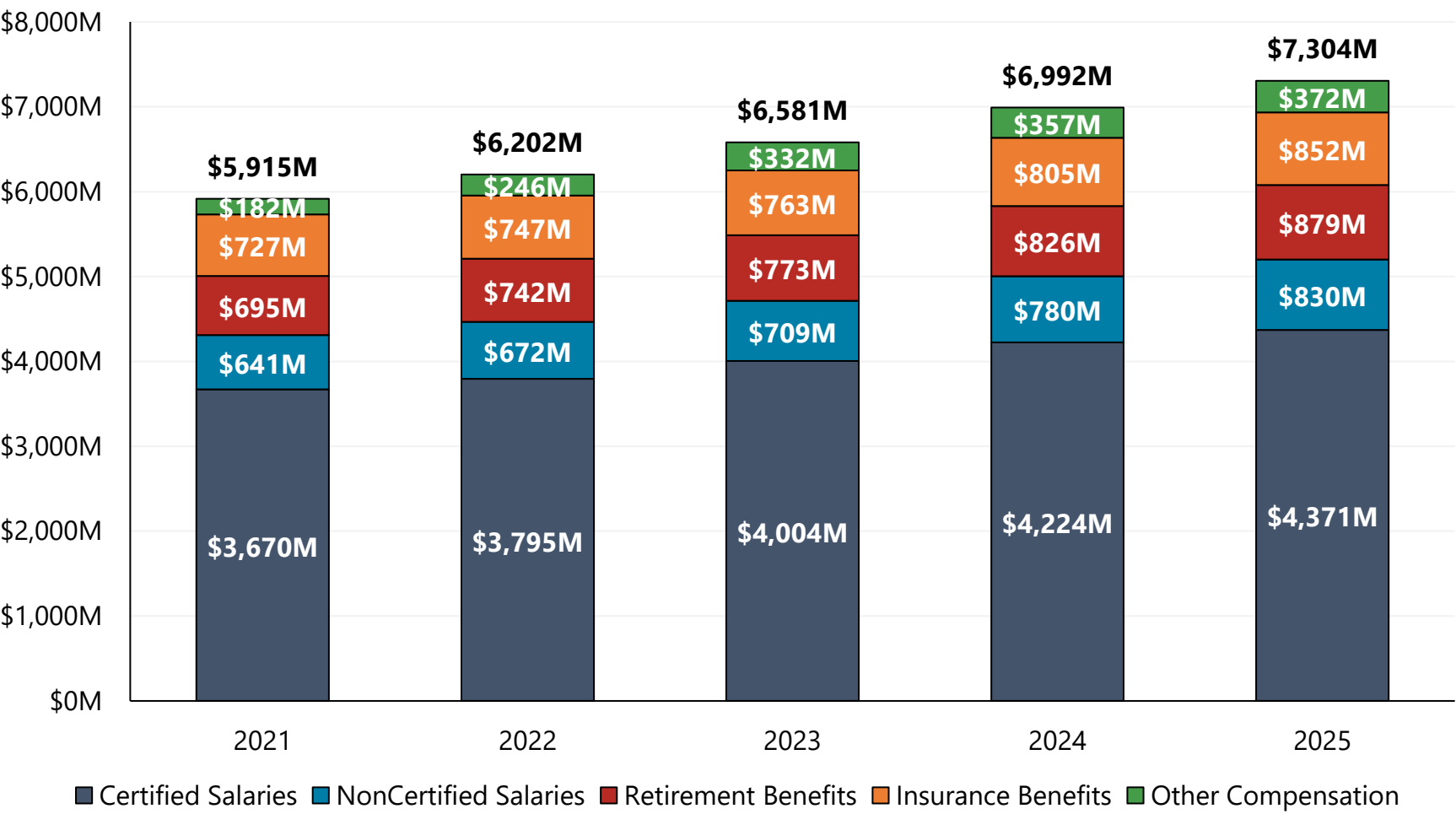
2024 to 2025
1-Year Change

+3.75%

2021 to 2025
Avg. Annual Change

Cost Escalation – Educational Salaries and Benefits

Statewide, 2021 – 2025, Dollars in Millions, Calendar Year



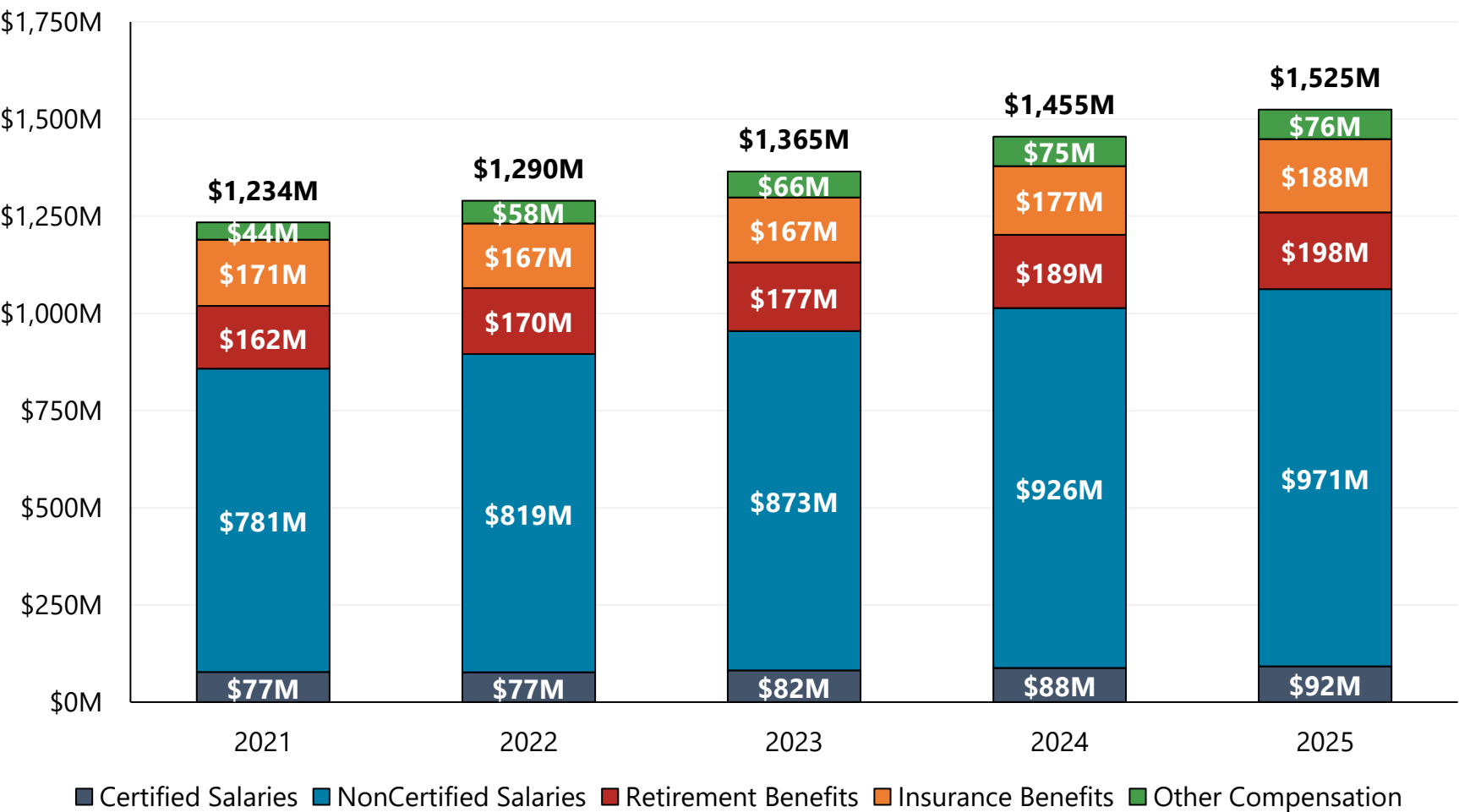
+4.80%
2021 to 2025
Salaries CAGR

+5.04%
2021 to 2025
Benefits CAGR

+5.42%
2021 to 2025
Total Compensation CAGR

Cost Escalation – Operational Salaries and Benefits

Statewide, 2021 – 2025, Dollars in Millions, Calendar Year



+5.51%

2021 to 2025
Salaries CAGR

+3.78%

2021 to 2025
Benefits CAGR

+5.43%

2021 to 2025
Total Compensation CAGR

Things to do to help correct the misconception:

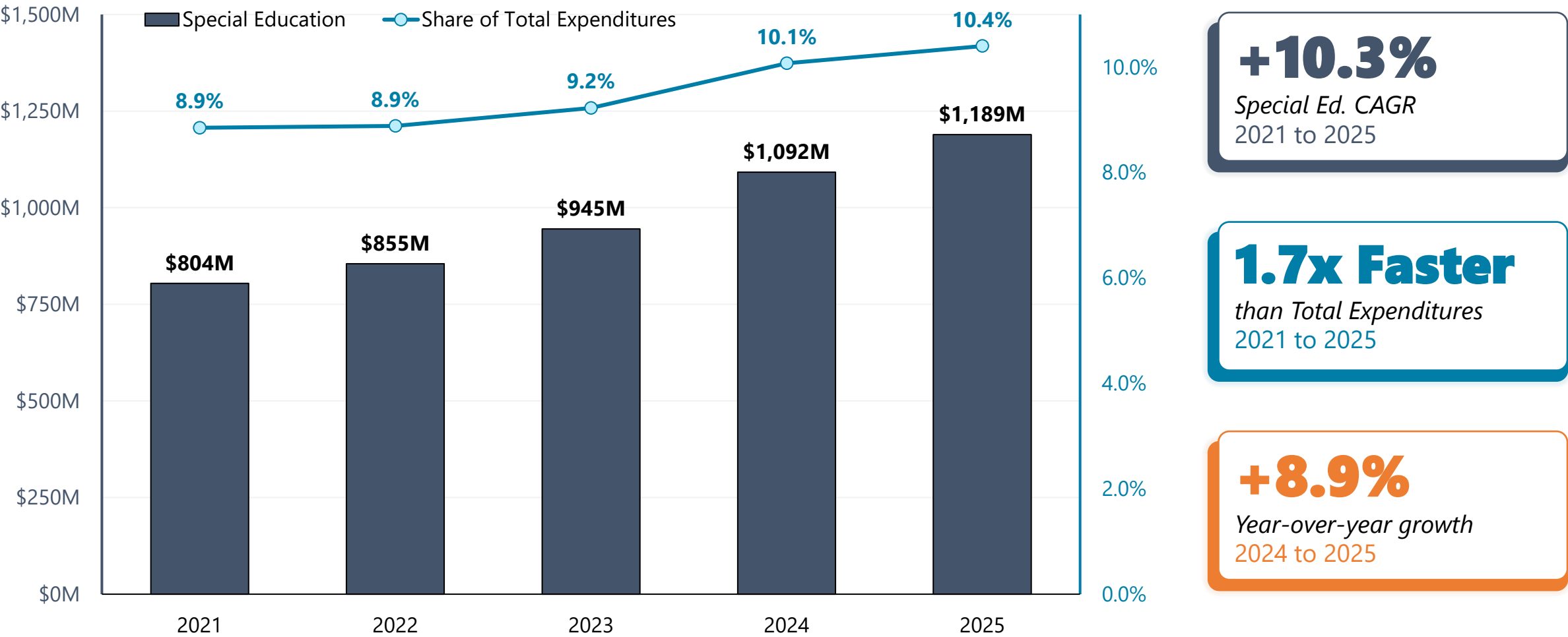
- Identify and report fixed and variable costs
- Demonstrate Staffing efficiencies
- Demonstrating Utility efficiencies
- Benchmark Building Utilization
- Track your expenditures
- Track your revenues

Even though Special Education services are legally required, should they not be reduced as enrollment declines?

- More complex student needs
- Increased service requirements
- Staffing shortages
- Mandated services

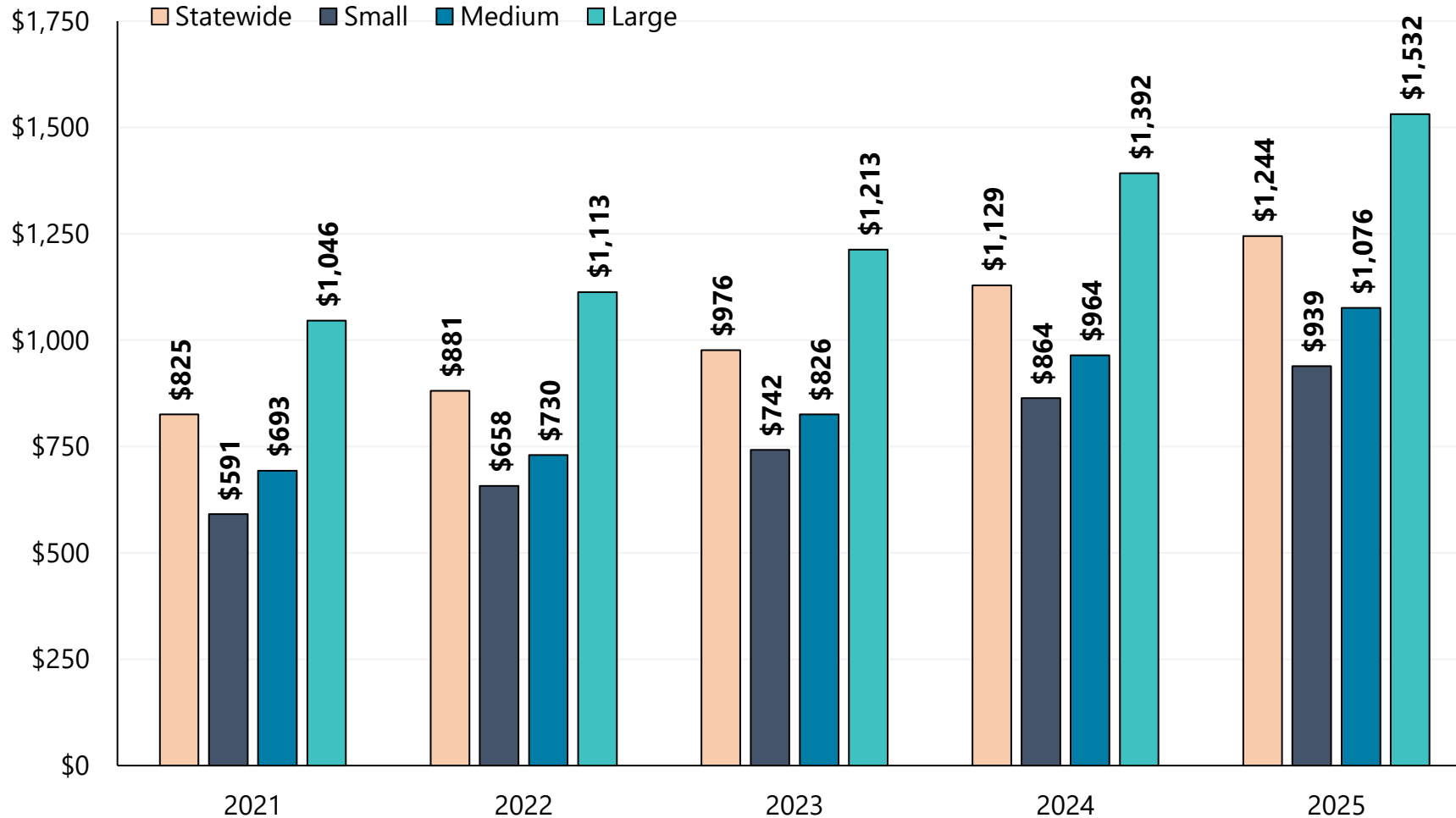
Special Education has become the fastest-growing major expenditure category statewide

Calendar Year



Special Education

Expenditure growth by ADM grouping and statewide, 2021 - 2025



+12.3%

Small School CAGR
2021 to 2025

+11.6%

Medium School CAGR
2021 to 2025

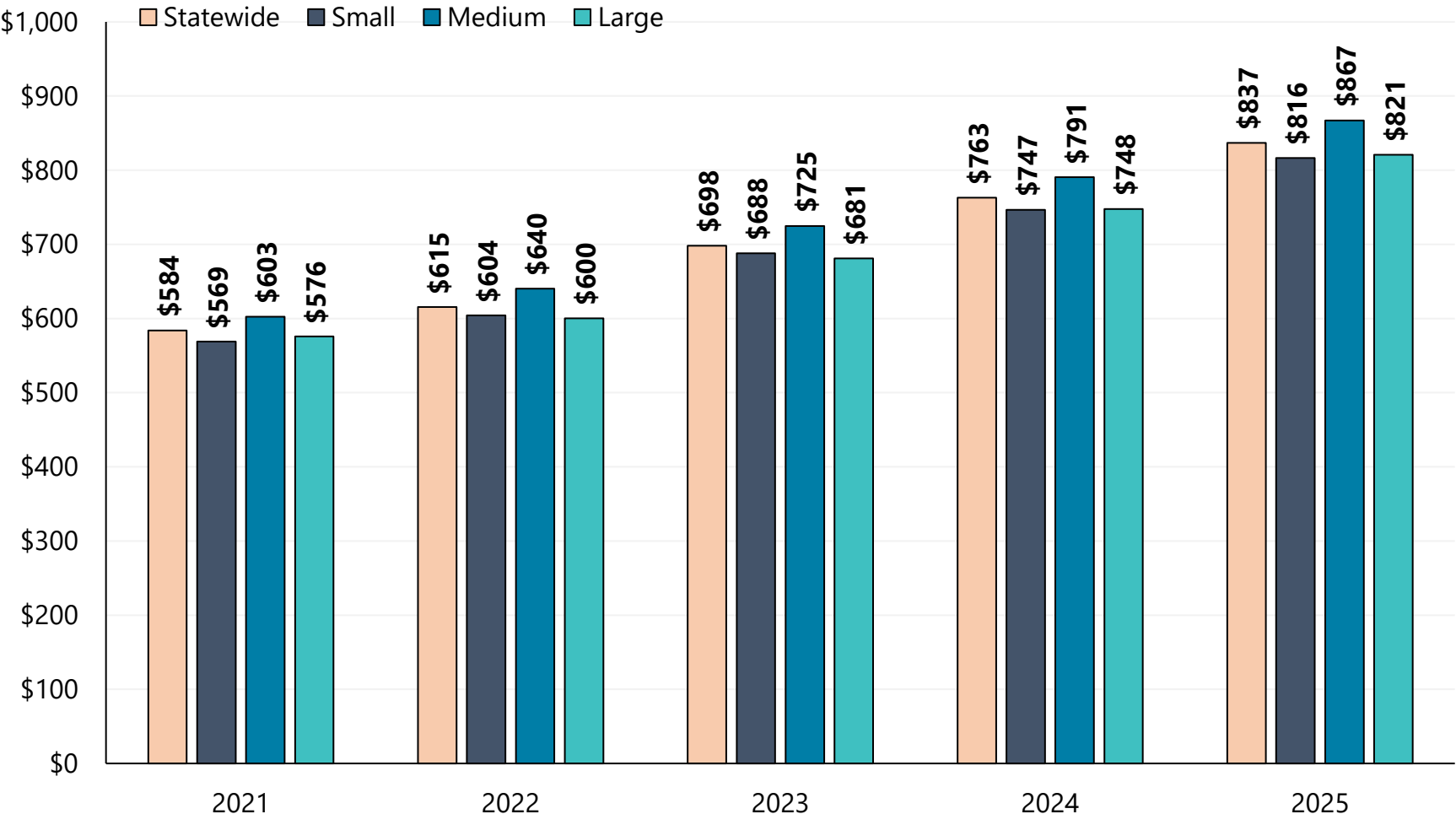
+10.0%

Large School CAGR
2021 to 2025

Federal and state requirements require districts to continue providing services regardless of enrollment trends

Special Education

Revenue growth by ADM grouping and statewide, School Year 2021 - 2025



+9.46%
Small School CAGR
SY2021 to SY2025

+9.52%
Medium School CAGR
SY2021 to SY2025

+9.27%
Large School CAGR
SY2021 to SY2025

Federal and state requirements require districts to continue providing services regardless of enrollment trends

Things to do to help correct the misconception:

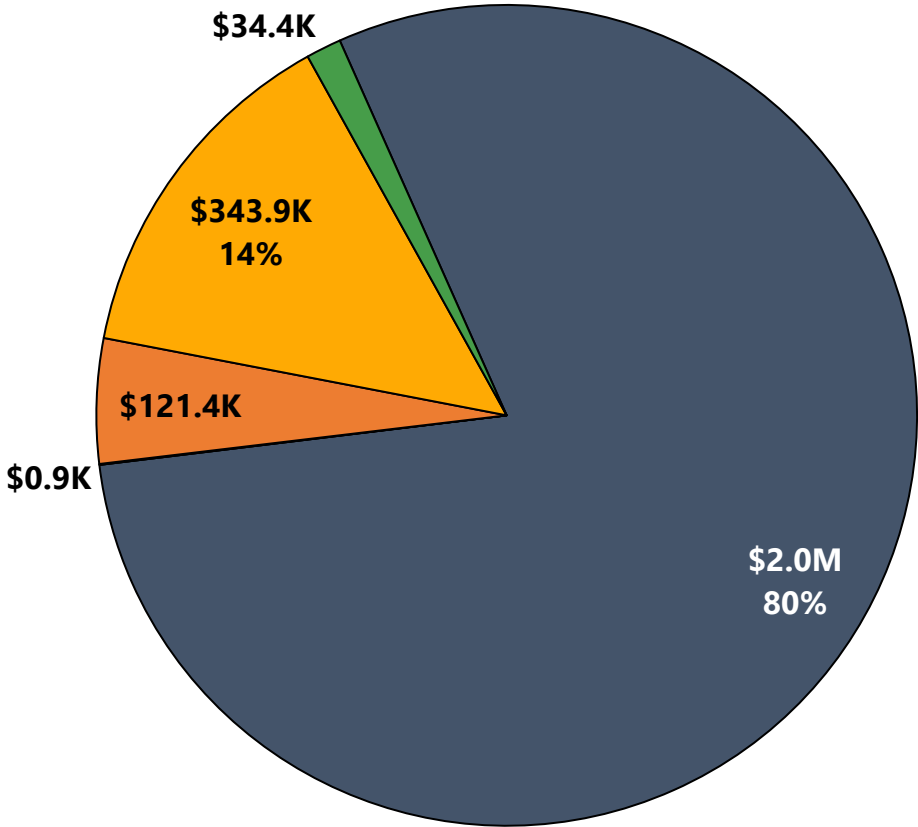
- **Track your SpEd costs - know where you've been and where you're trending**
- **Track where you're paying your SpEd from**
- **Demonstrate staffing/services efficiencies**

**Districts with larger
geographical areas have higher
Transportation costs**

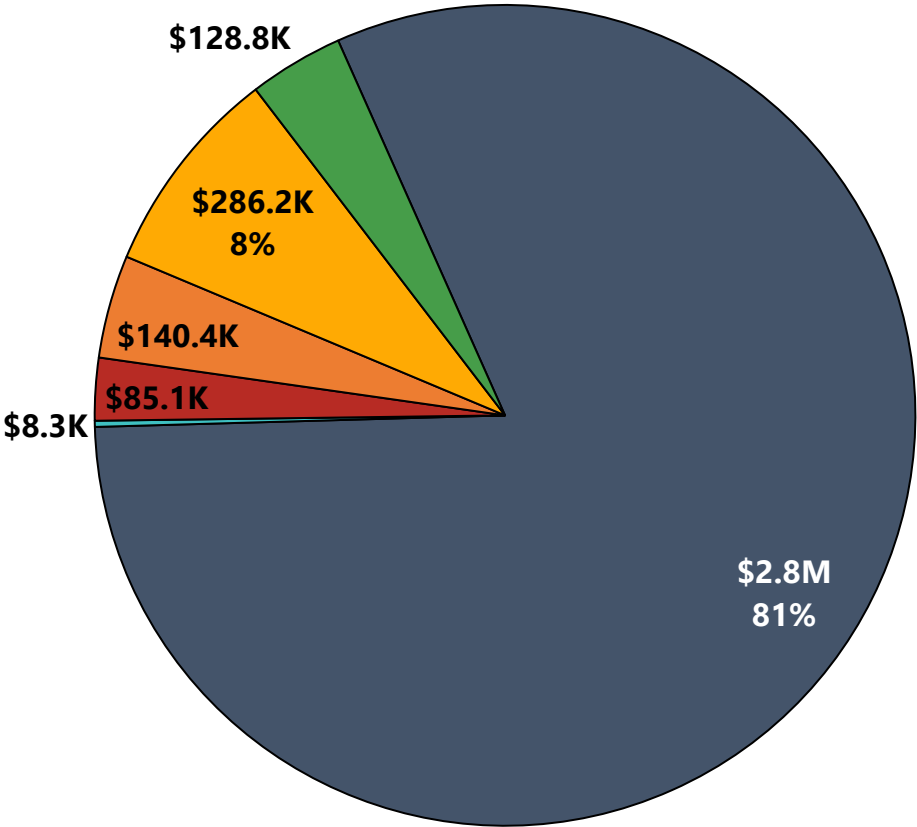
Transportation: Rural vs Urban

CY 2025 (Excludes Bus Purchase)

Rural School: \$2.5M (304.2 Sq. Miles)
ADM: 3,505



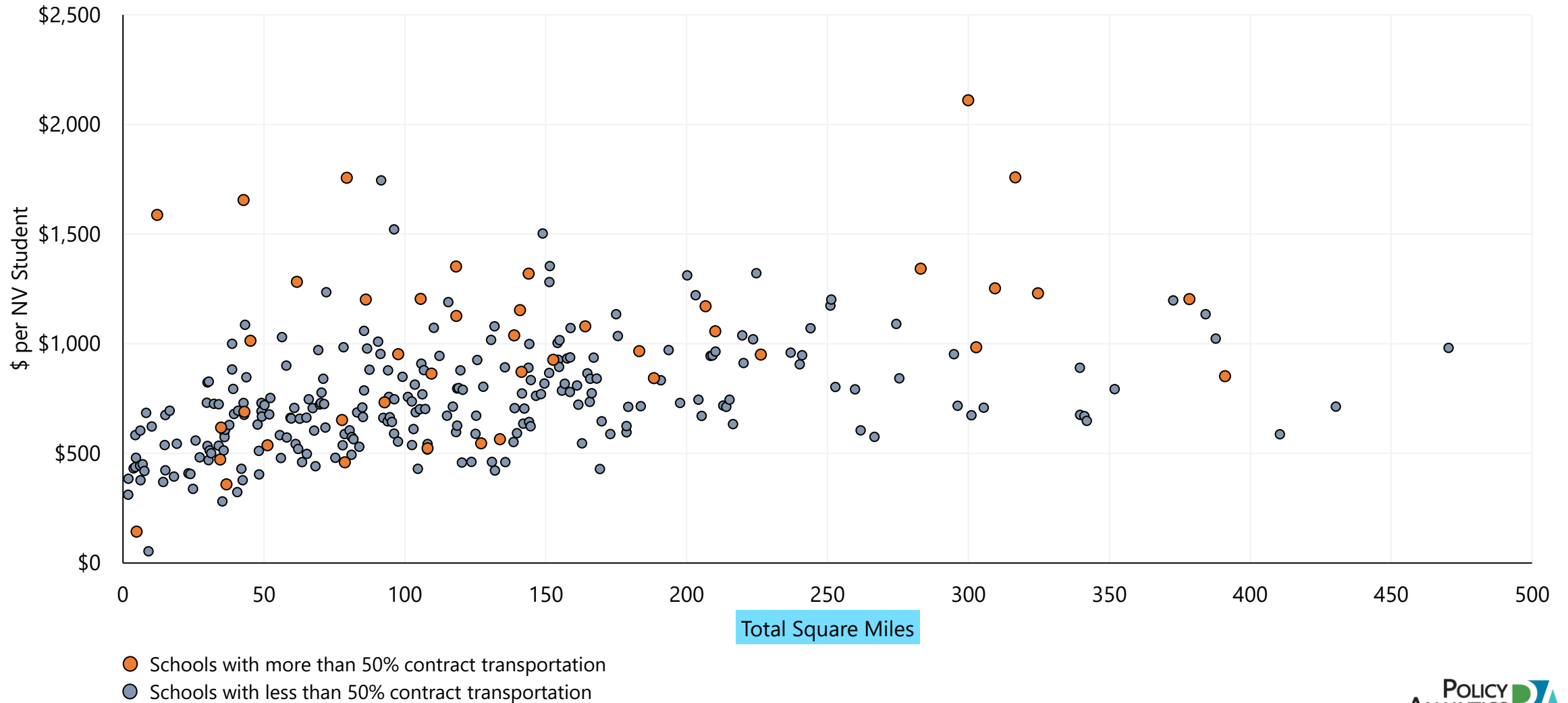
Urban School: \$3.5M (56.4 Sq. Miles)
ADM: 3,366



- Salaries & Benefits
- Contract Transportation
- Purchased Services
- Supplies & Technology
- Fuel
- Other

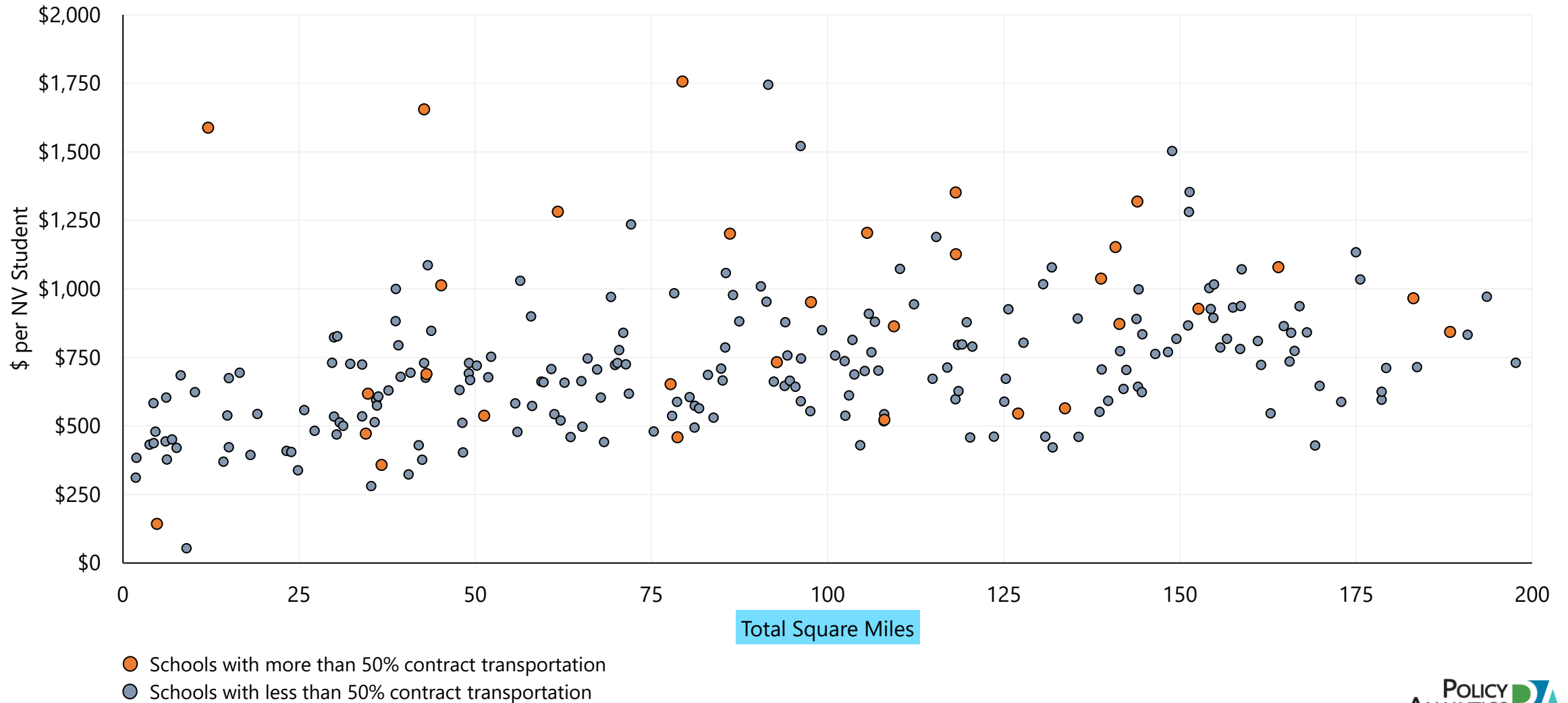
2025 Transportation Expenditures per Non-Virtual Student

Excludes Bus Purchase – All districts



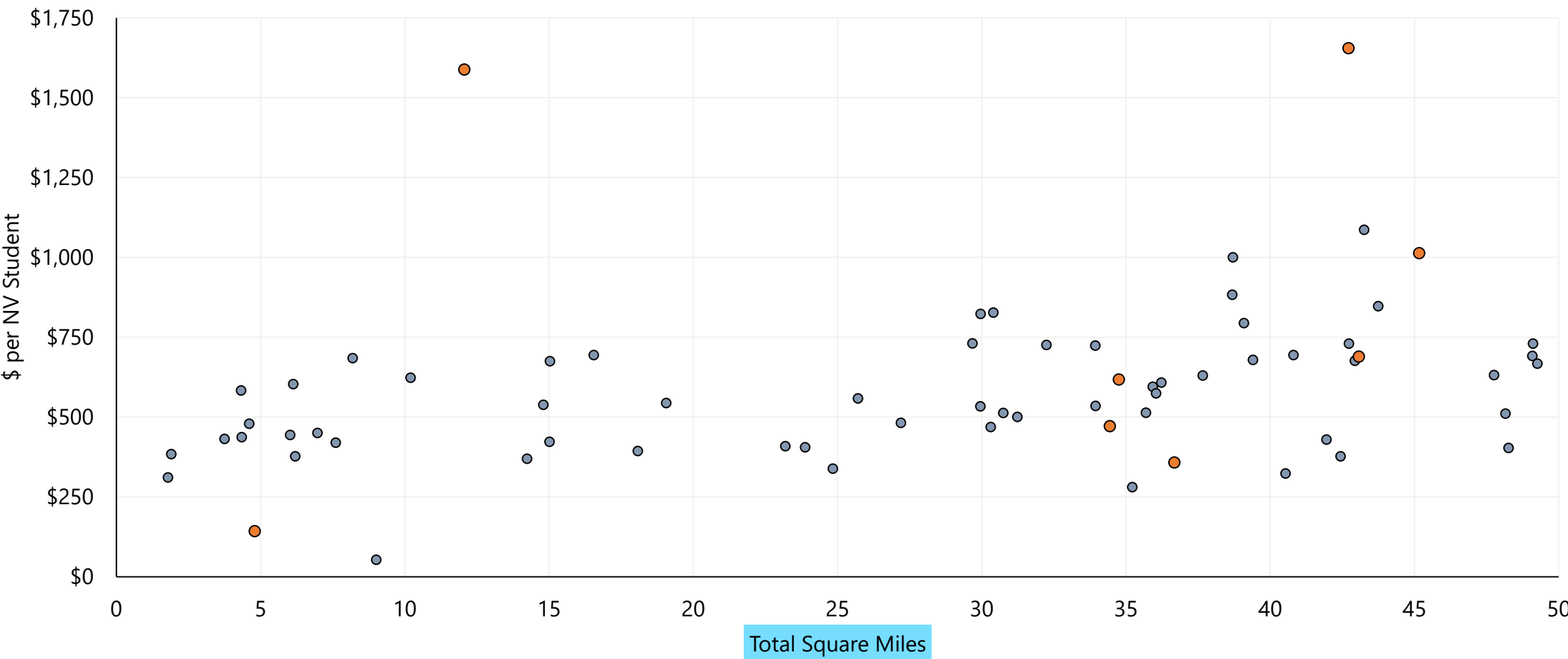
2025 Transportation Expenditures per Non-Virtual Student

Excludes Bus Purchase – Schools less than 200 square miles



2025 Transportation Expenditures per Non-Virtual Student

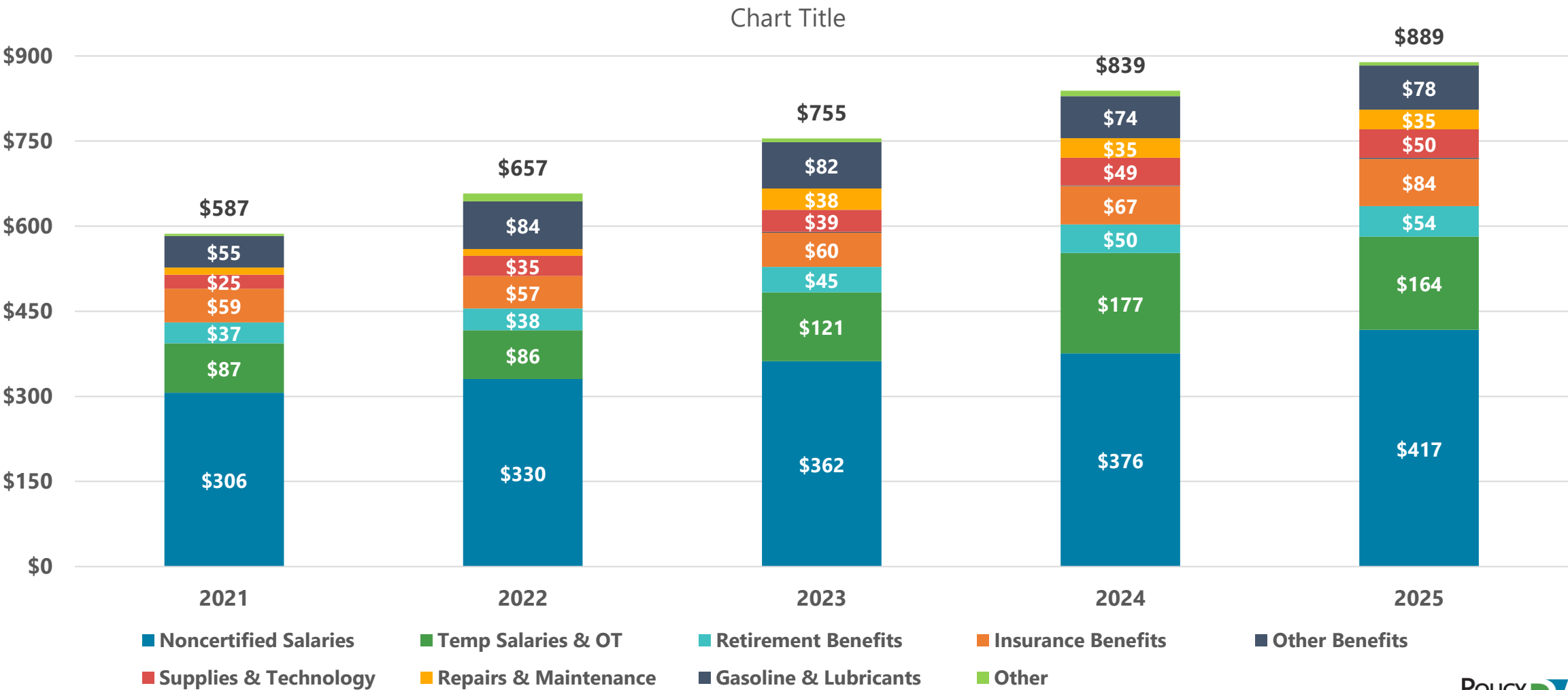
Excludes Bus Purchase – Schools less than 50 square miles



- Schools with more than 50% contract transportation
- Schools with less than 50% contract transportation

Transportation Expenditures per Student Cost

Where are the expenditures going?



Transportation Expenditure History per Student

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2021-25 CAGR
Expenditures						
Noncertified Salaries	\$306	\$330	\$362	\$376	\$417	8.0%
Temp Salaries & OT	\$87	\$86	\$121	\$177	\$164	17.2%
Retirement Benefits	\$37	\$38	\$45	\$50	\$54	9.8%
Insurance Benefits	\$59	\$57	\$60	\$67	\$84	8.9%
Other Benefits	\$0	\$0	\$2	\$1	\$2	3.2%
Supplies & Technology	\$25	\$35	\$39	\$49	\$50	19.5%
Repairs & Maintenance	\$13	\$12	\$38	\$35	\$35	28.2%
Gasoline & Lubricants	\$55	\$84	\$82	\$74	\$78	8.8%
Other	\$4	\$14	\$6	\$10	\$6	10.5%
Total	\$587	\$657	\$755	\$839	\$889	11.0%

Things to do to help correct the misconception:

- **Know your Transportation costs**
- **Report out your Transportation costs and where the dollars are going**

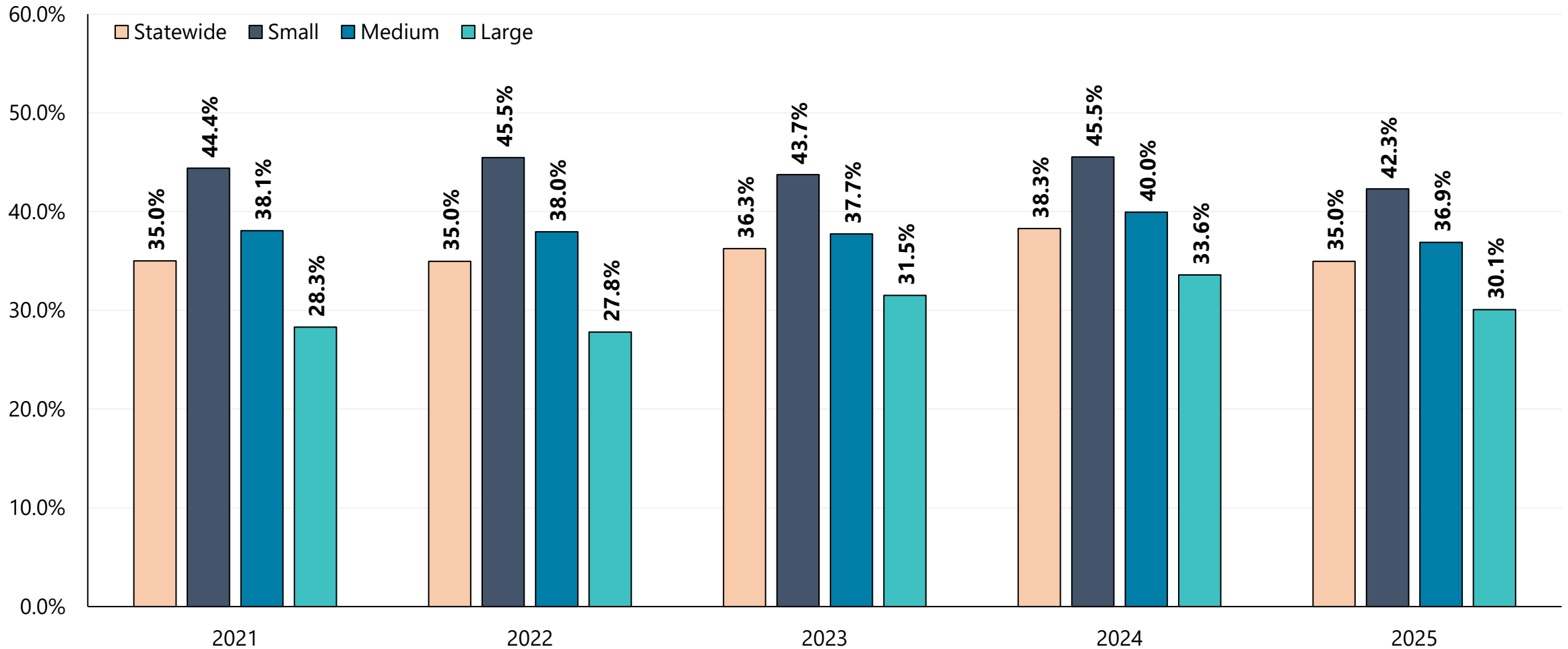
**School corporations
cash balances
are too high**

Example of the ebbs and flows of cash balance:

	January Actual	February Actual	March Projected	April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected
EDUCATION FUND												
Receipts												
Tuition Support	7,608.4	7,915.4	7,481.5	7,481.5	7,481.5	7,481.5	7,443.4	7,443.4	7,443.4	7,443.4	7,531.2	7,443.4
Other	142.3	102.3	96.3	96.3	96.3	96.3	96.3	96.3	96.3	98.1	96.3	96.3
Total Revenues	7,750.7	8,017.8	7,577.8	7,577.8	7,577.8	7,577.8	7,539.7	7,539.7	7,539.7	7,541.5	7,627.5	7,539.7
Transfer In	26.2	24.1	-	-	-	-	-	-	-	-	-	-
Total Cash Inflow	7,776.9	8,041.9	7,577.8	7,577.8	7,577.8	7,577.8	7,539.7	7,539.7	7,539.7	7,541.5	7,627.5	7,539.7
Expenses												
General Education	(5,610.9)	(3,898.3)	(4,430.9)	(3,958.9)	(3,919.8)	(4,030.0)	(5,081.4)	(3,748.9)	(3,960.6)	(3,989.4)	(4,235.3)	(3,989.5)
Special Education	(1,290.6)	(995.3)	(1,152.9)	(1,029.4)	(1,035.2)	(1,054.8)	(1,016.3)	(821.0)	(1,134.7)	(1,037.5)	(1,087.3)	(1,044.0)
Transfer Tuition	-	(136.5)	(3.0)	(3.0)	(156.9)	(52.0)	(204.5)	(3.0)	(3.0)	(155.0)	(16.8)	(73.3)
Curricular Materials	(0.5)	(1.4)	(0.5)	(1.1)	(0.6)	(0.6)	(10.1)	(85.9)	(337.7)	(207.9)	(18.1)	(29.3)
Educational Support	(2,334.6)	(1,693.5)	(1,761.4)	(1,820.0)	(1,856.7)	(1,698.6)	(2,647.8)	(1,672.1)	(1,793.5)	(1,783.5)	(1,857.1)	(1,741.7)
Total Expenditures	(9,236.7)	(6,724.9)	(7,348.8)	(6,812.4)	(6,969.3)	(6,836.0)	(8,960.0)	(6,331.0)	(7,229.4)	(7,173.4)	(7,214.7)	(6,877.8)
Transfer Out	(173.8)	(252.3)	(213.0)	(213.0)	(213.0)	(213.0)	(1,213.0)	(1,213.0)	(1,213.0)	(213.0)	(213.0)	(213.0)
Total Cash Outflow	(9,410.4)	(6,977.2)	(7,561.8)	(7,025.4)	(7,182.3)	(7,049.1)	(10,173.0)	(7,544.0)	(8,442.5)	(7,386.5)	(7,427.7)	(7,090.8)
Surplus (Deficit)	(1,633.5)	1,064.7	16.0	552.4	395.5	528.8	(2,633.3)	(4.3)	(902.7)	155.0	199.8	448.9
Ending Cash Balance	(251.3)	813.4	829.4	1,381.9	1,777.3	2,306.1	(327.2)	(331.4)	(1,234.2)	(1,079.1)	(879.3)	(430.4)
OPERATIONS FUND												
Receipts												
Local Taxes	127.4	127.4	127.4	127.4	127.4	14,197.3	127.4	127.4	127.4	127.4	127.4	12,038.0
Other	29.7	6.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	103.0	14.0	14.0
Total Revenues	157.1	133.5	141.4	141.4	141.4	14,211.3	141.4	141.4	141.4	230.4	141.4	12,052.0
Transfer In	-	-	-	-	-	-	1,000.0	1,000.0	1,000.0	-	-	-
Total Cash Inflow	157.1	133.5	141.4	141.4	141.4	14,211.3	1,141.4	1,141.4	1,141.4	230.4	141.4	12,052.0
Expenses												
Capital Projects	(1,821.9)	(1,394.3)	(1,721.5)	(1,408.4)	(1,476.3)	(1,607.4)	(1,963.4)	(1,565.5)	(1,663.5)	(1,508.1)	(1,354.4)	(1,329.3)
Transportation	(1,035.1)	(774.2)	(831.7)	(778.2)	(886.9)	(1,018.3)	(1,094.1)	(778.1)	(795.6)	(902.3)	(795.1)	(1,798.2)
Administrative Support	(798.4)	(576.1)	(703.4)	(735.2)	(550.8)	(810.7)	(939.8)	(563.5)	(569.4)	(558.2)	(512.6)	(571.2)
Total Expenditures	(3,655.4)	(2,744.7)	(3,256.6)	(2,921.9)	(2,914.0)	(3,436.3)	(3,997.3)	(2,907.0)	(3,028.5)	(2,968.6)	(2,662.1)	(3,698.7)
Transfer Out	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)	(61.6)
Total Cash Outflow	(3,717.1)	(2,806.3)	(3,318.3)	(2,983.5)	(2,975.6)	(3,497.9)	(4,059.0)	(2,968.6)	(3,090.1)	(3,030.2)	(2,723.7)	(3,760.3)
Surplus (Deficit)	(3,559.9)	(2,672.8)	(3,176.8)	(2,842.1)	(2,834.2)	10,713.3	(2,917.5)	(1,827.2)	(1,948.7)	(2,799.9)	(2,582.2)	8,291.7
Ending Cash Balance	7,233.3	4,560.5	1,383.6	(1,458.5)	(4,292.6)	6,420.7	3,503.2	1,676.0	(272.7)	(3,072.6)	(5,654.8)	2,636.9

Ending Cash Balance as Percent of Expenditures

ADM grouping and statewide, 2021 - 2025



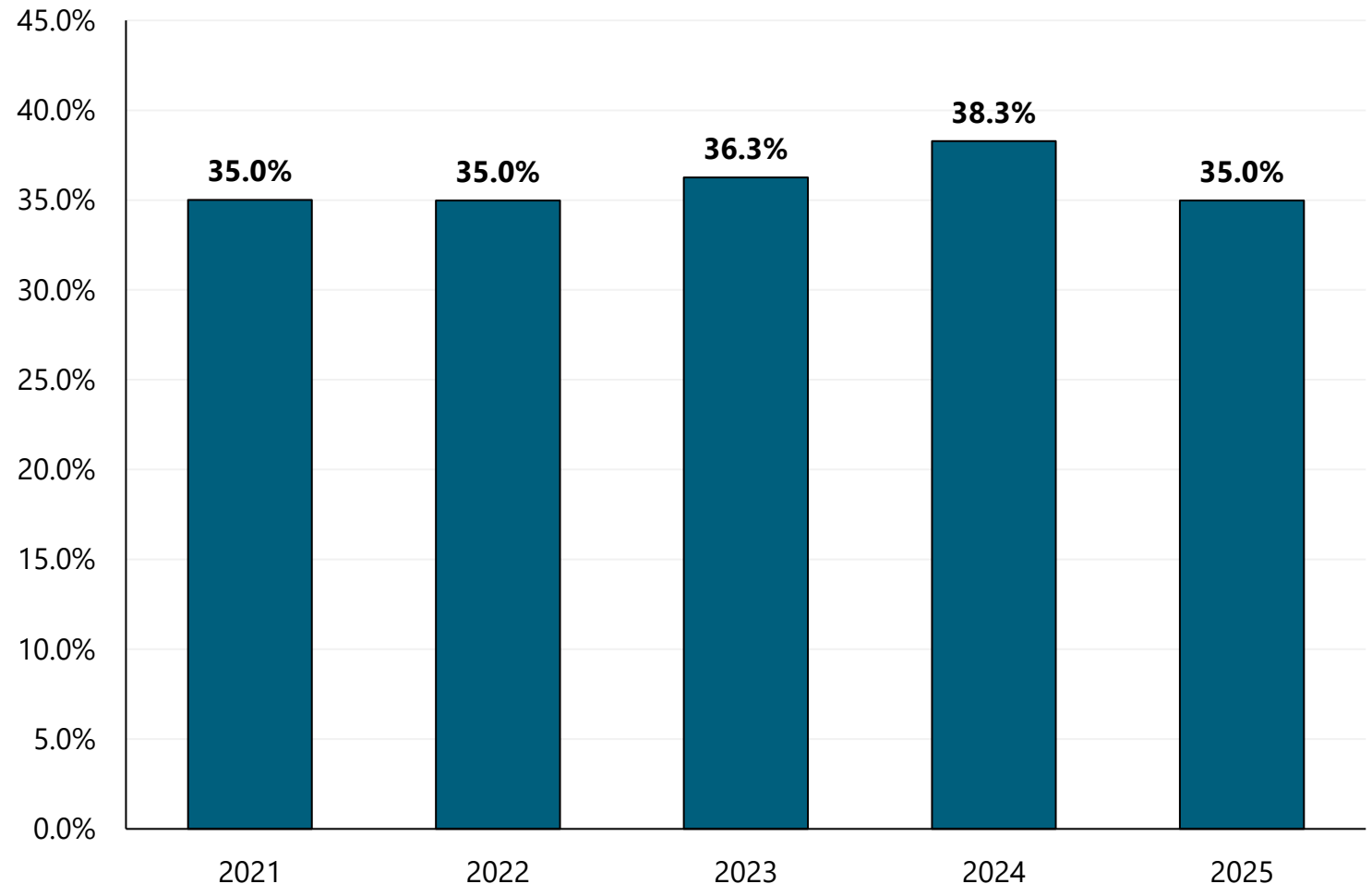
Cash balance is not the same as surplus

Cash exists because:

- Claims timing
- Payroll timing
- State Aid timing
- Tax collections
- Federal reimbursements
- Debt payments

Ending Cash Balance as Percent of Expenditures

Education, Operations, Operating Referendum, Safety Referendum, & Rainy Day

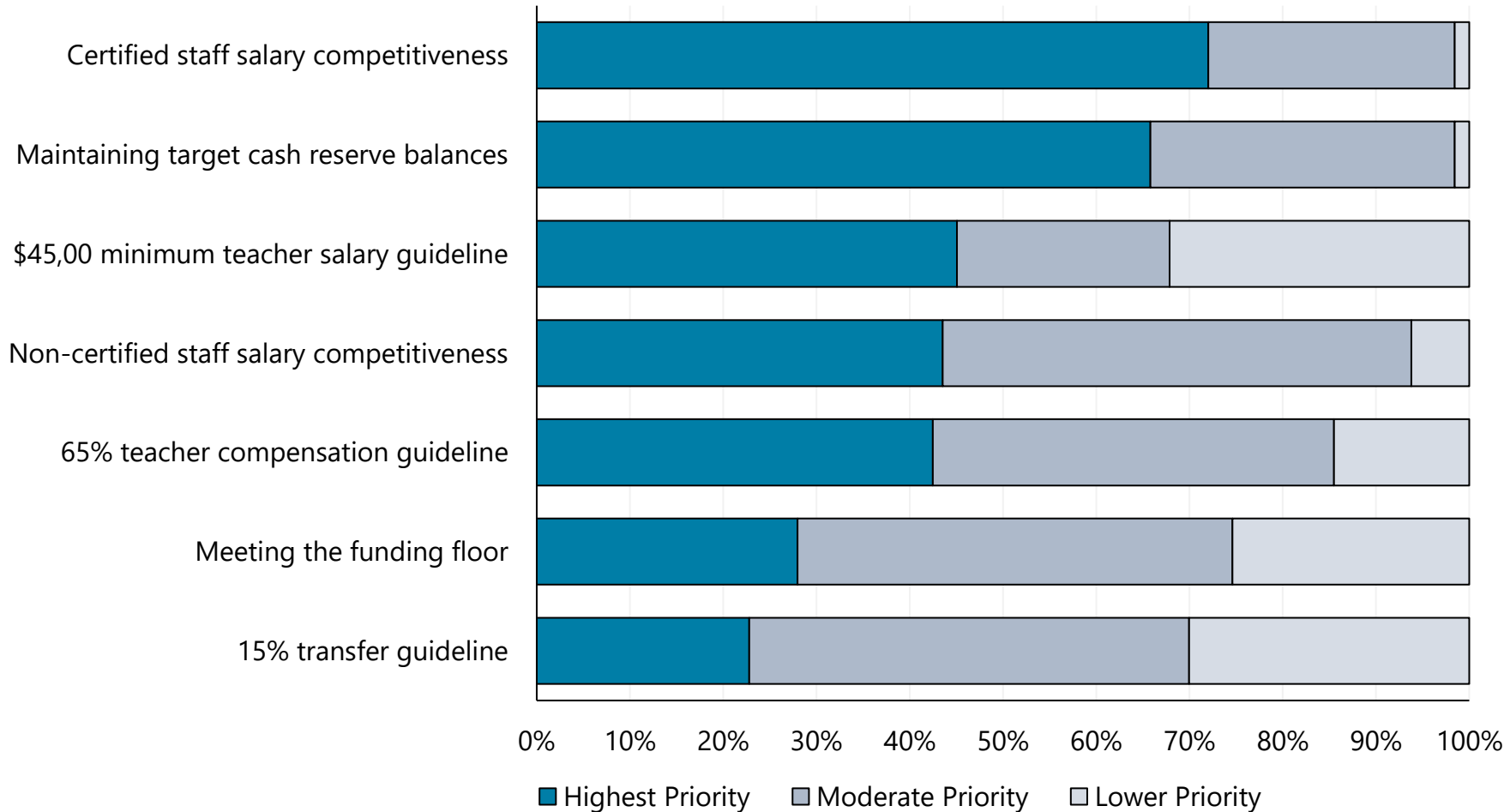


Things to do to help correct the misconception:

- Know your board policy – Report out comparing to board policy
- Educate on your priorities for cash flows
- Track and project cash flow monthly out at least 3-5 years-
not just fund balance

**Mandates must
be met by default**

Certified Staff Salary Competitiveness is the #1 Priority



72%

of respondents said cert. staff salary was a high priority

66%

said target cash reserve balance was a high priority

23%

said the 15% transfer guideline was a high priority

What would be the tradeoffs?

Education & Operations Funds

Dollars in Thousands

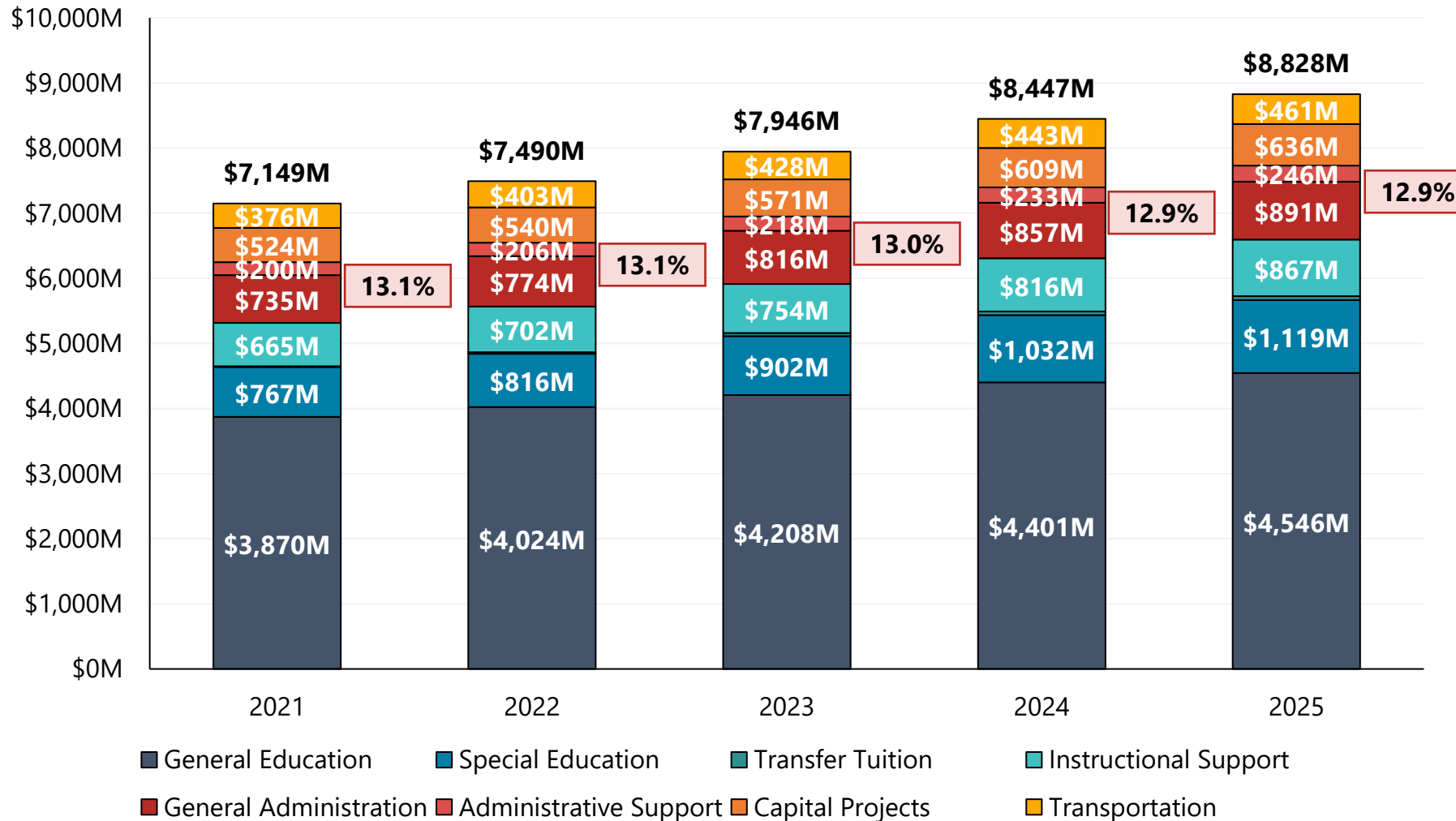
	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Cash Balance	\$1,963.5	\$2,616.7	\$2,230.4	\$1,905.4	\$1,014.3	-\$399.3	-\$2,213.4	-\$4,059.0
<u>Cash Inflow</u>								
Revenues	15,809.0	15,844.5	16,076.0	15,905.0	15,731.5	15,685.8	16,017.8	16,331.8
Transfer In	796.8	525.0	350.4	350.4	4.7	4.7	4.7	4.8
Total Cash Inflow	16,605.8	16,369.5	16,426.4	16,255.4	15,736.2	15,690.4	16,022.6	16,336.6
<u>Cash Outflow</u>								
Expenditures	(15,490.5)	(16,230.7)	(16,405.7)	(16,800.8)	(17,149.9)	(17,504.5)	(17,868.2)	(18,241.3)
Transfer Out	(462.1)	(525.0)	(345.7)	(345.7)				
Total Cash Outflow	(15,952.7)	(16,755.7)	(16,751.4)	(17,146.5)	(17,149.9)	(17,504.5)	(17,868.2)	(18,241.3)
Surplus (Deficit)	653.1	(386.2)	(325.0)	(891.1)	(1,413.7)	(1,814.0)	(1,845.6)	(1,904.7)
Ending Cash Balance	\$2,616.7	\$2,230.4	\$1,905.4	\$1,014.3	-\$399.3	-\$2,213.4	-\$4,059.0	-\$5,963.7
Ending Cash Balance + Rainy Day	\$4,620.5	\$4,266.2	\$3,941.3	\$3,050.2	\$1,636.5	-\$177.5	-\$2,023.2	-\$3,927.9
Balance as Pct of Expenditures	29.8%	26.3%	24.0%	18.2%	9.5%	-1.0%	-11.3%	-21.5%

Things to do to help correct the misconception:

- **Start financial forecasting before decisions are made**
- **Establish financial benchmarks with Superintendent and Board**
- **Review cash flow monthly**
- **Have a “what if” model ready for declining enrollment, lower assessed value growth, salary increases, insurance increases, and legislative changes**

**Administrative Costs are the reason
schools are struggling financially**

Administration represents a small share of Salaries & Benefits



Things to do to help correct the misconception:

- Demonstrate admin efficiencies
- Track admin staffing as enrollment may change
- Do a peer comparison

"Schools are responsible for increasing property taxes."

Much of a taxpayer's bill is influenced by **assessed value changes**, **overlapping taxing units**, and **constitutional tax caps**—not solely the school district's tax rate.

"Schools should run like businesses."

Districts still provide services no matter what the "profitability" and can't control revenue or increase revenues like businesses can.

Quote: We can't throw away the "bad blueberries"

What can districts do to minimize misconceptions?

**Better Data
Proactive Planning
Clearer Communication**

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