

## ATTACHMENT (1) 2021-22 (FY22) Proposed Fall Budget Adjustments

The following summary is presented to assist the Milwaukee Board of School Directors (Board) during its consideration and final approval of the 2021-22 (FY22) School Operations, Construction, and Extension Fund budgets. The changes listed below are adjustments to the budget adopted in May based on current data and district priorities.

### Enrollment

From fall 2020 to fall 2021, Milwaukee Public Schools' (MPS) enrollment decreased primarily due to a decrease in MPS traditional and instrumentality charter school enrollment. The number of students attending MPS schools decreased by 5.08% to 68,195. Outgoing open enrollment numbers decreased by 0.64% and outgoing Chapter 220 numbers dropped by 26.81%. The Chapter 220 program closed to new students in FY16, resulting in the expected reduction in enrollment.

Milwaukee Parental Choice Program (MPCP) enrollment is expected to increase from 28,583 in the 2020-21 (FY21) school year to approximately 28,770 in FY22. In FY22, 129 private schools indicated their intent to participate in MPCP according to the Wisconsin Department of Public Instruction (DPI).

Chart 1 shows a summary of the third Friday enrollment changes by category from fiscal year FY21 to fiscal year FY22. Enrollment is listed as a headcount and not as full-time equivalent (FTE) which is used for calculating enrollment revenue.

*Chart 1: Student Enrollment by Category*

Enrollment Summary				
Enrollment Category	FY21 Third Friday Enrollment	FY22 Third Friday Enrollment	FY21 to FY22 Difference	FY21 to FY22 % Change
MPS Traditional & Instrumentality Charter Schools	62,612	59,513	-3,099	-4.95%
Alternative/Partnerships/Other Sites	930	911	-19	-2.04%
Non-instrumentality Charter Schools	8,299	7,771	-528	-6.36%
<b>Subtotal</b>	<b>71,841</b>	<b>68,195</b>	<b>-3,646</b>	<b>-5.08%</b>
Chapter 220 in Suburbs	429	314	-115	-26.81%
Open Enrollment in Suburbs	5,181	5,148	-33	-0.64%
<b>Total</b>	<b>77,451</b>	<b>73,657</b>	<b>-3,794</b>	<b>-4.90%</b>

Note: Original enrollment submission to DPI on October 1, 2021.

### Revenue Changes

Chart 2 shows a summary of the School Operations Fund changes by source and type from the budget adopted by the Board in May 2021. The property tax levy and the Equalization and Integration Aids are not individually listed in the 2021-22 Proposed Budget (P.B.) as the district estimates the total amount in the spring and then receives actual numbers from DPI in the fall.

Chart 2: School Operations Fund – Revenues by Source Changes

School Operations Fund - Revenues by Source			
Description	2021-22 P.B. (Spring)	2021-22 F.A. (Fall)	Inc / (Dec)
<b>Property Tax Levy, Equalization and Integration Aids</b>			
Property Tax Levy		<del>273,440,474</del> 273,060,677	
General Equalization Aid		<del>594,583,811</del> 593,468,570	9,856,696
Integration Aid	880,255,441	33,232,020	9,476,899
Poverty Aid		3,929,164	
Computer Computer & Personal Property Aid		<del>7,453,170</del> 8,862,319	
Deduction for Choice/Charter		<del>(22,526,502)</del> (22,820,410)	
<b>Subtotal</b>	<b>\$ 880,255,441</b>	<del>\$ 890,112,137</del> <b>\$ 889,732,340</b>	<del>\$ 9,856,696</del> <b>\$ 9,476,899</b>
<b>State Handicapped Aids</b>			
Handicapped Aids	51,032,497	52,032,497	1,000,000
<b>Subtotal</b>	<b>\$ 51,032,497</b>	<b>\$ 52,032,497</b>	<b>1,000,000</b>
<b>Other State Aids</b>			
Transportation Aid	-	-	-
Library Aid	4,100,000	4,100,000	-
Bilingual Aid	1,700,000	1,700,000	-
Tuition from State	500,000	500,000	-
General State Aid	53,553,108	54,459,090	905,982
Other State Per-Pupil	3,844,545	857,458	(2,987,087)
<b>Subtotal</b>	<b>\$ 63,697,653</b>	<b>\$ 61,616,548</b>	<b>\$ (2,081,105)</b>
<b>Federal Aids</b>			
Federal Reimbursement - QSCB	3,750,095	3,778,141	28,046
Indirect Cost Aids	6,786,912	14,916,294	8,129,382
Medicaid Reimbursements	6,100,000	6,400,000	300,000
<b>Subtotal</b>	<b>\$ 16,637,007</b>	<b>\$ 25,094,435</b>	<b>\$ 8,457,428</b>
<b>Local Revenues</b>			
TIF and other City related	329,940	329,940	-
Student Programs Reimbursement	260,000	260,000	-
Tuition	13,018,231	13,018,231	-
Interest Earned	350,276	350,276	-
Rental	2,714,752	2,714,752	-
OPEB Member Contributions	5,000,000	5,000,000	-
Refunds/Ins. proceeds	1,050,077	1,050,077	-
Miscellaneous	311,915	311,915	-
<b>Subtotal</b>	<b>\$ 23,035,191</b>	<b>\$ 23,035,191</b>	<b>\$ -</b>
<b>Carryover</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 1,034,657,789</b>	<del><b>\$ 1,051,890,808</b></del> <b>\$ 1,051,511,011</b>	<del><b>\$ 17,233,019</b></del> <b>\$ 16,853,222</b>

## Revenue Limit

The FY22 revenue limit is based on prior year revenues, expenditures, and three-year enrollment trends including the current third Friday enrollment. The revised revenue limit governing the School Operations and Construction funds is ~~\$893.0~~ \$892.7million, an increase of ~~\$31.9~~ \$31.5 million from the FY21 October revenue limit.

The State budget for the 2022 to 2023 biennium includes no increase in the base per-pupil amount of the revenue limit in FY22 or FY23. For MPS, the base per-pupil amount remains \$10,476. The revenue limit has increased the past two years as a result of a successful referendum bid by the District. Also included is revenue limit authority for special education vouchers and debt related to energy efficiency projects. These increases are designated for specific costs which the district is obligated to pay.

The School Operations portion of the revised revenue limit is ~~\$9,856,696~~ \$9,476,899 more than the amount adopted in May 2021. Chart 3 shows a summary of the revised revenue limit.

*Chart 3: School Operations Revised Revenue Limit*

Revenue Limit		
<b>FY22 Adopted Budget</b>	<b>May 2021</b>	<b>\$880,255,441</b>
<b>FY22 Fall Adjustment</b>	<b>October 2021</b>	<del>\$9,856,696</del> <b>\$9,476,899</b>
<b>FY22 Amended Adopted Budget</b>	<b>October 2021</b>	<del>\$890,112,137</del> <b>\$889,732,340</b>

## State General Aids

State general aids are ~~\$572.7~~ \$603.9 million for FY22 after non-MPS charter and MPCP deductions were certified in October 2021. This is an increase of \$37.3 million, or 6.6%, from the \$566.5 million certified for FY21. Chart 4 shows a summary of the state general aids changes from the FY21 October certified amount.

*Chart 4: State General Aids*

State General Aids			
<b>FY21 October Certified</b>	<b>FY22 October Certified</b>	<b>FY21 to FY22 Difference</b>	<b>FY21 to FY22 % Change</b>
<b>\$566,548,544</b>	<b>\$603,880,180</b>	<b>\$37,331,636</b>	<b>6.6%</b>

## Property Tax Levy

Based on the budget adopted by the Board in May 2021 and the adjustments listed in this Board item, the MPS all-fund tax levy for FY22 decreased by ~~\$1.9~~ \$2.3 million, or ~~0.6%~~ 0.7%, from the amount levied for FY21.

The \$18.9 million of MPCP costs represents about 6.2% of the revised all-fund tax levy for FY22. The Board is compelled to levy 9.6% of MPCP costs, down from 12.8% in FY21. The reduction is due to legislative action, the portion of MPCP costs borne by the district is scheduled to decline for three more years until the MPCP program is fully funded by the State in FY25. The net cost for FY22 of \$18.9 million includes offsets of \$15.7 million paid to the City of Milwaukee by the State and \$3.9 million in high-poverty aid that the district is required to use to offset the MPCP levy.

The Construction Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of capital facilities. The Extension Fund levy will continue to provide funds for MPS C.A.R.E.S., playfield updates, and establish a sustainable revenue source for future recreation programming. Chart 5 shows a summary of the tax levy changes by fund when comparing FY21 to FY22.

Chart 5: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY21 (October)	FY22 (October)	FY21 to FY22 Difference	FY20 to FY21 % Change
<b>Operations</b>	\$ 276,113,936	<del>\$ 273,440,474</del>	<del>\$ (2,673,462)</del>	-1.0%
		\$ 273,060,677	\$ (3,053,259)	-1.1%
<b>Construction</b>	\$ 4,636,466	\$ 2,923,868	\$ (1,712,598)	-36.9%
<b>Extension</b>	\$ 27,225,000	\$ 29,725,000	\$ 2,500,000	9.2%
<b>Total Statutory Funds</b>	\$ 307,975,402	<del>\$ 306,089,342</del>	<del>\$ (1,886,060)</del>	-0.6%
		\$ 305,709,545	\$ (2,265,857)	-0.7%

### Revenue and Expenditure Changes

Charts below show all changes to planned budgets by project. The district maintains a balanced budget as required by state law.

The Administration is confident that the proposed amended FY22 budget is responsible and responsive to the district’s five priorities, supporting the Board’s three goals of academic achievement; student, family, and community engagement; and effective and efficient operations.

### School Operations Fund

The School Operations Fund provides resources for the majority of district operations including debt. Chart 6 shows a summary of the expenditure changes to the School Operations Fund by project.

Chart 6: School Operations Fund Expenditure Changes

Expenditure Changes		Amount
<b>Schools and School Accounts</b>		
S1	<b>MPS Traditional Charter and Alternative Schools</b> <i>Enrollment adjustments</i>	\$8,154,445
S2	<b>Supplemental Schools</b> <i>Adjustments to support schools in need</i>	\$852,782
S3	<b>School Office</b> <i>Changes to allocations based on actual enrollment</i>	(\$718,863)
S4	<b>School Counselors</b> <i>Optional services purchased by schools</i>	(\$50,675)
S5	<b>Instrumental Music</b> <i>Optional services purchased by schools</i>	(\$42,284)
S6	<b>Enrollment/Student Events</b> <i>Creating a separate school account for events</i>	\$100,000
S7	<b>School Special Funds</b> <i>Increase reserve and uniform allowance for school staff</i>	\$1,202,060 \$822,263
S8	<b>School Specialized Services</b> <i>Enrollment adjustments</i>	(\$3,701,065)

S9	<b>School Improvement Performance</b> <i>Elimination of grant by Wisconsin Legislature</i>	(\$2,987,087)
S10	<b>Textbook Adoption</b> Increase funds for textbook adoptions	\$12,000,000
S11	<b>Supplemental Hours-Aides</b> <i>Increasing paraprofessional and children health assistants to 40 hours a week</i>	\$3,820,184
S12	<b>Interscholastic Athletics</b> <i>Add staff to support program</i>	\$92,615
S13	<b>Technology Licenses and Equipment</b> Funding a website refresh	\$700,000
S14	<b>World Languages</b> Adding one teacher	\$101,358
<b>School and School Accounts Subtotal</b>		<del>\$19,523,470</del> <b>\$19,143,673</b>

<b>Office Accounts</b>		<b>Amount</b>
S15	<b>Office of Board Governance</b> <i>Add one position and reduce vacancy adjustment</i>	\$131,000
S16	<b>Office of Accountability &amp; Efficiency</b> <i>Add one position</i>	\$78,327
S17	<b>Office of School Administration</b> <i>Move funds to Enrollment/Student Events</i>	(\$15,000)
S18	<b>Office of Finance</b> <i>Moving positions between Financial Services and State and Federal Programs</i>	(\$138,047)
S19	<b>Office of Finance</b> <i>Moving positions between Financial Services and State and Federal Programs</i>	\$148,047
S20	<b>Office of Finance</b> <i>Adjusting a position between grants and board funds</i>	\$12,263
S21	<b>Office of Academics</b> <i>Adding nature field trips for non-Montessori students</i>	\$300,000
S22	<b>Office of Academics</b> <i>Moving positions from Organizational Development to Human Resources</i>	(\$308,887)
S23	<b>Office of Human Resources</b> <i>Moving positions from Organizational Development to Human Resources</i>	\$308,887
<b>Office Accounts Subtotal</b>		<b>\$516,590</b>

<b>Other Accounts</b>		<b>Amount</b>
S24	<b>Optional Services</b> <i>Changes in optional service choices of schools</i>	\$92,959
S25	<b>Special and Contingent Funds</b> <i>Creation of Supplemental Hours-Aides</i>	(\$2,900,000)
<b>Other Accounts Subtotal</b>		<b>(\$2,807,041)</b>

<b>School Operations Fund Expenditure Changes Total</b>		<del>\$17,233,019</del> <b>\$16,853,222</b>
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### Construction Fund

The Construction Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of capital facilities. It is also used to fund the additions to and/or remodeling of existing buildings.

There are no changes to the Construction fund revenues or expenditures at this time.

### Extension Fund

The Extension Fund is used to record financial transactions related to recreational activities and is jointly managed by the Office of Communications and School Performance, Office of Finance, and Office of Academics. Chart 7 shows a summary of the revenue changes to the Extension Fund and Chart 8 shows a summary of the expenditure changes.

Chart 7: Extension Fund Revenue Changes

Revenue Changes		
Extension Fund Account		Amount
E1	<b>Tax Levy Change</b> <i>ADA updates to improve accessibility and playfield renovations</i>	\$2,500,000
<b>Extension Fund Revenue Changes Total</b>		<b>\$2,500,000</b>

Chart 8: Extension Fund Expenditure Changes

Expenditure Changes		
Extension Fund Account		Amount
E2	<b>Recreation Facility Improvements</b> <i>ADA updates to improve accessibility and playfield renovations</i>	\$500,000
E3	<b>MPS Cares</b> <i>Twilight centers</i>	(\$407,301)
E4	<b>Playgrounds and Recreation Centers</b> <i>Costs to maintain recreation facilities</i>	\$2,155,406
E5	<b>Wraparound Program</b> <i>K3 Wraparound program adjustments</i>	\$251,895
<b>Extension Fund Expenditure Changes Total</b>		<b>\$2,500,000</b>

### School Nutrition Services Fund

The School Nutrition Services Fund is an enterprise fund, which accounts for the breakfast, lunch, and other meal programs operated by the district for students. The fund is managed by the Department of Nutrition Services within the Office of Finance.

There are no changes to the School Nutrition Services Fund revenues or expenditures at this time.

### Position Changes

The following charts identify position changes by fund. Office and department position changes in the budget require Board approval for position authority. Chart 9 shows the position changes in the School Operations and Categorical Funds, Chart 10 shows the position changes in the Nutrition Services Fund, and Chart 11 shows the position changes in the Extension Fund. There are no positions in the Construction Fund.

Chart 9: School Operations and Categorical Fund Position Changes

Office Position Changes	FTE Positions	School Operations	Categorical Funds
(Includes Salaries Only)			
<b>Office of Board Governance</b>			
Planning Assistant III	1.00	\$55,000	

<b>Office of Accountability and Efficiency</b>			
Fiscal Associate I	1.00	50,994	
<b>Office of Academics</b>			
Manager II- Bilingual/Multicultural Ed	(1.00)	(\$114,922)	
Coordinator III-Bilingual/Multicultural Ed	1.00	\$83,200	
Technology Teacher – Career & Tech Education	2.00	\$131,976	
Library Media Specialists-Curriculum and Instruction	5.00		\$345,485
Professional Development Specialist – Org. Development	1.00		\$109,000
Teacher Leader-Educational Services Office	1.00		\$66,192
Planning Assistant III-Staff Development	-1.00	(\$50,674)	
Manager I-Professional Training-Staff Development	-1.00	(\$110,633)	
School Secretary I-Staff Development	-1.00	(\$39,791)	
<b>Office of Human Resources</b>			
Planning Assistant III-Staff Development	1.00	\$50,674	
Manager I-Professional Training – Staff Development	1.00	\$110,633	
School Secretary I-Staff Development	1.00	\$39,791	
<b>Office of Finance</b>			
Financial Planning & Budget Coordinator III	(0.10)	(\$9,673)	
Financial Planning & Budget Coordinator III	0.10		\$9,673
Financial Planning & Budget Analyst	(0.30)		\$14,005
Financial Planning & Budget Analyst	0.30	\$14,005	
Data Support Analyst III	1.00	\$96,895	
Accountant II	1.00	\$52,000	
Director of State and Federal Programs-Accounting	(1.00)	(\$96,385)	
Director of State and Federal Programs-State and Federal Programs	1.00	\$96,385	
<b>Office of School Administration</b>			
Administrative Assistant III	1.00		\$50,000
Management Intern	3.00	\$234,000	
Painter	(3.00)	(\$234,000)	
<b>School Operations and Categorical Fund Totals</b>	<b>14.00</b>	<b>\$359,475</b>	<b>\$594,355</b>

Chart 10: Nutrition Fund Position Changes

<b>Office-Position Changes</b>	<b>FTE Positions</b>	<b>Amount</b>
(Includes Salary Only)		
<b>Office of Finance</b>		
Nutrition-To Be Determined	-1.00	(\$75,000)
Nutrition-Kitchen Associate II-Chef	1.00	\$75,000
Nutrition-Dietitian Associate III	5.00	\$300,000
Nutrition-Technician 12 month	-5.00	(\$300,000)
<b>Nutrition Fund Total</b>	<b>0.00</b>	<b>\$0</b>

Chart 11: Extension Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary Only)		
<b>Office of Finance</b>		
Recreation Supervisor-Wrap Around	1.00	\$60,926
Recreation Para 40 hours	9.00	\$258,939
Recreation Para 30 hours	-6.00	(\$129,468)
Recreation Accounting Assistant II	1.00	\$41,879
<b>Extension Fund Total</b>	<b>5.00</b>	<b>\$232,276</b>

## Summary of Net Expenditure Change Amounts

Chart 12 shows the statutory and Categorical Funds summary of the changes by fund category from the FY22 Proposed Budget in May to the FY22 Amended Adopted Budget in October.

Chart 12: Net Expenditure Changes

Net Expenditure Changes			
Fund Category	FY22 (May)	Change FY22 (October)	FY22 Amended Adopted Budget Totals
<b>Operations</b>	\$1,091,167,676	<del>\$17,233,019</del> \$16,853,222	<del>\$1,108,400,695</del> \$1,108,020,898
<b>Construction</b>	\$4,049,797	\$0	\$4,049,797
<b>Extension</b>	\$34,839,247	\$2,500,000	\$37,339,247
<b>Total Statutory Funds</b>	<b>\$1,130,056,720</b>	<del><b>\$19,733,019</b></del> <b>\$19,353,222</b>	<del><b>\$1,149,789,739</b></del> <b>\$1,149,409,942</b>
<b>Categorical</b>	\$175,677,113	\$751,194,987	\$926,872,100
<b>Total All Funds</b>	<b>\$1,305,733,833</b>	<del><b>\$770,928,006</b></del> <b>\$770,548,209</b>	<del><b>\$2,076,661,839</b></del> <b>\$2,076,282,042</b>

Excluding categorical grants, the three statutory funds will total ~~\$1,149,789,739~~ \$1,149,409,942 in FY22. This is an increase of ~~\$19,733,019~~ \$19,353,222, a ~~1.75%~~ 1.71% increase over the budgeted total that was adopted in May 2021.

The district's current projection for categorical grants (less indirect costs) is \$926.9 million. Categorical funding has increased by approximately \$751.2 million which is partially related to receiving \$729.2 million from the CARES Act, the CRRSA Act, and the ARP Act which were passed by the federal government as a response to the COVID-19 pandemic.



## Summary

Chart 13 shows the statutory funds and Categorical Fund summary of changes between the FY21 and FY22 Amended Adopted Budgets.

*Chart 13: All-Fund Totals Summary*

All-Fund Totals Summary				
Fund Category	FY21 (October)	FY22 (October)	FY21 to FY22 Difference	FY21 to FY22 % Change
Operations	\$1,062,557,424	<del>\$1,108,400,695</del> \$1,108,020,898	<del>\$45,843,271</del> \$45,463,474	4.3%
Construction	\$5,762,395	\$4,049,797	(\$1,712,598)	-29.7%
Extension	\$34,708,590	\$37,339,247	\$2,630,657	7.6%
Total Statutory Funds	\$1,103,028,409	<del>\$1,149,789,739</del> \$1,149,409,942	<del>\$46,761,330</del> \$46,381,533	<del>4.24%</del> 4.20%
Categorical	\$240,332,373	\$926,872,100	\$686,539,727	285.66%
Total All Funds	\$1,343,360,782	<del>\$2,076,661,839</del> \$2,076,282,042	<del>\$733,301,057</del> \$732,921,260	<del>54.59%</del> 54.56%

Approval of these proposed changes will result in a total budget, including estimated categorical grants, of ~~\$2,076,661,839~~ \$2,076,282,042 based upon current law and revenue limit calculations.