

Background

The following summary is presented to assist the Milwaukee Board of School Directors (Board) during its annual consideration and final approval of the budget for the 2024-25 school year, Fiscal Year 2025 (FY25) for the School Operations Fund, Construction Fund, and Extension Fund. The changes listed below are adjustments to the budget adopted in June based on the current financial situation and district priorities.

The board delegates significant authority to school leaders to adjust their decentralized school budgets as necessary within allocated resources to address changing needs. For central office budgets, the administration recommends as few changes as possible to the budget adopted by the Board in spring. The most consequential drivers of changes are enrollment reports required by the state as of the third Friday of the school year, and the announcement of state aid allocations on October 15. These factors are balanced against the available resources to adapt the district's budgets by the City of Milwaukee's release of the tax rate in early November.

Executive Summary

The administration's recommended adjustments to the 2024–25 budget passed in June adapts the district's financial planning to account for fluctuations in enrollment and revenues. The recommended budget maintains the district's priorities of preserving educational services while providing employees a salary that keeps pace with inflation. These priorities were maintained despite the structural financial challenges created by state aid continuing to lag behind inflation and limited reimbursement for special education services.

In addition to routine fluctuations in enrollment, revenue limits, and state aid, the biggest driver of modification to the budget adopted by the Board in June was the need to adjust for a reduction in anticipated aid as a result of an overpayment. To correct this overpayment, the state lowered aid to MPS by approximately \$42.5 million from what was anticipated during the spring budget process. Natural increases in the state aid calculation resulted in MPS's aid increasing in other aspects by nearly \$32 million, meaning a true budget shortfall of just under \$10 million. The district will avoid reducing services to pay for this one-time decrease in aid by using emergency fund balances. There will be no interruption to services or impact to staff as a result of this overpayment.

Although determining school funding is complicated and dependent on complex formulas, the district's overall expenditure budget and staffing levels remain stable compared to the budget initially adopted in spring. Excluding grant funding, the district's \$1.2 billion budget for Operations, Construction, and MKE Rec increased by only \$786,085.

The remainder of this document will discuss in more detail district enrollment, revenues, revenue limits, and adjustments to the budget approved by the Board in June 2024.

Enrollment

Chart 1 shows a summary of the “Third Friday” enrollment changes by category from fiscal year 2024 to fiscal year 2025. Enrollment listed is a headcount and not a full-time equivalent (FTE), which is used for calculating per-pupil revenue.

From FY24 to FY25, Milwaukee Public Schools (MPS) enrollment decreased primarily due to a decrease in open enrollment and non-instrumentality charter school enrollment. The number of students attending MPS schools decreased by 1,517 students, which is consistent with national demographic trends. Despite this, attendance at MPS traditional schools appears to have stabilized since COVID-19 related declines at approximately 58,000 students.

Chart 1: Student Enrollment by Category

Enrollment Summary				
Enrollment Category	FY24 Third Friday Enrollment	FY25 Third Friday Enrollment	FY24 to FY25 Difference	FY24 to FY25 % Difference
MPS Traditional & Instrumentality Charter Schools	58,136	58,152	16	0.03%
Alternative/Partnerships/Other Sites	892	801	-91	-10.20%
Non-instrumentality Charter Schools	7,595	6,891	-704	-9.27%
Subtotal	66,623	65,844	-779	-1.17%
Chapter 220 in Suburbs	217	102	-115	-53.00%
Open Enrollment in Suburbs	5,368	4,745	-623	-11.61%
Total	72,208	70,691	-1,517	-2.10%

Revenue Limit

Milwaukee Public Schools revenue limit for 2024–25 (FY25) is \$991,980,889. The state of Wisconsin has determined it is appropriate to control school boards’ ability to raise revenues for educational purposes. This limitation requires districts’ combination of state equalization aid and tax levy revenues to remain below the annual revenue limit calculated by the Department of Public instruction and the states’ revenue limit formula.

The FY25 revenue limit is based on prior year revenues, expenditures, and three-year enrollment trends including the current “Third Friday” enrollment. The state budget for the 2023-25 biennial included a \$325 increase in the base per-pupil amount of the revenue limit in FY24 and FY25. This limit was increased by Milwaukee voters by \$140 million by referendum in spring 2024. This will continue to increase over the next four years to \$252 million.

State Equalization Aid

For the 2024–25 school year, Milwaukee Public Schools has been allocated \$587,163,511 in state aid. This amount announced by the Department of Public Instruction is \$9,588,669 less than the \$596,752,180 anticipated in the FY25 budget approved by the Board in June 2024.

In spring 2024, it was discovered the district had made errors in financial reports submitted to the Department of Public Instruction (DPI), the state agency that oversees school districts in Wisconsin. The errors led to the district's receiving an overpayment of aid in 2023–2024. In July, DPI notified the district that it would receive less state aid to correct the overpayment. At that time, that estimate was approximately \$42.6 million. Fortunately for the district, when DPI notified all Wisconsin districts of their actual 2024–25 aid, the amount allocated to Milwaukee Public Schools increased significantly because of other, unrelated statewide factors. The net impact of these aid calculations resulted in receiving \$9,588,669 less than initially budgeted in spring. The administration has determined it is appropriate to make a one-time withdrawal from the district's fund balance to offset this one-time decrease in aid without negatively impacting educational services for its students.

Property Tax Levy by Fund

Based on the budget adopted by the Board in June 2024 and the adjustments listed in this Board item, the MPS all-fund tax levy for FY25 will be \$414,810,678. This is a rate of \$0.00956436 per \$1,000 of assessed property value. This amount supports the district's School Operations Fund, Construction Fund, and Extension Fund as shown below in Chart 2.

The Milwaukee Board of School Directors has structured its budget to maintain the commitment made to the public to not increase the property taxes beyond what was authorized by the 2024 referendum and passed in the Superintendent's proposed budget in June.

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 other infrastructure improvements and establish a sustainable revenue source for future recreation programming. Chart 2 shows a summary of the tax levy changes by fund when comparing FY24 to FY25.

Chart 2: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY25 (June)	FY25 (October)	Difference June to October	June to October % Change
Operations	\$369,939,750	\$381,465,266	\$11,525,516	3.1%
Construction	15,000,000	14,449,619	-550,381	-3.6%
Extension	29,870,928	18,895,793	-10,975,135	-37%
Total Statutory Funds	\$ 414,810,678	\$ 414,810,678	\$ 0	0.0%

School Operations

The School Operations fund supports direct, educational services not funded by grants. In June 2024, the Board adopted a balanced School Operations budget of \$1,166,739,797. The fall adjustment increases expenditures in the School Operations fund by approximately \$1.3 million to \$1,168,076,263.

The School Operations Fund is divided into two major subtypes of spending: school based and centrally supported. The Milwaukee Board of School Directors has delegated authority to the administration to adjust school-based budgets to meet operational needs within the financial constraints faced by the district.

Changes to centrally supported budgets are identified in the charts below.

Chart 3: Expenditure Changes Operations

Expenditure Changes: Centrally Funded	
Account:	Amount
Supplemental Schools <i>Adjustments to support schools in need</i>	573,311
Attracting and Retaining Staff <i>Additional funding to support new teacher visa applications and out-of-state teacher bonuses</i>	700,000
Substitute Costs <i>Elevate remote teacher contract</i>	1,000,000
MPS U <i>Additional funding for Alverno College contract</i>	150,000

Centrally Funded K3 Program <i>Support new MPS K3 program</i>	5,200,000
Student Services <i>Additional Support for Title IX investigations</i>	250,000
Academics <i>Added two mentor teachers and support for new teachers</i>	344,611
Building Operations Office <i>Training building service helpers, and rightsizing supply budget</i>	155,000
Building Operations <i>Increase for other wages to support snow removal</i>	395,381
Textbook Adoption <i>Textbook adoption was supported by ESSER funding</i>	-7,100,000
Vacancy Adjustment Change in projected vacancy savings	-331,837
Net School and School Accounts Subtotal	\$1,668,303

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, construction, or maintenance of capital facilities. It is also used to fund additions to or remodeling of existing buildings. Chart 4 shows a summary of revenue changes to the Construction Fund from spring 2024 to fall 2024. Chart 5 shows a summary of the expenditure changes to the Construction Fund from spring 2024 to fall 2024. For the first time since the board amended its Long Term Capital Improvement Plan, the Construction Fund is being supplemented by funds held in trust in the Long Term Capital Improvement Trust fund.

Chart 4: Construction Fund Revenue Changes

Revenue Changes	
Construction Fund Account	Amount
<i>Reduce property tax revenue to support operations fund maintenance efforts</i>	\$-550,381
Construction Fund Revenue Changes Total	\$0

Chart 5: Construction Fund Expenditure Changes

Expenditure Changes	
Construction Fund Account	Amount
<i>Reduce construction contracts</i>	\$-550,381
Construction Fund Revenue Changes Total	\$0

Extension Fund

The Extension Fund is used to record financial transactions related to Milwaukee Public Schools' Milwaukee Recreation. MKE Rec operates programs and facilities that provide recreational opportunities for all Milwaukee residents. Chart 6 shows a summary of the revenue changes to the Extension Fund and Chart 7 shows a summary of the expenditure changes.

Chart 6: Extension Fund Revenue Changes

Revenue Changes	
Extension Fund Account	Amount
Tax Levy Change <i>This property tax revenue will be levied to support the School Operations Fund rather than the Extension Fund</i>	-10,975,135
Applied Surplus <i>Use of fund balance for one year to maintain MKE Rec operations in spite of reduced tax levy support in FY25.</i>	10,975,135
Extension Fund Revenue Changes Total	\$0

Chart 7: Extension Fund Expenditure Changes

Expenditure Changes	
Extension Fund Account	Amount
No changes	\$ 0
Extension Fund Expenditure Changes Total	\$ 0

School Nutrition Services Fund

The School Nutrition Services Fund is an enterprise fund that accounts for 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 Operations. Chart 8 and Chart 9 show changes to revenue and expenditures respectively.

Chart 8: Nutrition Fund Revenue Changes

Revenue Changes	
Nutrition Fund	Amount
<i>No changes</i>	\$0
Nutrition Fund Revenue Changes Total	\$0

Chart 9: Nutrition Fund Expenditure Changes

Expenditure Changes	
Nutrition Fund Account	Amount
<i>The nutrition fund will reduce three unneeded, vacant positions to support purchasing kitchen equipment and computers.</i>	\$0
Construction Fund Revenue Changes Total	\$0

Position Changes

The following charts identify position changes by office. Office and department position changes in the budget require Board approval for position authority. Chart 10 displays position changes from the budget adopted by the Board in June.

Chart 10: Position Changes

Office Position Changes	FTE	Board	Categorical
Office of Academics			
Montessori Program Coordinator III	0.00	\$ -7,700	\$0
Student Performance Director I	0.00	\$ 36,638	\$0
Office of Academics Total	0.00	\$ 16,612	\$0

Office Position Changes	FTE	Board	Categorical
Office of Administration – Nutrition Services			
Director I – School Nutrition Services	0.00	\$12,316	\$ -
Nutrition Specialist I (title classification only)	0.00	\$0	
Kitchen Associate II – Chef Lunch	-2.00	-\$165,254	-
Central Kitchen Manager Assistant II - Lunch	-0.80	- \$51,886	-
Central Kitchen Delivery Driver FT	-2.00	-\$142,059	-
Food Service Manager Trainee - Lunch	17.44	\$785,831	-
Food Service Assistant in Charge - Lunch	-17.44	-\$785,831	-
Central Kitchen Manager Assistant II - Breakfast	-0.20	-\$12,972	-
Food Service Manager Trainee - Breakfast	4.36	\$196,458	-
Food Service Assistant in Charge - Breakfast	-4.36	-\$196,458	-
Nutrition Services Total	-5.00	-\$359,855	\$ -

Office Position Changes	FTE	Board	Categorical
Office of Administration			
Asst Prin III - HS Trad (12c) - Sch Admin	-1.00		-11,7522
Dir I - Instructional Ldrshp - Oth Spvr	0.74		11,7522
Dir I - Instructional Ldrshp - Oth Spvr	0.26	41,261	
Mgr I - Student Discipline - Stdnt Srv	1.00	135,000	
Data Support Assistant - Stdnt Srv	1.00	61,258	
Mgr III-Sch Safety Emer Op - Oth Gn Ad	-1.00	-125,000	
Office of Administration Total	1.00	\$112,519	\$0

Office Position Changes	FTE	Board	Categorical
Office of Finance			
Chief Financial Officer - Fiscal	0.00	\$6,307	\$ -
Comptroller - Fiscal	0.00	\$ 8,321	-
Financial Reporting Manager III	-1.00	-\$121,591	-
Financial Reporting Manager II	1.00	\$144,427	-
Specialist I District Accounting	-1.00	-\$101,976	-
Business Specialist I - Fiscal	1.00	119,591	-
Financial Planning & Budget Analyst III - Fiscal	1.00		\$97,780
Financial Planning & Budget Analyst I - Fiscal	-1.00		-\$74,416
Financial Planning & Budget Coordinator III - Fiscal	1.00		\$101,692
Finance Total	1.00	\$ 55,079	\$ 125,056

Office Position Changes	FTE	Board	Categorical
Facilities & Maintenance			
Carpenter Registered Apprentice - Maintenance	-1.00	\$ -45,349	\$ -
Electrician Registered Apprentice - Maintenance	-2.00	\$ -153,808	-
Plumber - Maintenance	2.00	\$234,328	-
Plumber Registered Apprentice - Maintenance	1.00	\$83,256	-
Steamfitter Registered Apprentice - Maintenance	-1.00	\$ -86,686	-
Facilities & Maintenance Total	-1.00	\$ 31,741	\$ -

Office Position Changes	FTE	Board	Categorical
Office of Chief of Staff - BLMA, EAI, GII & RP			
Mgr III-Sch Safety Emer Op - Oth Gn Ad	1.00	125,000	
Nutrition Services Total	1.00	125,000	\$ -

Summary of Net Expenditure Change Amounts

Chart 11 shows the statutory and Categorical Funds summary of the changes by fund category from the FY25 Proposed Budget adopted in June to the FY25 Amended Adopted Budget in October. Excluding categorical grants, the three statutory funds will total \$1,168,076,263 FY25. The district’s current projection for categorical grants is \$260,922,320.

Chart 11: Budget Changes Spring to Fall

Budget Change Spring to Fall				
Fund Category	Spring FY 25	Fall FY25	Difference	Percentage
Operations	\$1,166,739,797	\$1,168,076,263	\$1,336,466	0.1%
Construction	19,100,000	18,549,619	-550,381	-2.8%
Extension	37,629,856	37,629,856	0	0%
Total Statutory Funds	\$1,223,469,653	\$1,224,255,738	\$786,085	0.1%
Categorical	246,993,412	260,922,320	13,928,908	5.6%
Total All Funds	\$1,470,463,065	\$1,485,178,058	\$14,714,993	1%