



Dear Members of the Milwaukee Board of School Directors,

We are pleased to present the Milwaukee Public Schools (MPS) Superintendent’s Proposed Budget for the fiscal year July 1, 2019–June 30, 2020. The proposed budget reflects the guidance provided by the approved budget parameters that were developed through a collaboration with the Milwaukee Board of School Directors.

The proposed budget is scheduled for review and discussion during several upcoming meetings. The proposal reflects the thoughtful input of the Milwaukee Board of School Directors and community stakeholders.

The purpose of this transmittal letter is to provide pertinent background information on factors that influenced the budget preparation as well as factors moving forward that are likely to impact future budgets. The budget is used as a planning and policy document, estimating current and future revenues and expenditures.

The proposed budget provides an outline of the district’s current and future financial, organizational and informational position. The budget is intended to achieve the following:

1. Present the district’s financial plan for the fiscal year, illustrating appropriations and projected revenues by which the appropriations are funded
2. Serve as a communication document for the citizens of Milwaukee who wish to understand how the school district operates and the methods used to finance those operations
3. Guide and aid management staff in controlling financial resources while complying with state and federal requirements and generally accepted accounting principles for government
4. Provide highlights of financial policies

PROJECTED REVENUE

\$1.2 billion

SCHOOL OPERATIONS

90¢ of every dollar is dedicated to educating and supporting students

ENROLLMENT

Projected to serve 75,234 students in 159 schools

EMPLOYEES

89% of MPS’s 9,682 staff work in the schools

AUDIT OPINION

Unmodified (clean) audit opinions

AWARDS

2017-18 ASBO Meritorious Budget Award

GFOA Certificate of Achievement for Excellence in Financial Reporting for 29 years



Budget Development

The budget development process is a collaborative effort involving, students, School Engagement Councils, families, school teams, district-level staff, task forces, community stakeholders, the superintendent and the Milwaukee Board of School Directors. To ensure equitable resource allocation, district and school teams study and consider strategies to increase student achievement for all learners. The budget development takes into account enrollment and financial projections, mutually agreed-upon parameters, a proposed budget timetable including public testimony, proposed amendment submission and committee meetings.

The development of the spending plan has been grounded in realistic estimates of costs and projected revenues, using tools and benchmarks available from organizations such as the Wisconsin Department of Public Instruction, Government Finance Officers Association and the Wisconsin Association of School Business Officials. The proposed budget is organized into four sections: Executive Summary; Organizational; Financial, including Schools, Central Services and Line Items; and Informational, including City Profile, MPS Profile and Glossary.

Financial Outlook

A historical perspective of funding provides background to the current financial position of Milwaukee Public Schools. Revenue limits, the maximum amount of revenue that can be received through state general aid and tax levies, have been in place since the 1993-94 school year. The 1993 law imposed revenue caps for school districts based on their state aid and local property figures at the time. The revenue limit formula has not been modified in school districts for the last 25 years. Some of the impact to Milwaukee Public Schools has been a relatively flat maximum revenue per pupil since 2010-11 school year: \$10,013 compared to \$10,122 presently.

The governor has proposed a State of Wisconsin budget that outlines recommendations to strengthen critical areas in the K-12 landscape. The proposal would have a positive impact on the restoration of funds to Milwaukee Public Schools. This is an opportunity to level the playing field by better meeting the needs of all students as well as to attract, retain and equip staff with the best skills to support all learners.

While the governor's proposed budget includes increases in funding for schools, the legislature will deliberate, negotiate and approve a state budget for execution. The 2019-20 proposed budget for Milwaukee Public Schools was responsibly developed following current law to project revenue, absent the approved State of Wisconsin biennial budget for 2019-21.

Static revenues are further influenced by declining student enrollment. The declining birth rate and highly competitive nature of the K-12 environment in Milwaukee adds to MPS's urgency in retaining and increasing student enrollment. The 2019-20 enrollment in the 159 MPS schools is projected at 75,234 and is consistent with the current year's enrollment.



Chart T.1 shows a revenue comparison between the 2019–20 proposed budget and the 2018–19 amended adopted budget for the district’s five funds. The budget has total projected revenues of about \$1.2 billion.

Chart T.1 District Revenue Overview

District Revenue Overview: 2018–19 Amended Adopted Budget Compared to 2019–20 Proposed Budget						
	Operations	Nutrition	Extension	Construction	Categorical	Total
2019–20 Proposed Budget	\$944.7	\$52.7	\$31.8	\$2.6	\$168.2	\$1,200.0
2018–19 Amended Adopted Budget	943.2	54.0	27.5	2.6	161.0	1,188.3
Year-to-Year Increase/(Decrease)	\$1.5	(\$1.3)	\$4.3	\$0.0	\$7.2	\$11.7
	0.2%	-2.6%	13.5%	0.0%	4.3%	1.0%

MPS is determined to follow through on student-centered funding priorities using general operating funds from state aid, property taxes, federal aid and local sources. However, the School Operations Fund is expected to increase by only 0.2%, which makes it difficult to cover rising costs and provide a long-term source of operating revenue. Initiatives that show promise for moving the district forward can only be funded only with reductions in other areas.

Budget Overview

The proposed budget is premised on achieving three primary goals of the board: academic achievement; student, family and community engagement; and effective and efficient operations. To achieve these ambitious goals, the Five Priorities for Success serve as a strategy to increase academic achievement and accountability, improve district and school culture, develop our staff, ensure fiscal responsibility and transparency, and strengthen communication and collaboration. Prioritizing fiscal resources in schools and focusing on the Five Priorities reflect the district’s unwavering commitment to maximizing the learning of all students.

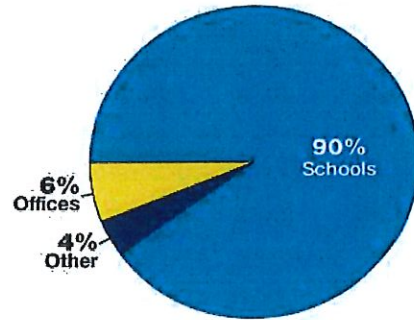
In 2018–19, the district employed Five Priorities for Success by shifting funding from centralized accounts to school budgets. For the 2019–20 fiscal year, MPS has maintained the same per-pupil allocation for each school and will further support schools by compensating for increases in employee benefit costs. Operating efficiencies and investment in high-leverage strategies for increased student achievement and school improvement will also be administered. While these efforts direct resources to classrooms, levels of state reimbursements and federal decisions slow the progress in strengthening high-quality educational experiences. Nonetheless, the proposed budget reflects the commitment to providing the best possible learning opportunities to all MPS children. This is evidenced by the following examples of additional resource allocations in the following areas:

- School budgets
- School-based staff
- Regional development efforts
- School improvement supports
- Milwaukee community recreational services



For every dollar budgeted in the MPS School Operations Fund, ninety cents is used to educate and support children in Milwaukee, as shown in Chart T.2. This increase compared to eighty-eight cents in 2018–19, includes both supplies and personnel but especially the district’s largest group of employees: teachers. Six cents of every dollar in the fund is used to support non-school-based staff and services, while the remaining four cents supports necessary operations expenses such as insurance, technology licenses and debt repayment.

Chart T.2 School Operations Fund Spending
How the Funds are Spent



The budget guides district and school staff in using resources in a strategic, responsible and transparent way to meet the learning needs of all students. Milwaukee Public Schools embraces the reality that public education holds the power to transform the lives of the next generation of Milwaukee leaders and citizens. The district is committed to aligning limited budget resources with the Five Priorities for Success and sustaining funding in schools to stimulate student achievement. The district continues to advocate for equitable, predictable and sustainable funding, despite stagnant revenues.

At the heart of the proposed budget is our financial and moral obligation to prudently allocate resources within the largest Wisconsin K-12 education landscape to ensure rigorous and equitable learning experiences for all students. The proposed budget was developed with much care, and thought with respect to the students, staff and the community we serve. We look forward to working with the Milwaukee Board of School Directors and the entire community to provide high-quality educational programming and to seek new opportunities to strengthen and sustain Milwaukee Public Schools for all children in the city.

Respectfully submitted,

Dr. Keith P. Posley
 Superintendent of Schools

Martha Kreitzman
 Chief Financial Officer

