

ATTACHMENT (1) 2022-23 (FY23) 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 2022-23 (FY23) 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 2022 to fall 2023, 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 2.31% to 66,623. Outgoing open enrollment numbers increased by 4.27% and outgoing Chapter 220 numbers dropped by 30.89%. 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~~ has increased from 28,185 in the 2021-22 (FY22) school year to approximately 28,958 in FY23. In FY23, 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 2022 to fiscal year 2023. 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	FY22 Third Friday Enrollment	FY23 Third Friday Enrollment	FY22 to FY23 Difference	FY22 to FY23 % Difference
MPS Traditional & Instrumentality Charter Schools	59,513	58,136	-1,377	-2.31%
Alternative/Partnerships/Other Sites	911	892	-19	-2.09%
Non-instrumentality Charter Schools	7,771	7,595	-176	-2.26%
Subtotal	68,195	66,623	-1,572	-2.31%
Chapter 220 in Suburbs	314	217	-97	-30.89%
Open Enrollment in Suburbs	5,148	5,368	220	4.27%
Total	73,657	72,208	-1,449	-1.97%

Note: Original enrollment submission to DPI on September 30, 2022.

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 2022. The property tax levy and the Equalization and Integration

Chart 2: School Operations Fund – Revenues by Source Changes

School Operations Fund - Revenues by Source			
Description	2022-23 P.B. (Spring)	2022-23 F.A. (Fall)	Inc / (Dec)
Property Tax Levy, Equalization and Integration Aids			
Property Tax Levy	273,060,677	283,614,349	10,553,672
General Equalization Aid	581,753,222	569,700,017	(12,053,205)
Integration Aid	33,232,020	33,181,042	(50,978)
Poverty Aid	3,929,164	3,929,164	-
Computer & Personal Property Aid	8,856,394	8,902,493	46,099
Deduction for Choice	(23,935,652)	(20,236,211)	3,699,441
Subtotal	\$ 876,895,825	\$ 879,090,854	\$ 2,195,029
State Handicapped Aids			
Handicapped Aids	55,532,497	55,532,497	-
Subtotal	\$ 55,532,497	\$ 55,532,497	-
Other State Aids			
Transportation Aid	-	1,300,000	1,300,000
Library Aid	4,100,000	4,710,768	610,768
Bilingual Aid	1,700,000	1,700,000	-
Tuition from State	500,000	500,000	-
General State Aid	54,459,090	51,586,808	(2,872,282)
Other State Per-Pupil	857,458	822,458	(35,000)
Subtotal	\$ 61,616,548	\$ 60,620,034	\$ (996,514)
Federal Aids			
Federal Reimbursement - QSCB	3,778,141	3,778,141	-
Indirect Cost Aids	14,916,294	14,916,294	-
Medicaid Reimbursements	6,400,000	7,400,000	1,000,000
Subtotal	\$ 25,094,435	\$ 26,094,435	\$ 1,000,000
Local Revenues			
TIF and other City related	329,940	329,940	-
Student Programs Reimbursement	260,000	260,000	-
Tuition	13,018,231	15,000,000	1,981,769
Interest Earned	350,276	350,276	-
Rental	2,904,813	2,904,813	-
OPEB Member Contributions	5,000,000	5,000,000	-
Refunds/Ins. proceeds	1,050,077	1,050,077	-
Miscellaneous	311,915	311,915	-
Subtotal	\$ 23,225,252	\$ 25,207,021	\$ 1,981,769
Carryover	-	-	-
Total	\$ 1,042,364,557	\$ 1,046,544,841	\$ 4,180,284

Revenue Limit

The FY23 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 \$880.9 million, a decrease of \$11.7 million from the FY22 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 \$2,195,029 more than the amount adopted in May 2022. Chart 3 shows a summary of the revised revenue limit.

Chart 3: School Operations Revised Revenue Limit

Revenue Limit		
FY23 Adopted Budget	May 2022	\$876,895,825
FY23 Fall Adjustment	October 2022	\$2,195,029
FY23 Amended Adopted Budget	October 2022	\$879,090,854

State General Aids

State general aids are \$582.7 million for FY23 after MPCP deductions were certified in October 2022. This is a decrease of \$21.2 million, or 3.5%, from the \$603.8 million certified for FY22. Chart 4 shows a summary of the state general aids changes from the FY22 October certified amount.

Chart 4: State General Aids

State General Aids			
FY22 October Certified	FY23 October Certified	FY22 to FY23 Difference	FY22 to FY23 % Change
\$603,880,180	\$582,644,848	-\$21,235,332	-3.5%

Property Tax Levy

Based on the budget adopted by the Board in May 2022 and the adjustments listed in this Board item, the MPS all-fund tax levy for FY23 increased by \$14.4 million, or 4.7%, from the amount levied for FY22.

The \$11.5 million of MPCP costs represents about 3.6% of the revised all-fund tax levy for FY23. The Board is compelled to levy 6.4% of MPCP costs, down from 9.6% in FY22. The reduction is due to legislative action, the portion of MPCP costs borne by the district is scheduled to decline for two more years until the MPCP program is fully funded by the State in FY25. The net cost for FY23 of \$11.5 million includes offsets of \$15.9 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 FY22 to FY23.

Chart 5: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY22 (October)	FY23 (October)	FY22 to FY23 Difference	FY22 to FY23 % Change
Operations	\$ 273,060,677	\$ 283,614,349	\$ 10,553,672	3.9%
Construction	\$ 2,923,868	\$ 1,816,630	\$ (1,107,238)	-37.9%
Extension	\$ 29,725,000	\$ 34,725,000	\$ 5,000,000	16.8%
Total Statutory Funds	\$ 305,709,545	\$ 320,155,979	\$ 14,446,434	4.7%

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 FY23 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		
Schools and School Accounts		Amount
S1	MPS Traditional Charter and Alternative Schools <i>Enrollment adjustments</i>	(\$7,522,634)
S2	Supplemental Schools <i>Adjustments to support schools in need</i>	\$1,485,273
S3	School Office <i>Changes to allocations based on actual enrollment</i>	(\$214,397)
S4	School Counselors <i>Optional services purchased by schools</i>	\$194,204
S5	Instrumental Music <i>Optional services purchased by schools</i>	\$16,253
S6	Pupil Transportation <i>Optional services purchased by schools</i>	\$5,500
S7	School Special Funds <i>Reallocation of funds for website refresh & Potter’s Forest maintenance</i>	(\$760,000)
S8	School Specialized Services <i>Enrollment adjustments</i>	(\$3,360,276)

S9	Technology Licenses and Equipment <i>Funding a website refresh</i>	\$750,000
S10	Office of School Administration <i>Additional School Safety Services</i>	\$200,000
S11	Office of School Administration <i>Contract Services for after school patrol.</i>	\$200,000
School and School Accounts Subtotal		(\$9,006,077) (\$9,222,034)

Office Accounts		Amount
S12	Office of Operations <i>Maintenace of Potters Forest</i>	\$10,000
S13	Office of Accountability & Efficiency <i>Actual Salary of Director updated</i>	\$19,026
S14	Office of The Superintendent <i>Correction of calculation error in financial software</i>	\$75,586
S15	Office of Finance <i>State and Federal Programs actual salary for Director</i>	\$52,210
S16	Office of Finance <i>Procurement & Risk Management Department adding a coordinator</i>	\$132,611
S17	Office of Finance <i>Adjusting a positon from Accounting Assistant to Accountant II for Grants claiming</i>	\$882
Office Accounts Subtotal		\$290,315 \$214,729

Other Accounts		Amount
S18	Optional Services <i>Changes in optional service choices of schools</i>	(\$215,957) (\$151,222)
S19	District Judgements <i>Reduction of Worker's Compensation</i>	(\$1,186,153)
S20	Debt Service <i>Increase in Debt Service</i>	\$450
S21	Utilities <i>Increase to match rising costs</i>	\$1,000,000
S22	Special and Contingent Funds <i>Increase in reserve for pay increases and reduction of vacancy adjustment</i>	\$13,297,706 \$13,524,514
Other Accounts Subtotal		\$12,896,046 \$13,187,589

School Operations Fund Expenditure Changes Total		\$4,180,284
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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. Chart 7 shows a summary of the revenue changes to the Construction Fund and Chart 8 shows a summary of the expenditure changes.

Chart 7: Construction Fund Revenue Changes

Revenue Changes		
Construction Fund Account		Amount
C1	Rent Revenues <i>Increase to match actual revenues from previous 3 years</i>	\$700,000
Construction Fund Revenue Changes Total		\$700,000

Chart 8: Construction Fund Expenditure Changes

Revenue Changes		
Construction Fund Account		Amount
C2	Major Maintenance <i>Capital maintenance and infrastructure repairs</i>	\$700,000
Construction Fund Revenue Changes Total		\$700,000

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 9 shows a summary of the revenue changes to the Extension Fund and Chart 10 shows a summary of the expenditure changes.

Chart 9: Extension Fund Revenue Changes

Revenue Changes		
Extension Fund Account		Amount
E1	Tax Levy Change <i>Construction of a recreation wellness center</i>	\$5,000,000
Extension Fund Revenue Changes Total		\$5,000,000

Chart 10: Extension Fund Expenditure Changes

Expenditure Changes		
Extension Fund Account		Amount
E2	Recreation Facility Improvements <i>Construction of a recreation wellness center</i>	\$5,000,000
Extension Fund Expenditure Changes Total		\$5,000,000

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.

Chart 11: Nutrition Fund Revenue Changes

Revenue Changes		
Nutrition Fund Account		Amount
N1	State Aid <i>Reduction of State Aid</i>	(\$950,000)

N2	Sales – Per Pupil Lunch Revenue <i>Reduction due of to no POS and Ala Carte only in High Schools</i>	<u>(\$390,000)</u>
N3	Sales – Adult Meals <i>School Staff Purchases - Reduction due of to no POS and Ala Carte only in High Schools</i>	<u>(\$15,000)</u>
N4	ESSER Funds <i>Removal of ESSER Funds from School Operations. Already included in Categorical funds.</i>	<u>(\$5,195,385)</u>
Nutrition Fund Revenue Changes Total		<u>(\$6,551,385)</u>

Chart 12 : Nutrition Fund Expenditure Changes

Expenditure Changes		
Nutrition Fund Account		Amount
N5	School Lunch <i>Reduction of food supplies. ESSER will cover costs in categorical funds</i>	<u>(\$6,551,385)</u>
Construction Fund Revenue Changes Total		<u>(\$6,551,385)</u>

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 13 shows the position changes in the School Operations and Categorical Funds, Chart 14 shows the position changes in the Nutrition Services Fund, and Chart 15 shows the position changes in the Extension Fund. There are no positions in the Construction Fund.

Chart 13: School Operations and Categorical Fund Position Changes

Office Position Changes	FTE Positions	School Operations	Categorical Funds
(Includes Salaries Only)			
Office of Chief of Staff			
PLANNING ASSISTANT III	(1.00)	(\$46,654)	
ETHNIC STUDIES TEACHER	(1.00)	(\$66,875)	
SECRETARY II	1.00	\$48,436	
Office of Academics			
SPEC SERV REGIONAL MGR II	(0.80)	(\$88,000)	
SCHOOL SECRETARY II DIR/IMP	(0.80)	(\$39,886)	
SCHOOL SECRETARY II IMPV INST	0.80	\$39,886	
SCHOOL SECRETARY I - STAFF DEV	(1.00)	(\$40,353)	
PLANNING ASSISTANT III	1.00	\$49,000	
SCHOOL SECRETARY I - BILINGUAL SUP	(1.00)	(\$46,862)	
ENROLLMENT ASSISTANT II	1.00	\$51,000	
PROGRAM COORDINATOR I	1.00		\$94,000
MATH TEACHING SPECIALIST - MATH TCHR LDERS	(0.50)		(\$46,000)
LITERACY SPECIALIST - LITERACY CCH-LDR	(0.50)		(\$46,000)
Office of Communications & School Performance			
TECHNOLOGY - SYSTEMS ADMINISTRATOR - TECH SERV	1.00	\$80,000	
TECHNOLOGY - DATA BASE SPECIALIST I - TECH SERV	(1.00)	(\$104,071)	
TECHNOLOGY - PROGRAMMER/TECHNICIAN II - TECH SERV	(1.00)	(\$58,410)	

TECHNOLOGY - SR PROG ANALYST I-STD INFO SYS - TECH SERV	1.00	\$63,083	
ETHNIC STUDIES TEACHER	1.00		\$66,875
Office of Finance			
FINANCE-GRANTS DEV & PLAN SVCS-TO BE DETERMINED GRANT ADMIN	(1.00)	(\$96,385)	
FINANCE-GRANTS DEV & PLAN SVCS-DIRECTOR OF STATE AND FEDERAL	1.00	\$130,734	
FINANCE-FINANCIAL SERVICES-ACCOUNTANT II - FISCAL	1.00	\$57,049	
FINANCE-FINANCIAL SERVICES-ACCOUNTING ASSISTANT II	(1.00)	(\$56,469)	
FINANCE-PAYROLL-MANAGER II - GENERAL ACCOUNTING	(1.00)	(\$115,586)	
FINANCE-PAYROLL-MANAGER II - PAYROLL	1.00	\$123,466	
PROCUREMENT-COORDINATOR III-PROCUREMENT - PURCHASING	1.00	\$105,947	
PROCUREMENT-PROCUREMENT ASSOCIATE II - PURCHASING	1.00	\$52,001	
PROCUREMENT-SCHOOL SECRETARY II - PURCHASING	(1.00)	(\$43,905)	
SCHOOL OFFICE SUPPORT-SCHOOL BOOKKEEPERS-10 MONTH	1.00	\$38,176	
SCHOOL OFFICE SUPPORT-SCHOOL BOOKKEEPERS-10 MONTH ES	(1.00)	(\$38,176)	
School Operations and Categorical Fund Totals	0.20	(\$2,854)	\$68,875

Chart 14: Nutrition Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary Only)		
Office of Finance		
NUTRITION - PLANNING ASSIST II - DIR/FD SR	(1.00)	(\$39,250)
NUTRITION - PLANNING ASSIST III - DIR/FD SR	1.00	\$39,250
NUTRITION -TRAINING ASSISTANT I - SCH NUTR	1.00	\$56,257
NUTRITION - TECHNICIAN-12 MTH - LUNCH	(1.00)	(\$41,139)
Nutrition Fund Total	0.00	\$15,118

Chart 15: Extension Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary Only)		
Office of Operations		
REC SUPERVISING ASSOCIATE II - OTH CM SV	2.00	\$130,000
Extension Fund Total	2.00	\$130,000

Summary of Net Expenditure Change Amounts

Chart 16 shows the statutory and Categorical Funds summary of the changes by fund category from the FY23 Proposed Budget in May to the FY23 Amended Adopted Budget in October.

Chart 16: Net Expenditure Changes

Net Expenditure Changes			
Fund Category	FY23 (May)	Change FY23 (October)	FY23 Amended Adopted Budget Totals
Operations	\$1,096,785,942	\$4,229,624 (\$2,371,101)	\$1,101,015,566 \$1,094,414,841
Construction	\$2,942,559	\$700,000	\$3,642,559
Extension	\$38,175,042	\$4,164,205	\$42,339,247
Total Statutory Funds	\$1,137,903,543	\$9,093,829 \$2,493,104	\$1,146,997,372 \$1,140,396,647
Categorical	\$191,900,191	\$502,173,137 \$535,854,750	\$694,073,328 \$727,754,941
Total All Funds	\$1,329,803,734	\$538,347,854	\$1,868,151,588

Excluding categorical grants, the three statutory funds will total ~~\$1,146,997,372~~ \$1,140,396,647 in FY23. This is an increase of ~~\$9,093,829~~ \$2,493,104, a ~~0.80%~~ 0.22% increase over the budgeted total that was adopted in May 2022.

The district's current projection for categorical grants (less indirect costs) is ~~\$694.0~~ \$727.8 million. Categorical funding has increased over the last 2 years which is partially related to receiving federal funding 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 17 shows the statutory funds and Categorical Fund summary of changes between the FY22 and FY23 Amended Adopted Budgets.

Chart 17: All-Fund Totals Summary

All-Fund Totals Summary				
Fund Category	FY22 (October)	FY23 (October)	FY22 to FY23 Difference	FY22 to FY23 % Change
Operations	\$1,108,020,898	\$1,101,015,566 \$1,094,414,841	(\$7,005,332) (\$13,606,057)	-0.6% -1.2%
Construction	\$4,049,797	\$3,642,559	(\$407,238)	-10.1%
Extension	\$37,339,247	\$42,339,247	\$5,000,000	13.4%
Total Statutory Funds	\$1,149,409,942	\$1,146,997,372 \$1,140,396,647	(\$2,412,570) (\$9,013,295)	-0.21% -0.78%
Categorical	\$926,872,100	\$694,073,328 \$727,754,941	(\$232,798,772) (\$199,117,159)	-25.12% -21.48%
Total All Funds	\$2,076,282,042	\$1,841,070,700 \$1,868,151,588	(\$235,211,342) (\$208,130,454)	-11.33% -10.02%

Approval of these proposed changes will result in a total budget, including estimated categorical grants, of ~~\$1,841,070,700~~ \$1,868,151,588 based upon current law and revenue limit calculations.