



**MILWAUKEE
PUBLIC SCHOOLS**

Office of the Superintendent
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Dear Members of the Milwaukee Board of School Directors,

We are pleased to share the Superintendent's Proposed Budget for fiscal year July 1, 2022–June 30, 2023 for your consideration. The \$1.3 billion budget will allow the district to focus essential investments in the schools to ensure that students have the educational opportunities they need to be successful. This budget represents the collective efforts of the administration to support the district's vision to provide an equitable educational environment that is child-centered, supports achievement, and respects and embraces diversity.

Even during these unprecedented times of the COVID-19 pandemic, the focus has been on providing students, staff, and families with the resources and support needed to accelerate learning.

The administration approaches the budget process as an opportunity to improve decision making and demonstrate its commitment to achieving goals established by the Milwaukee Board of School Directors, namely,

- academic achievement;
- student, family, and community engagement;
- effective and efficient operations.

To achieve these 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.

Financial Outlook

The state budget for the 2021–23 biennium has no increase in the base per-pupil amount of the revenue limit in FY22 or FY23. The district retains the \$11,521 amount, which continues the relatively flat maximum revenue per pupil since the 2010–11 school year: \$10,013 compared to \$11,521 in 2022–23. A steady and reliable increase of the revenue limit is necessary to make up for years of a lack of an inflationary index attached to the funding. In other words, the school district funding has not kept up with increased costs.

In addition, there is a need for increased reimbursement for the cost of special education services. The district provides specialized services to meet the educational needs of students. However, when special education expenses are reimbursed at less than a third of the costs, it means that other educational opportunities, intended to meet the needs of all students, must be reduced. MPS should not be put in this dilemma.

The district continues to advocate for equitable, predictable, and sustainable funding. This is very important at a time when the funding formula at the state level does not allow for increasing the district's fund balance without impacting state aid. The success of the recent referendum is an encouraging first step. It allows MPS to exceed the revenue limit and align the resources that our students need to optimize their potential.

Projected Revenue

\$1.3 billion

School Operations

94¢ of every dollar is dedicated to educating and supporting students

Enrollment Projection

Serving 67,500 students in 156 schools

Employees

88.1% of MPS's 9,873 employees work in the schools

Audit Opinion

Unmodified (clean) audit opinions

Awards

GFOA Certificate of Achievement for Excellence in Financial Reporting for over 30 years; ASBO Meritorious Budget Award

The United States is in the midst of its biggest worker shortage in eighty years. MPS has shortages in teaching, aides, food service, and building service staff. To address the shortage, the district has taken a number of steps to increase the recruitment and retention of staff. Specifically, the district has expanded recruitment activities to include more national and international events, with an emphasis on building a more diverse workforce. The district continues to create pathways for employees to grow their career in the district and fill vacancies in our areas of highest need. To better support the health and wellness of our employees, the district has contracted with a new vendor to provide a more robust Employee Assistance Program.

This is the third year of implementation of the strategies for the use of the referendum that was overwhelmingly approved in April of 2020. The funding came at a perfect time to provide extra support for students, such as the following:

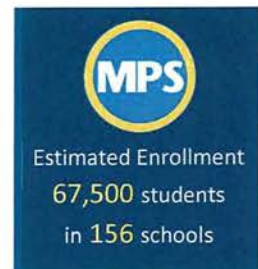
- Providing social-emotional learning and supportive services
- Engaging students with library media, art, music, and physical education
- Providing culturally relevant curriculum, materials, and professional development
- Expanding advanced academic opportunities, including ethnic studies and gifted and talented
- Enhancing career and technical education opportunities

Through the recurring referendum, MPS will receive an additional \$7 million in FY23 to reach \$84 million and an additional \$3 million in FY24. The total referendum will be \$87 million at the end of the phase-in and will continue as a permanent increase to the revenue limit.

The referendum has given some much-needed relief from a revenue limit formula that has constrained opportunities for students. The revenue limit per-pupil allocation has remained relatively flat since the 2010–11 school year. The uncertainty of the pandemic adds to future budget concerns. While the federal government has allocated funding to help school districts through the pandemic, the funding will be short-lived and will create a cliff in funding starting in FY25.

Projected Enrollment

Static state revenues are further influenced by declining student enrollment. The declining birth rate and the highly competitive nature of the K–12 environment in Milwaukee add to the urgency to retain and increase student enrollment. The 2022–23 projected enrollment in the 156 MPS schools is 67,500. Although MPS has the largest enrollment in Wisconsin, the district, through the state funding formula, is assigned a low per-pupil revenue limit as compared to neighboring districts.



Revenue Overview

The district uses five funds to report financial activity: the School Operations Fund is used for the district's general operating funds; the School Nutrition Services Fund provides for the meal programs; the Construction Fund is used for remodeling, construction, and acquisition of facilities; the Extension Fund is used for community programs and services and for recreation; and the Categorically Aided Programs Funds include federal, state, and private grants.

Chart T.1 shows a revenue comparison between the 2021–22 Amended Adopted Budget and the 2022–23 Superintendent's Proposed Budget allocated to the district's fund designations.

Chart T.1 District Revenue Overview (\$M)

Fund Category	2021–22 Amended Adopted Budget	2022–23 Proposed Budget	Year-to-Year Difference	Year-to-Year % Difference
Operations	\$1,051.5	\$1,042.4	(\$9.1)	(0.9%)
Nutrition	56.5	54.4	(2.1)	(3.7%)
Construction	4.0	2.9	(1.2)	(27.3%)
Extension	37.3	38.2	0.8	2.2%
Categorical	926.9	191.9	(735.0)	(79.3%)
Total All Funds	\$2,076.3	\$1,329.8	(\$740.8)	(36.0%)

The sums of the figures above may not equal the total displayed due to rounding.

The five funds in total have projected revenues of \$1,329,803,734. The overall 2022–23 budget decreased by 36.0 percent compared to 2021–22. This change is mainly due to an increase in nutrition fund and extension fund and a decrease in operations fund, construction fund, and categorical funds. The large decrease in categorical funds is caused by the recognition of the Coronavirus Response and Relief Supplemental Appropriations Act (ESSER II Fund) and the American Rescue Plan Act (ESSER III Fund) revenues in 2021–22 although the expenditures are allowed through September 2024.

The School Operations Fund has decreased despite the third year of the referendum, which provides the district with \$7 million in additional funds. The referendum funds are focused on six priority areas to increase equity and excellence in schools and promote positive educational, social, and emotional outcomes for our community’s children. The amounts per area are shown in Chart T.2; the areas are the following:

- Early childhood class size
- Attracting and retaining certified educators
- Supportive services (school counselors, psychologists, social workers, and nurses)
- Library media, visual arts, music, and physical education
- Advanced academic programs
- Career and technical education

Chart T.2 Referendum Funds

Use of Referendum Funds	
Early childhood class size	\$4,598,635
\$39,636,086	Attracting and retaining certified educators
Supportive services (school counselors, psychologists, social workers, and nurses)	\$8,472,728
\$14,869,062	Library media, visual arts, music, and physical education
Advanced academic programs	\$14,704,749
\$1,718,740	Career and technical education

Budget Overview

The Superintendent’s Proposed Budget is built on estimates of the state funding formula and the additional recurring revenue of \$84 million allowed by the referendum in the third of a four-year phase-in period. Budget parameters were developed in collaboration with and approval of the Milwaukee Board of School Directors that guided the development of the budget. MPS is dedicated to developing a budget that reflects a commitment to fair resources, quality and socially transformative learning, a supportive environment for employees, and an equitable education system for all with the following parameters as guidance:

1. Allocate equitable educational resources and well-prepared staff to improve students’ access to productive instruction
2. Prioritize school budgets by adjusting and repurposing educational programming and departmental budgets

3. Allocate resources in the areas of school library, art, music, and physical education
4. Create a positive school environment that provides a sense of belonging, is culturally responsive, and provides access to social-emotional learning and mental health support
5. Implement strategies, including a compensation study, to recruit and retain staff
6. Implement salary schedules with a possible cost-of-living increase
7. Consider employee benefit modifications for eligible employees to identify cost savings and increase efficiencies
8. Explore operating efficiencies including those related to transportation
9. Increase the number of site-based production kitchens
10. Implement a kitchen equipment replacement schedule based on an inventory aging report
11. Provide flexibility to meet standards to safeguard health, safety, and educational needs during the COVID-19 pandemic
12. Address deferred maintenance and future construction needs by restoring revenue to the Construction Fund and the Construction Trust
13. Prepare a balanced budget that is based on state law and maximizes the revenue limit

MPS is proud to serve the students entrusted to our care. The budget is a testament to this importance. For every dollar budgeted in the MPS School Operations Fund, ninety-four cents is used to educate and support children in Milwaukee. This increase, compared to ninety-two cents in 2021–22 and 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 that support schools. The budget guides district and school staff in using resources in a strategic, responsible, and transparent way to ensure rigorous and equitable learning experiences for all students.

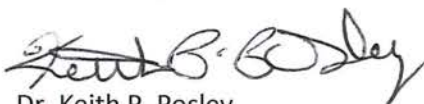


The budget reflects the commitment to provide the best possible learning opportunities for all MPS children. This is evidenced by the following examples of additional resource allocations in these critical areas:

- Increasing school funding by \$25.6 million, showing our commitment to funding schools
- Budgeting more school-assigned teachers to reduce class sizes
- Expanding or enhancing educational programming such as Montessori, bilingual, and career and technical education
- Increasing after-school activities for all students to improve student engagement
- Attracting and retaining staff through employee salary schedules
- Increasing library media, music, art, and physical education in schools

The budget is used as a planning and decision-making guide and as the basis for financial management and accountability. Prioritizing fiscal resources in schools reflects the district’s unwavering commitment to eliminate the disparities in educational opportunities and outcomes that exist among our students today. The annual budget process affords opportunities for collaboration and public input.

Respectfully,


Dr. Keith P. Posley
Superintendent of Schools


Martha Kreitzman
Chief Financial Officer