



**MILWAUKEE  
PUBLIC SCHOOLS**

***Start. Stay. Succeed.***  
***Comienza. Quédate. Triunfa.***



# Informational Report on FY18 Strategic Planning & Budget Development

**Darienne B. Driver, Ed.D., Superintendent**

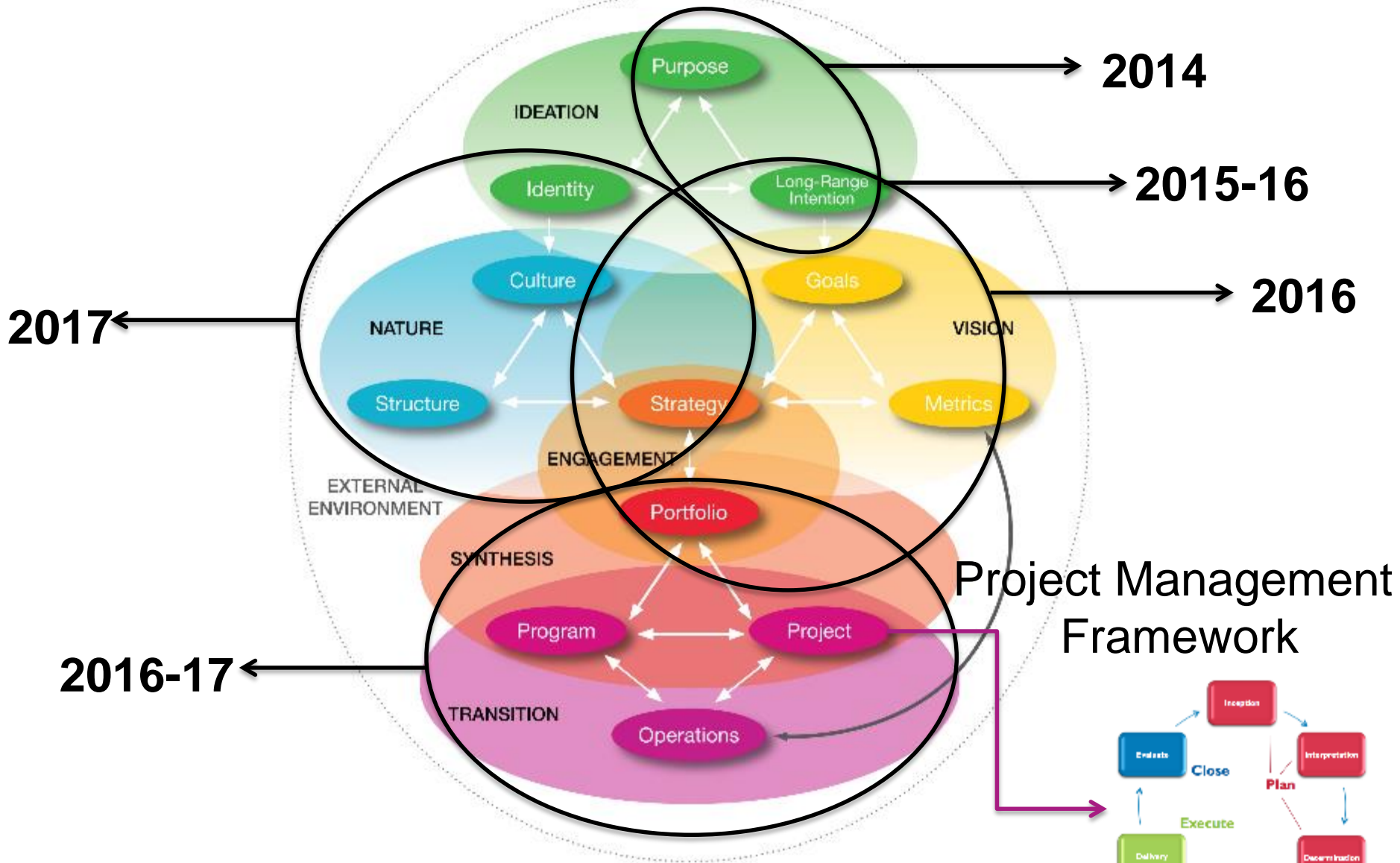
**Gerald Pace, J.D., Chief Financial Officer**

**Shannon Gordon, Sr. Director Financial Planning & Budget Services**

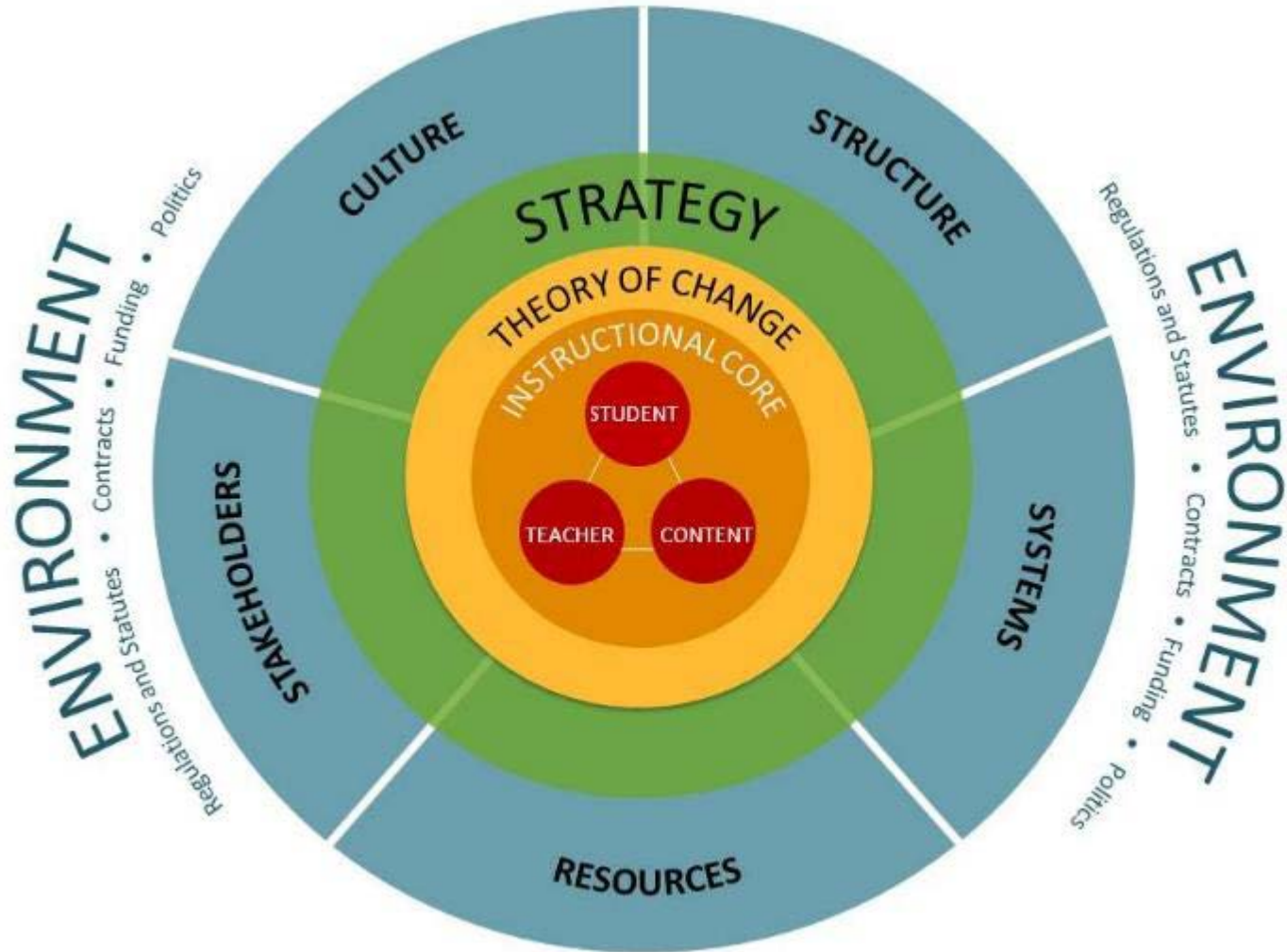
**Julia Petersen, Manager Strategic Plans & Special Projects**

**May 4, 2017**

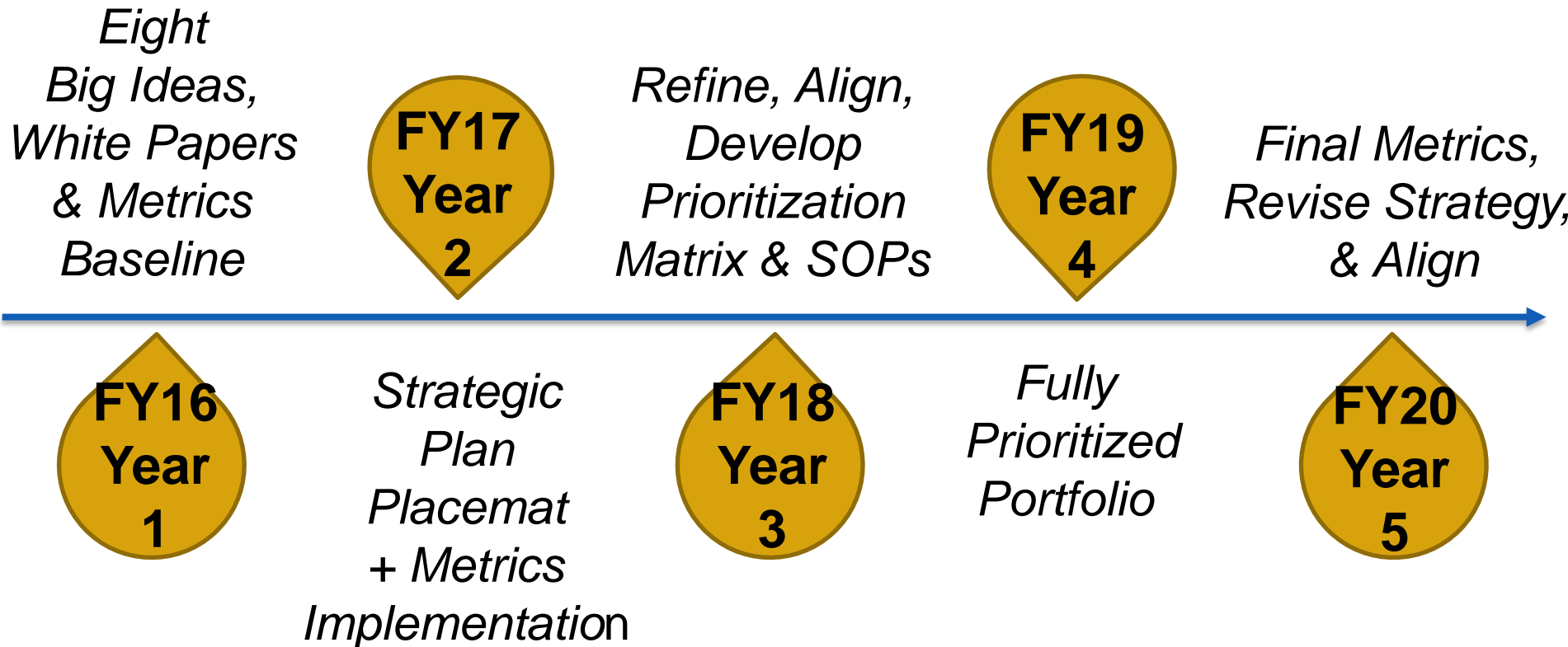
# Strategic Execution Framework (SEF)



# Public Education Leadership Project (PELP) Framework

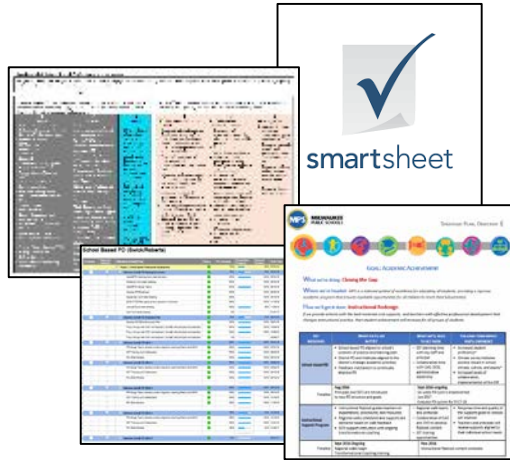


# MPS 5-year Strategic Plan Development



# Strategic Plan Development FY17

Summer  
2016



Winter  
2017

- Use of Smartsheet licenses grows from 0 to 800
- FY18-19 Portfolio & Project Built-out
- Budget development & alignment

Fall  
2016



SUPT's  
Eval

Spring  
2017



# Transition FY17 to FY18

## 1) Ongoing Year-round

- Budget development

## 2) April-May:

- FY18-19 project portfolio determination
- Support to project managers, with training emphasis on building project teams and more sophisticated measurement systems
- Smartsheet principals' pilot

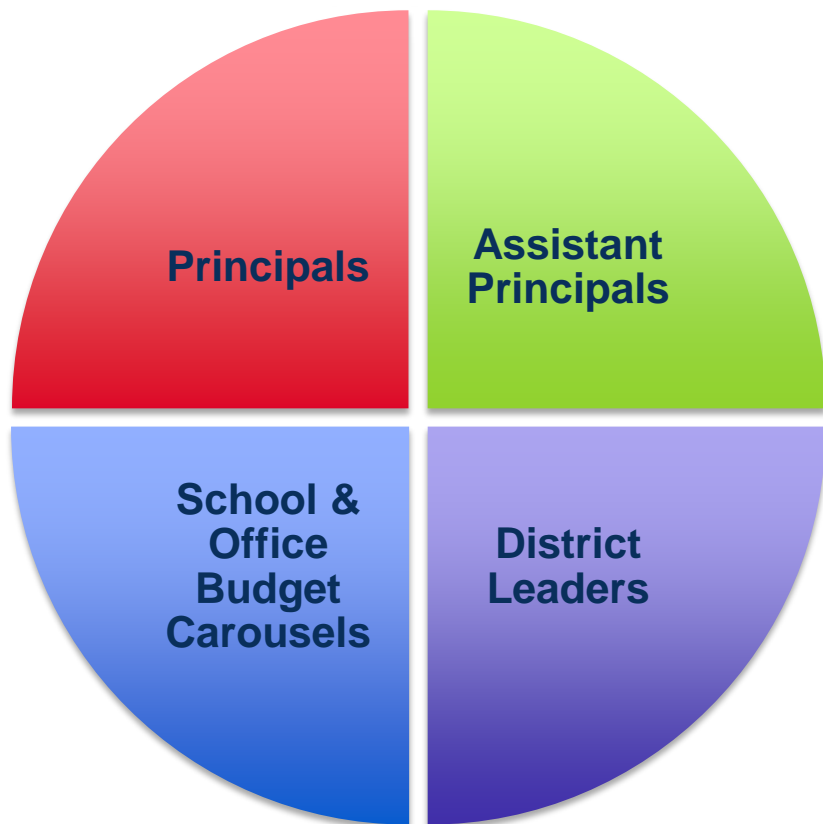
## 3) June:

- Strategic Plan Awards (proposed)
- Mid-month leaders' training on project management & Smartsheet

## 4) August-September:

- Strategic planning retreat
  - Oct budget adjustment
  - FY19 planning
  - Final drafts: prioritization matrix and strategy standard operating procedures

# Feedback: School & District Leaders



*I often feel like all of my time goes into rolling out changes and managing change rather than devoting time to [bringing about] the results that the change is designed to produce.*

-MPS Assistant Principal

*No new major initiatives until 2020. Let us work on this stuff and get it done right!*

-MPS Principal

# FY18-FY19 Guiding Questions

CHALLENGE	RELATED QUESTION
① <b>Alignment</b>	<i>How can we maintain alignment between strategy and major project work?</i>
② <b>Prioritization</b>	<i>How do we prioritize projects, and how do they come on/come off of our portfolio?</i>
③ <b>Process</b>	<i>What are the processes necessary to support the ongoing development and implementation of the plan?</i>
④ <b>Integration</b>	<i>How can we integrate strategy into our decision-making at all levels, at all times?</i>
⑤ <b>Communication</b>	<i>How can we better communicate regarding vision, strategy, progress, and ongoing challenges/barriers?</i>
⑥ <b>Resource Allocation &amp; Utilization</b>	<i>How do we best allocate staff to move our strategy forward? How do we use resources and funds to maintain both progress and efficiency?</i>



# Financial Planning & Budget Assumptions

# Gaining Commitment to Fund for Our Priorities in FY18-FY19



- Education priorities should drive the budget



- We must get high academic return on investment (A-ROI)



- There is no substitute for long-term stability, predictability and continuity



- School budget decisions should be based on what is best for students

# Gaining Commitment to Fund for Our Priorities in FY18-FY19

- **Budget a better way using effective tactics to diffuse stress associated with cost-saving strategies**
- **Adults still matter. Understanding the emotional needs stakeholders are experiencing allows us to develop strategies to help people work through them as we allocate resources to support school improvement and the district operational plan**
- **School allocations built with a lens to procedural justice**
- **Enrollment is stabilizing, inflation is up and revenue is down**
- **An inspiring future**



# State and Federal Budget Influences

- Resources and Revenue
- Rules and Regulations
- Mandated Services
- Unfunded Mandates
- Grant Opportunities
- Public Perception of Value
- Engagement – Partners, Vendors, Auditors, Victims, Beneficiaries

# Federal & State Budget Updates

- **Federal Proposed Budget Blueprint**
  - Impact to MPS funding in FY19
  - Impact to community being felt immediately
  - Requires attention to detail and advocacy
- **Governor's Proposed Budget**
  - Increases categorical funding with strings attached
  - Additional funding for targeted efforts

# Updated Feb 2017 Five-Year Forecast School Operations

School Operations - Five-Year Projection							
(In Millions)							
	FY17	FY18	FY19	FY20	FY21	FY22	Change FY22
(In Millions)	Budgeted	est	est	est	est	est	vs FY17
<b>Revenues</b>	<b>\$928.3</b>	<b>\$929.1</b>	<b>\$923.8</b>	<b>\$925.6</b>	<b>\$926.4</b>	<b>\$926.5</b>	<b>(\$1.8)</b>
<b>Expenditures</b>							
<b>Salaries/Other Wages</b>	<b>\$420.5</b>	<b>\$429.1</b>	<b>\$433.1</b>	<b>\$437.5</b>	<b>\$441.6</b>	<b>\$446.5</b>	<b>\$26.0</b>
<b>Benefits</b>							
Medical/Vision Insurance-Active	\$110.3	\$117.6	\$124.6	\$132.1	\$140.3	\$149.1	\$38.7
Medical-Retiree (no Vision)	\$51.0	\$51.8	\$53.2	\$55.3	\$58.0	\$60.5	\$9.5
Employee Contribution-Active	(\$12.0)	(\$11.6)	(\$12.0)	(\$12.7)	(\$13.5)	(\$14.3)	(\$2.3)
Employee Contribution-Retiree	(\$1.4)	(\$1.7)	(\$1.9)	(\$2.2)	(\$2.5)	(\$2.9)	(\$1.4)
Other Benefits	\$58.0	\$55.6	\$56.8	\$58.0	\$59.3	\$60.8	\$2.8
<b>Total Benefits</b>	<b>\$205.8</b>	<b>\$211.8</b>	<b>\$220.7</b>	<b>\$230.6</b>	<b>\$241.6</b>	<b>\$253.1</b>	<b>\$47.3</b>
<b>Purchased Services</b>							
Contracted Schools Charters	\$82.8	\$93.5	\$93.1	\$96.8	\$99.0	\$101.2	\$18.4
Open Enrollment -Outbound	\$38.8	\$36.3	\$35.5	\$34.7	\$33.8	\$32.9	(\$5.9)
Pupil Transportation	\$62.8	\$64.1	\$65.4	\$66.7	\$68.0	\$69.4	\$6.5
Other Purchased Scvc.-Includes Utilities	\$71.6	\$66.0	\$66.7	\$67.3	\$68.0	\$68.7	(\$2.8)
<b>Total Purchased Services</b>	<b>\$256.0</b>	<b>\$259.9</b>	<b>\$260.6</b>	<b>\$265.5</b>	<b>\$268.8</b>	<b>\$272.2</b>	<b>\$16.2</b>
<b>Supplies/Materials/Capital Purchases/Other Expenditures</b>	<b>\$35.8</b>	<b>\$40.4</b>	<b>\$40.8</b>	<b>\$41.3</b>	<b>\$41.7</b>	<b>\$42.1</b>	<b>\$6.3</b>
<b>Debt Service</b>	<b>\$31.1</b>	<b>\$32.8</b>	<b>\$33.9</b>	<b>\$34.3</b>	<b>\$33.5</b>	<b>\$34.8</b>	<b>\$3.8</b>
<b>Insurances</b>	<b>\$10.1</b>	<b>\$9.8</b>	<b>\$10.2</b>	<b>\$10.6</b>	<b>\$11.1</b>	<b>\$11.6</b>	<b>\$1.6</b>
<b>Use of prior Year Funds for Legacy Costs</b>	<b>(\$31.0)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$31.0</b>
<b>Total Expenditures</b>	<b>\$928.3</b>	<b>\$983.9</b>	<b>\$999.3</b>	<b>\$1019.9</b>	<b>\$1038.3</b>	<b>\$1060.4</b>	<b>\$132.1</b>
<b>Final Surplus (Deficit)</b>	<b>(\$0.0)</b>	<b>(\$54.8)</b>	<b>(\$75.5)</b>	<b>(\$94.3)</b>	<b>(\$111.8)</b>	<b>(\$133.9)</b>	

# Revised Five-Year Forecast School Operations

School Operations Fund - Five-Year Projection (\$M)							
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	FY22 vs FY18
	F.A.	P.B.	Estimated	Estimated	Estimated	Estimated	Inc / (Dec)
<b>Revenues (without applied surplus)</b>	<b>\$928.3</b>	<b>\$930.7</b>	<b>\$922.7</b>	<b>\$923.6</b>	<b>\$924.5</b>	<b>\$925.4</b>	<b>(\$5.3)</b>
<b>Expenditures</b>							
Salaries/Other Wages	\$420.5	\$402.6	\$406.6	\$410.7	\$414.8	\$418.9	\$16.3
Benefits	205.8	209.3	213.5	223.1	233.8	245.0	35.7
Purchased Services	256.0	239.5	240.2	244.8	247.7	251.0	11.5
Supplies/Materials	35.0	26.4	26.7	27.0	27.2	27.5	1.1
Capital Purchases	5.2	2.3	2.3	2.3	2.3	2.4	0.1
Debt Service	31.1	32.8	33.9	34.3	33.5	34.8	2.0
Insurances	10.1	9.5	9.9	10.3	10.7	11.1	1.6
Other	(35.4)	8.3	8.4	8.4	8.5	8.6	0.3
<b>Total Expenditures</b>	<b>\$928.3</b>	<b>\$930.7</b>	<b>\$941.4</b>	<b>\$960.9</b>	<b>\$978.5</b>	<b>\$999.3</b>	<b>\$68.6</b>
Balance (before use of prior year funds)	-	-	(18.8)	(37.3)	(54.0)	(73.9)	
Use of prior year funds for legacy costs	-	-	-	-	-	-	
<b>Final Surplus/ (Deficit)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$18.8)</b>	<b>(\$37.3)</b>	<b>(\$54.0)</b>	<b>(\$73.9)</b>	
<b>Cumulative Surplus / (Deficit)</b>	<b>\$35.3</b>	<b>\$35.3</b>	<b>\$16.6</b>	<b>(\$20.7)</b>	<b>(\$74.7)</b>	<b>(\$148.5)</b>	

# Changes from December Forecast to April Forecast

- **Revenues**
  - Modest increase from \$929.1 million to \$930.7 million
- **Expenditures** (reduced to balance)
  - Reduction in salaries and wages
  - Modest decrease in benefits (salary-related costs)
  - Reduction of contracted schools – particularly non-instrumentality charters



# Revenue & Cost Assumptions

- Stabilizing enrollment
- Increasing summer school participation
- Increasing competition
- \$200 per-pupil state categorical aid increase
- Rising healthcare costs
- Rising debt service, transportation and utility costs
- No use of prior year funds for legacy costs

# Challenges

- Student achievement and instructional support - funding what is best for students
- Per-pupil increases below inflation
- Health & welfare costs / legacy costs
- Overall healthcare utilization increase
- Employee recruitment & compensation
- Building operations, deferred maintenance & standard of care
- Enrollment & increased competition
- Community safety
- Legislative changes

# Closing the Structural Deficit

- Identified priorities through the strategic planning process
  - Budget carousels
  - Community listening sessions with various stakeholder groups
  - Examining return on investment of expenditures and spending patterns
- Minimized new activities in favor of staying the course with current efforts

# Closing the Structural Deficit

- Reviewed current budget line by line to identify opportunities to reallocate resources to adequately support implementation of strategic plan objectives
- Used data and stakeholder feedback to model the impact of various budget reduction ideas
- Delaying project implementation and raises to identify additional resources
- Proposing reorganized resources and staff to improve school support

# Budget Timetable

- **May 4, 2017 and May 16, 2017**  
*Informational Overview of and Public Hearing on the Superintendent's Proposed 2017-18 Budget*
- **May 23, 2017**  
Statutory Public Hearing *on the Superintendent's Proposed 2017-18 Budget*
- **May 25, 2017**  
*Adoption of the Superintendent's Proposed 2017-18 Budget*

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## Milwaukee Board of School Directors

**Mark Sain, District 1**  
**Wendell J. Harris, Sr., District 2**  
**Michael Bonds, Ph.D., District 3**  
**Annie Woodward, District 4**  
**Larry Miller, District 5**  
**Luis A. Báez (Tony), Ph.D, District 6**  
**Paula Phillips, District 7**  
**Carol Voss, District 8**  
**Terrence Falk, At-Large**

## MPS Senior Team

**Darienne B. Driver, Ed.D., Superintendent**  
**Gina Spang, P.E., Chief of Staff**  
**Tonya Adair, Chief Innovation & Information Officer**  
**Ruth Maegli, Chief Academic Officer**  
**Gerald Pace, J.D., Chief Financial Officer**  
**Himanshu Parikh, Acting Chief Human Resources Officer**  
**Keith Posley, Ed.D., Chief School Administration Officer**  
**Wendell Willis, Chief Operations Officer**  
**Sue Saller, Manager, Superintendent's Initiatives**  
**Ashley Lee, Special Assistant to the Superintendent**