

2019–2020 Superintendent's Proposed Budget Overview

May 9, 2019



MILWAUKEE
PUBLIC SCHOOLS

Presenters:

Dr. Keith P. Posley, *Superintendent of Schools*

Martha Kreitzman, *Chief Financial Officer*

Lynn Ruhl, *Director of Financial Planning & Budget Services*

Presentation Overview

Presentation Overview

- District Overview
 - 2018-19 Highlights
 - Purpose: Public Hearings and Budget
 - Budget Priorities
 - Budget Development
 - Financial Outlook
- Fund Overview Revenues and Expenditures
 - Schools and Central Services Budgets
 - Proposed Long-Range Opportunities
 - Acknowledgements



District Overview

FIVE PRIORITIES FOR SUCCESS



HOME TO 3 OF THE STATE'S TOP HIGH SCHOOLS
 According to *U.S. News & World Report* 2017–18

\$86+ MILLION
 in college scholarships and grant offers
 Class of 2018

Offering **161** School Options

INCREASING GRADUATION RATE

Signs of Success

9 more schools in the **TOP 3** WI State Report Card categories 2017–18

88% of budget dollars go directly to classrooms 2018–19

Educating 75,081 STUDENTS
 2018–19
 89.2% students of color
 82.5% economically disadvantaged
 20.3% special needs

\$10,122 PER STUDENT SPENDING
 2018–19

34 SCHOOLS improving at least one category level on the WI State Report Card 2017–18

Dr. Keith P. Posley
 Superintendent of Schools




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2018-19 Highlights

Board Goals

-  Academic achievement
-  Student, family and community engagement
-  Effective and efficient operations



Five Priorities for Success



Goal 1: Academic Achievement

- Ambitious Instruction Plan
- Professional Development Road Map
- Early Childhood Initiative
- Bilingual and Expanded Language Opportunities Plan
- Montessori Strategic Plan
- 53206 Initiative
- Virtual Education Program



Goal 2: Student, Family & Community Engagement

- Youth Leadership Summit
- Language Summit
- Student Advisory Group
- Black Lives Matter at School Week of Action
- Playfield renovations
- Community conversations
- Regional Development Plan
- Equity-Education-Empowerment series



Goal 3: Effective & Efficient Operations

- Restructured central services
- Per-pupil allocation for schools
- Substitute and supplemental teacher benefits
- MPSU
- Safety improvements
- Evaluation System Pilot
- Recruitment Fairs and Retention Programs



**Purpose:
Public Hearings
and Budget**

Intended Purpose of the Budget

- Present the district's financial plan
- Serve as a communication document
- Guide management staff to aid the control of financial resources
- Provide highlights of financial policies



Intended Purpose Public Hearings



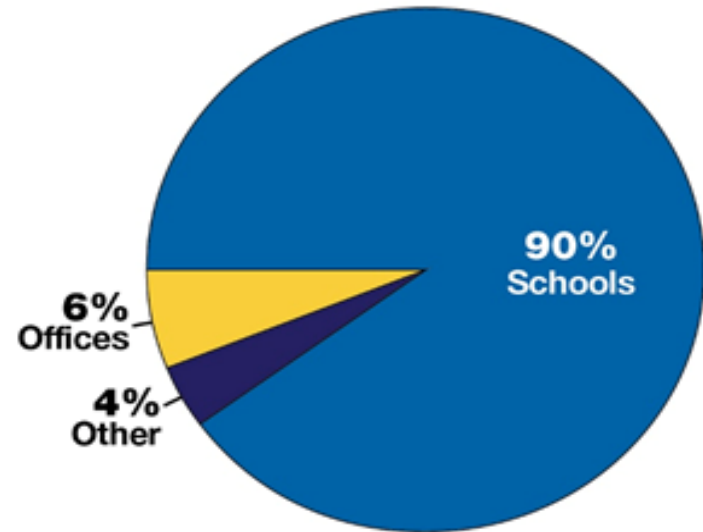
- Balanced proposed budget
- Review
- Discussion
- Possibly amend
- Approve balanced budget

Budget Priorities

Directing Funding to Support Students

For every dollar budgeted in the School Operations Fund, ninety cents is used to educate and support MPS students

How the Funds are Spent



Budget Priorities for 2019-20 (FY20)

- Stabilize school budgets
- Increase school-based staff
- Continue regional development efforts
- Increase school improvement supports
- Expand Milwaukee community recreational services
- Increase salaries by 2.44% for all eligible employees and continue *Road to \$15*
- Maintain benefits through 1/1/2020



Budget Development

MBSD Approved Parameters

- Preparation of the budget in accordance with state law
- Preparation of the budget with maximum revenue limits
- Adjustments and repurposing of educational programming and departmental budgets to promote student achievement and a balanced budget
- Consideration of salary increases for all employee groups through the budget and negotiation processes to attract and retain qualified staff



MBSD Approved Parameters Continued

- Consideration of employee benefit changes for eligible employees to identify cost savings and increase efficiencies
- Exploration of operating efficiencies
- Development of 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



Budget Development Timetable

December – January

- Review current programs, funding levels and the school allocations
- Discuss the district's five-year financial forecast and strategic plan
- Hold Strategic Planning and Budget Committee meeting
- Publish approved budget development timetable
- Discuss budget process and preliminary allocations
- Hold school Ambitious Instruction Budget Conversations
- Prepare, with input from School Engagement Councils, proposed school budgets



Budget Development Timetable Continued

February – April

- Hold school budget resolution debrief meetings
- Prepare proposed office budgets
- Hold office budget conversations
- Compile the Superintendent's Proposed Budget

May – June

- Release MPS Superintendent's Proposed Budget
- Hold public hearings on proposed budget
- Publish statutory public hearing notice
- Hold statutory hearing on proposed budget
- Board members submit and take possible action on amendments to the proposed budget
- Hold Board meetings for possible action on proposed budget
- Transmit adopted budget to the Milwaukee Common Council



Collaborative Efforts

- Board
- Community
- District
- School



School and Office Budget Conversations

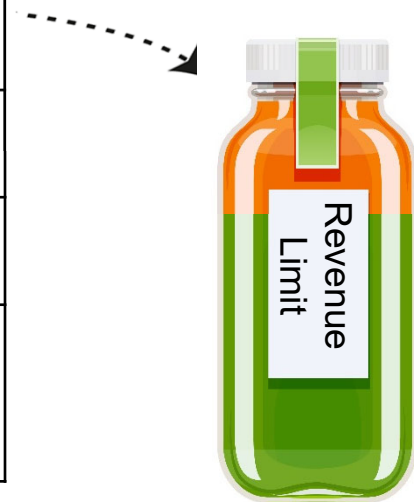
- Ambitious Instruction Budget Conversations
- Regional Resolution Budget Debriefs
- Office Budget Conversations



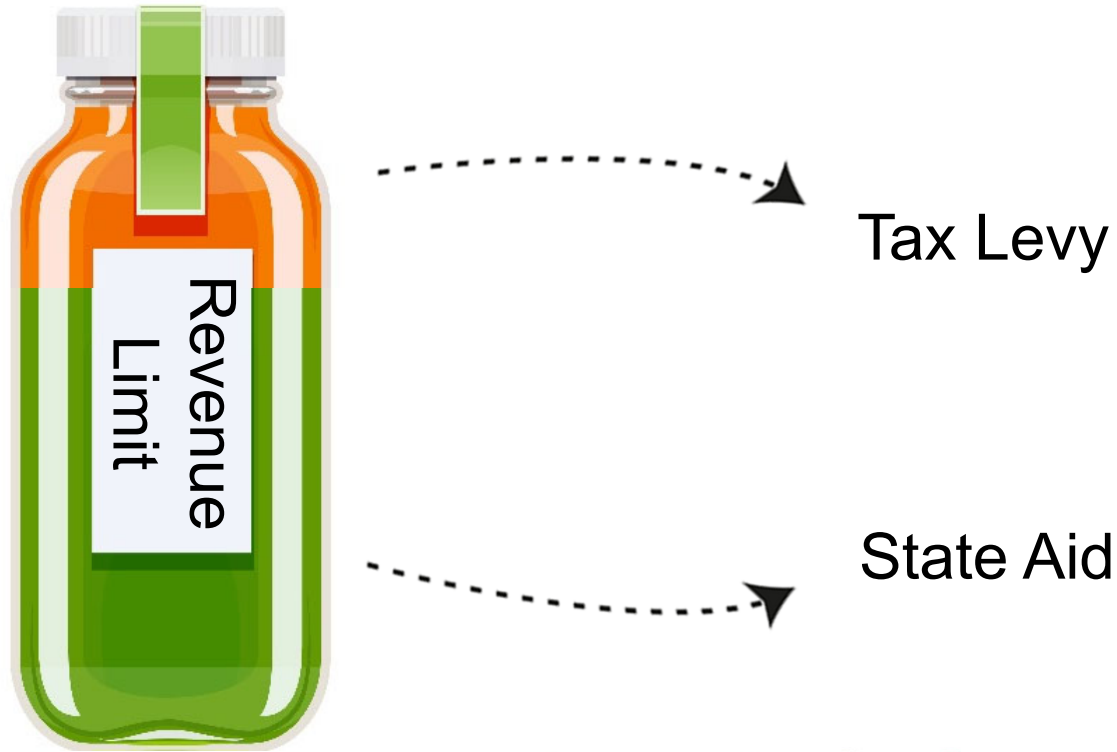
Financial Outlook

Revenue Sources School Operations Fund

2019–20 Revenue Sources	
Source	Percent
Property Tax Levy/State Equalization/Integration Aids	85.1%
State Other Aids	11.6%
Federal Aids	1.7%
Local Non-Property Tax Revenues	1.7%



Revenue Limits



Revenue Limit

- \$10,122 has been the maximum revenue per member since 2015-16
- \$10,104 was the maximum revenue per member in 2011-12
- Have not received a per-pupil inflationary increase since 2015-16



2019-20 Schools and Projected Enrollment

- 159 schools
- 75,234 projected enrollment

Census Trends – City of Milwaukee Children						
Age Group	2013	2014	2015	2016	2017	2013 to 2017 Inc / (Dec)
Under 5 years	47,457	47,756	46,843	46,450	45,766	(1,691)
5 to 9 years	44,184	44,083	44,537	45,182	44,736	552
10 to 14 years	42,993	42,415	42,342	41,834	41,516	(1,477)
15 to 19 years	48,523	47,559	46,496	46,089	45,676	(2,847)
Total All Ages	184,068	183,157	181,813	180,218	177,694	(6,374)

Source: U.S. Census—American FactFinder



Fund Overview

Revenues and

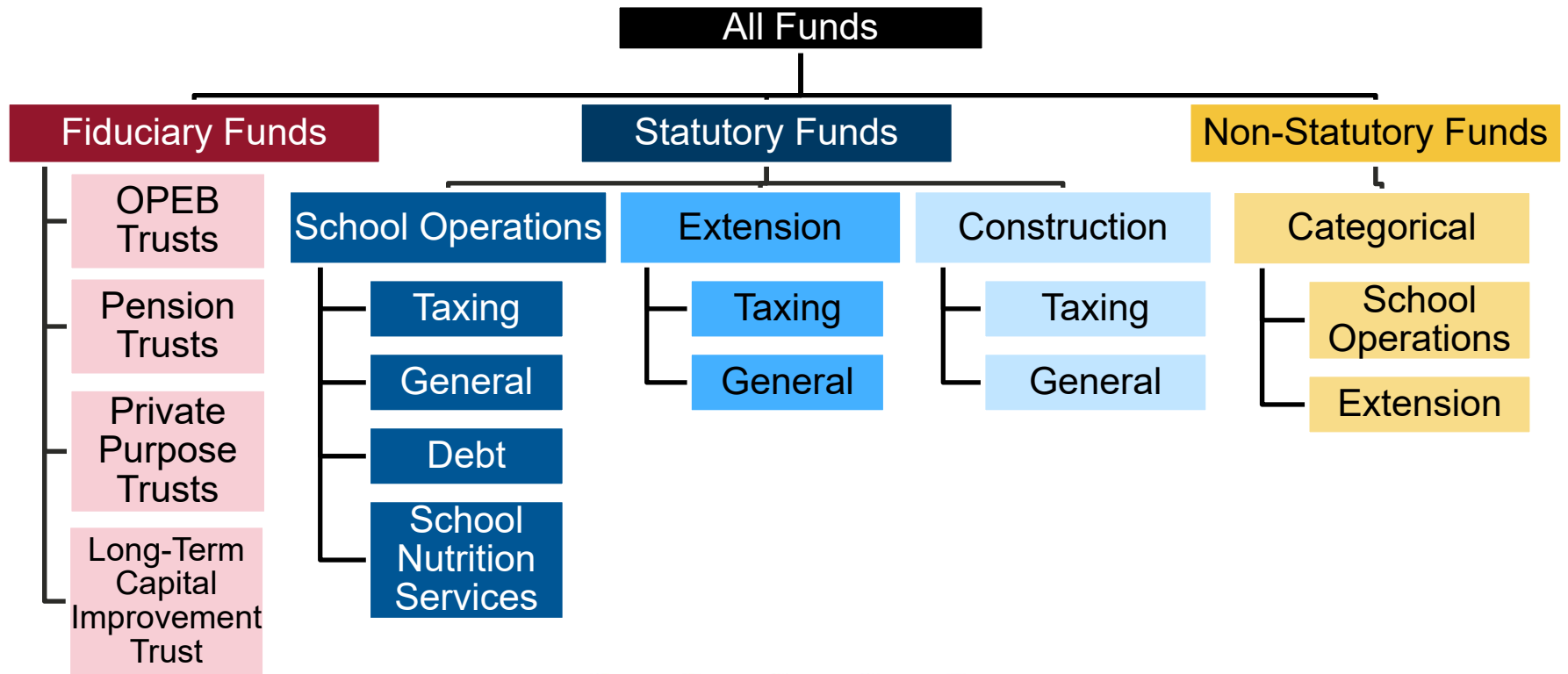
Expenditures

Projected Revenue

- The district's total projected revenue for 2019–20 is \$1.2 billion.
- This is up \$11.7 million as compared to the budget for the current year.
- The increase is due to an increase in the Categorical (grant) and Extension Funds.



Overview of District Funds



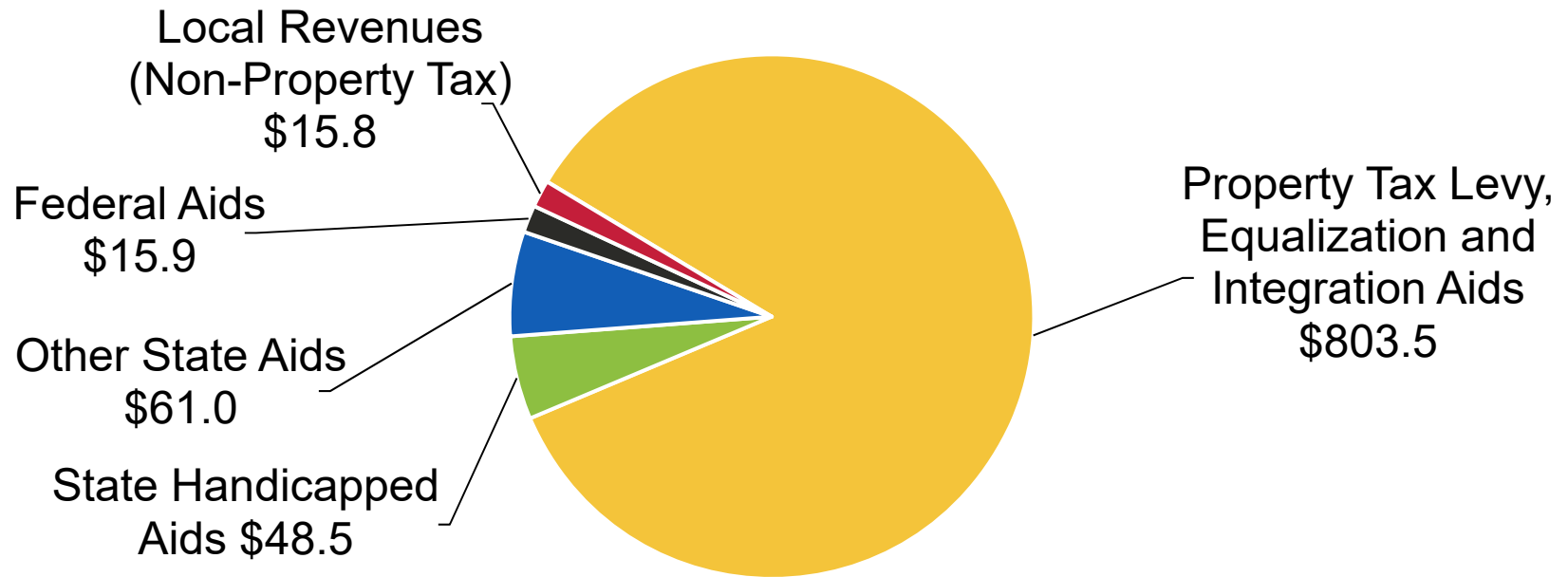
Revenue Comparison

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



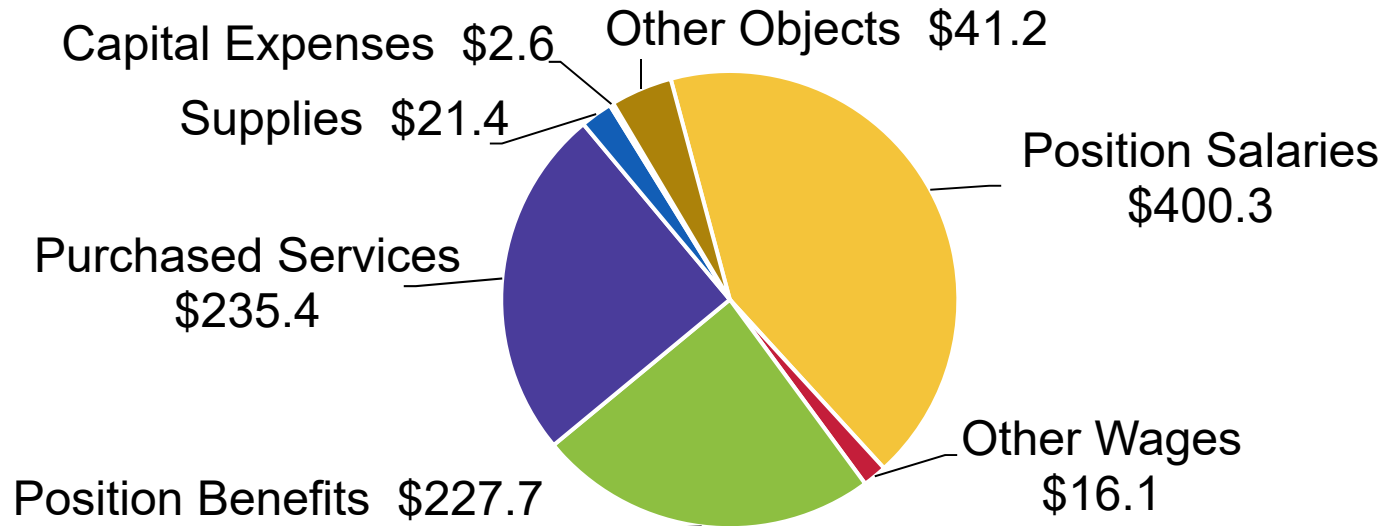
School Operations Fund

2019-20 School Operations Fund Revenues by Source (\$M)



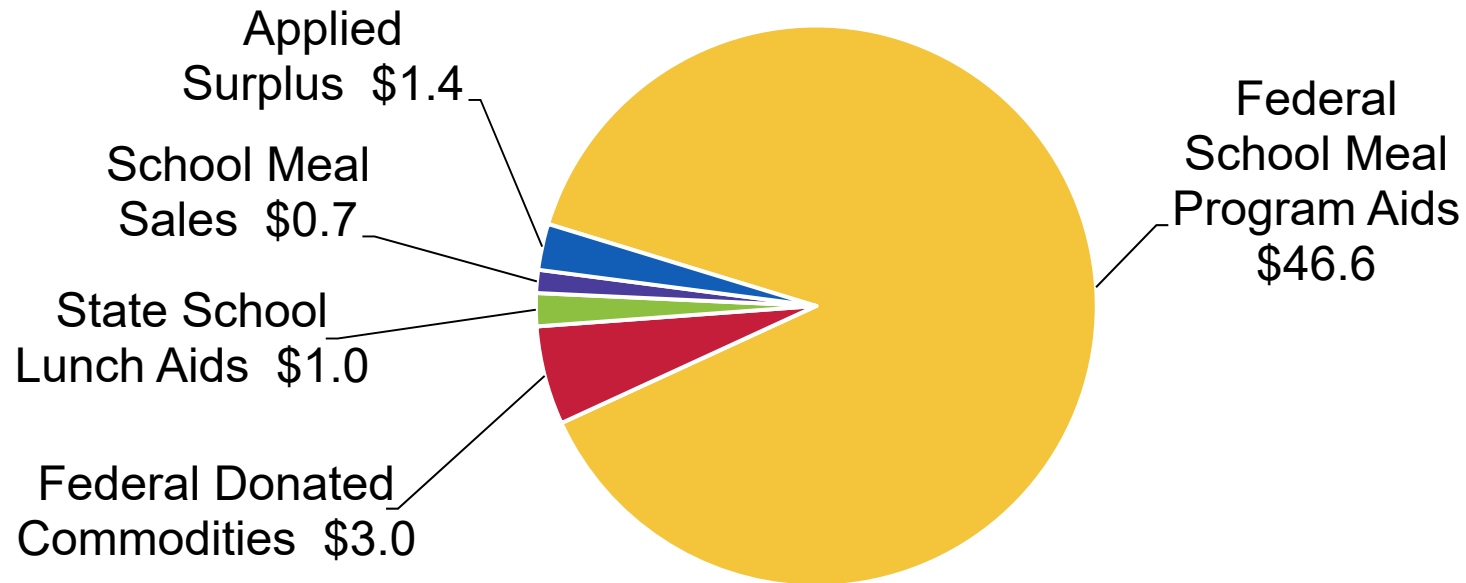
School Operations Fund

2019-20 School Operations Fund – Proposed Expenditures by Object (\$M)



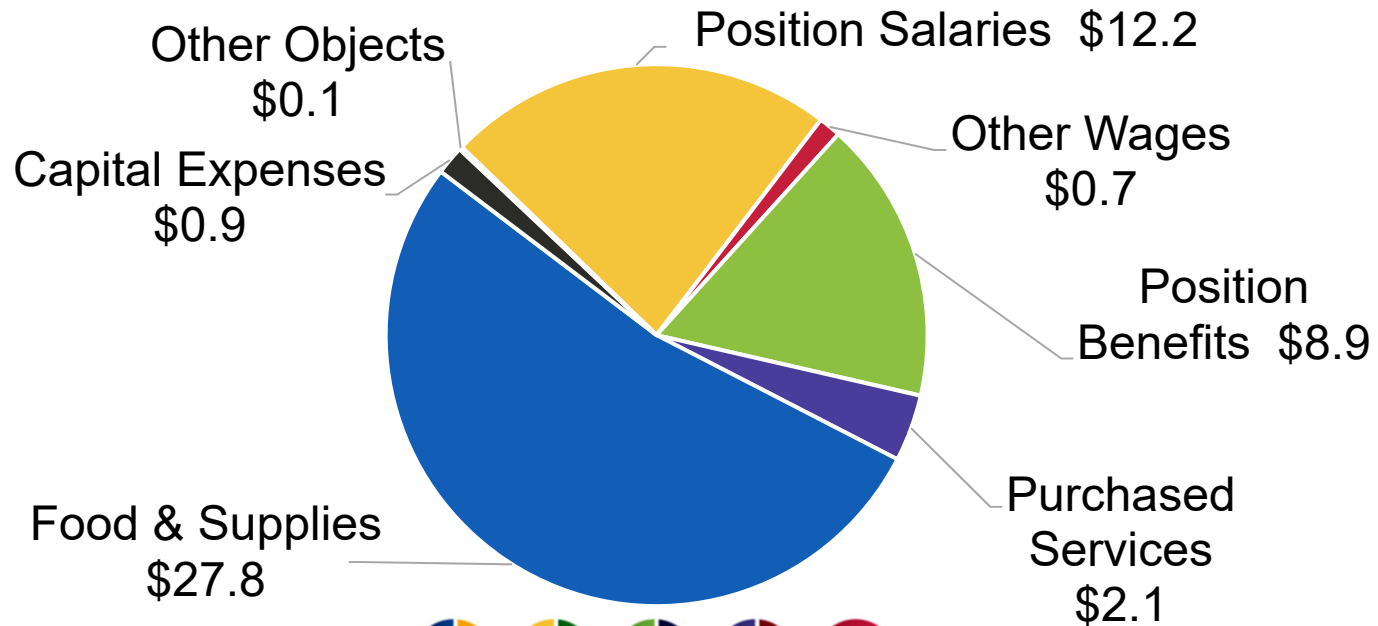
Nutrition Fund

**2019-20 School Nutrition Services Fund –
Revenues by Source (\$M)**



Nutrition Fund

2019-20 School Nutrition Services Fund – Proposed Expenditures by Object (\$M)

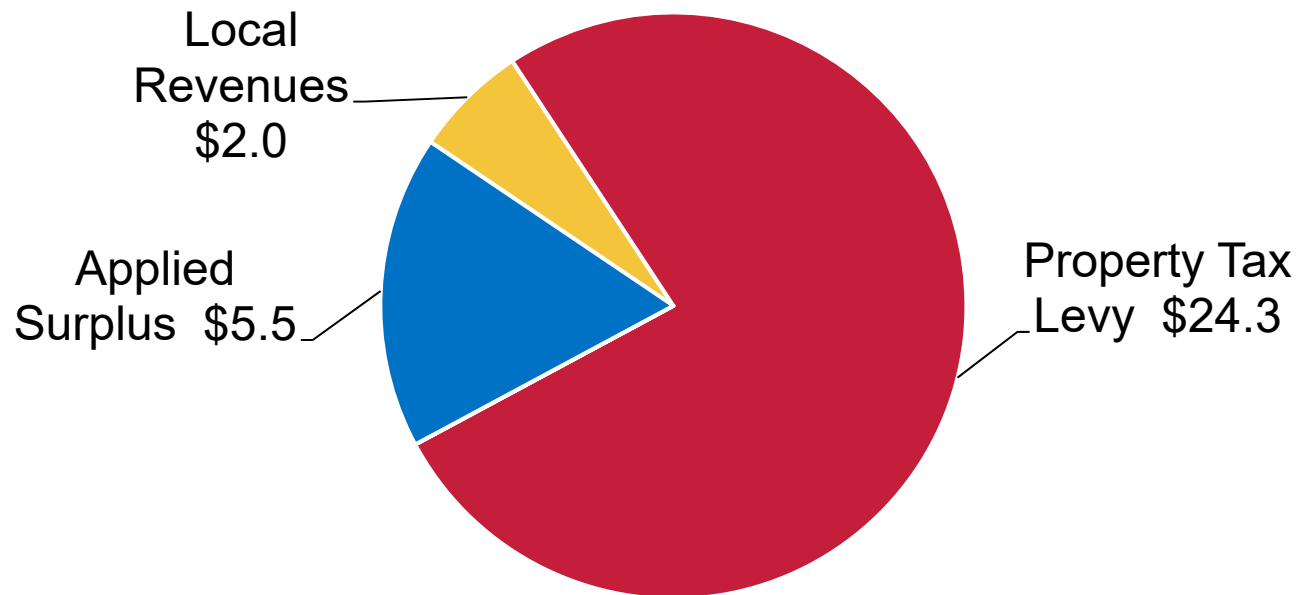


Extension Fund



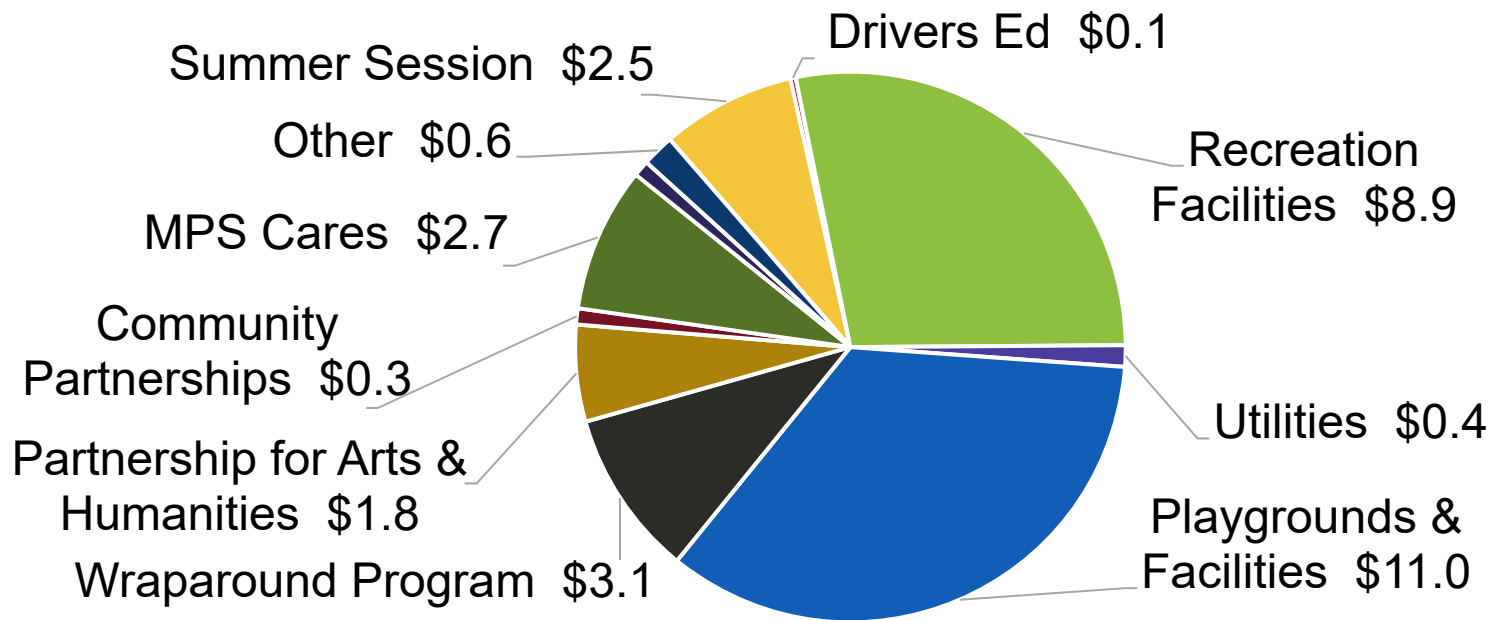
Extension Fund

Extension Fund - Revenues by Source (\$M)



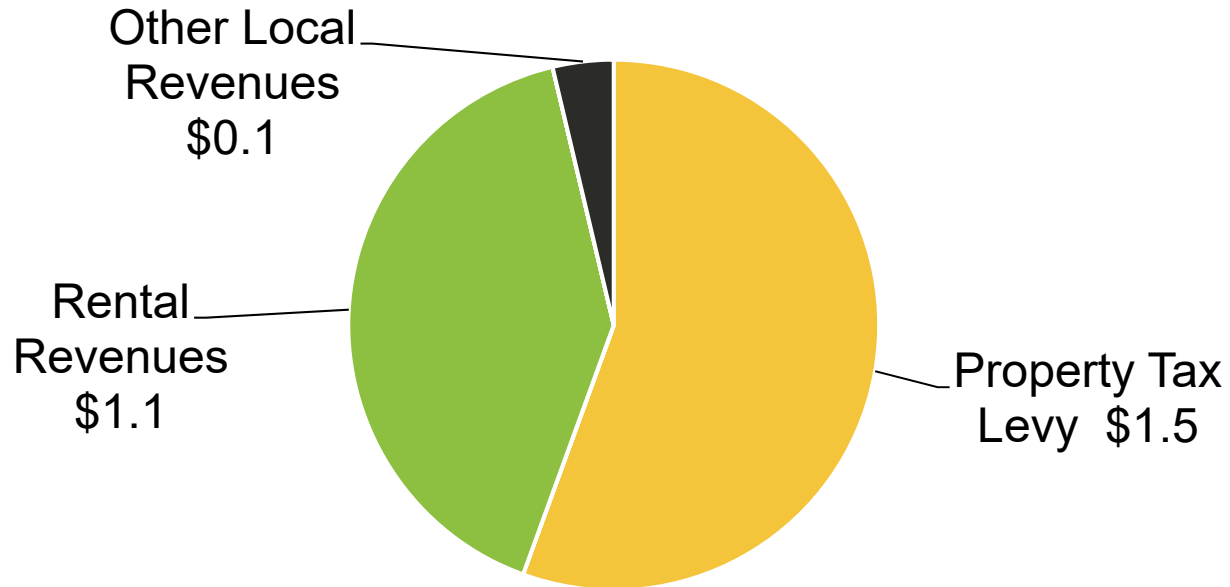
Extension Fund

2019–20 Extension Fund Proposed Expenditures by Project (\$M)



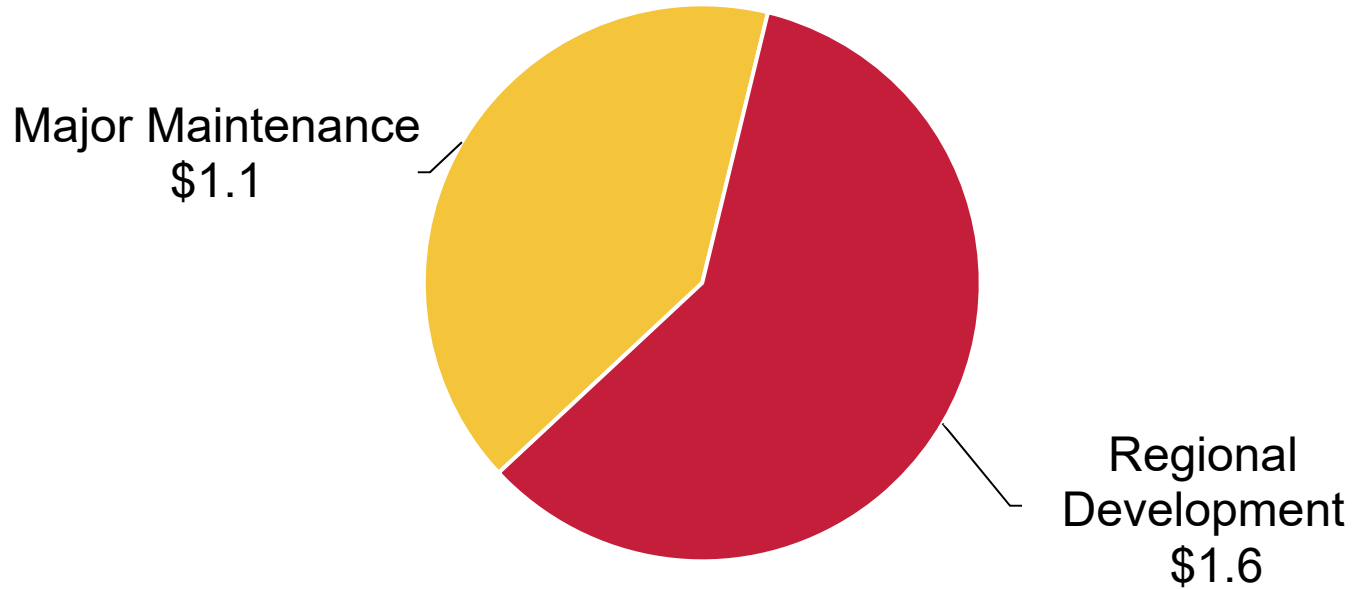
Construction Fund

**2019-20 Construction Fund - Revenues
By Source (\$M)**



Construction Fund

**2019-20 Construction Fund –
Proposed Expenditures by Project (\$M)**



Categorically Aided Programs Fund

Categorical Fund – Revenue by Source (\$M)			
Description	2018-19 Amended Adopted Budget	2019-20 Proposed Budget	Year-to-Year Increase/ (Decrease)
Federal	\$131.8	\$141.4	\$9.6
State	32.4	30.4	(2.0)
Private	2.3	2.1	(0.2)
Categorical Fund	166.5	173.9	7.4
Less: Indirect	(5.5)	(5.7)	(0.2)
Total	\$161.0	\$168.2	\$7.2

Program Types

- **Federal** includes ESEA (Title I-A, Title II, Title III & Title IV), SIG, IDEA and Head Start
- **State** includes AGR and others
- **Private** includes GE Foundation and others



School and Central Service Budgets

Position Changes (All Funds)

- Increase 8.9 central service positions (+0.8%)
- Increase 99.0 school based positions (+1.1%)
 - Increase 62 FTE teachers
 - Increase 22 FTE educational assistants

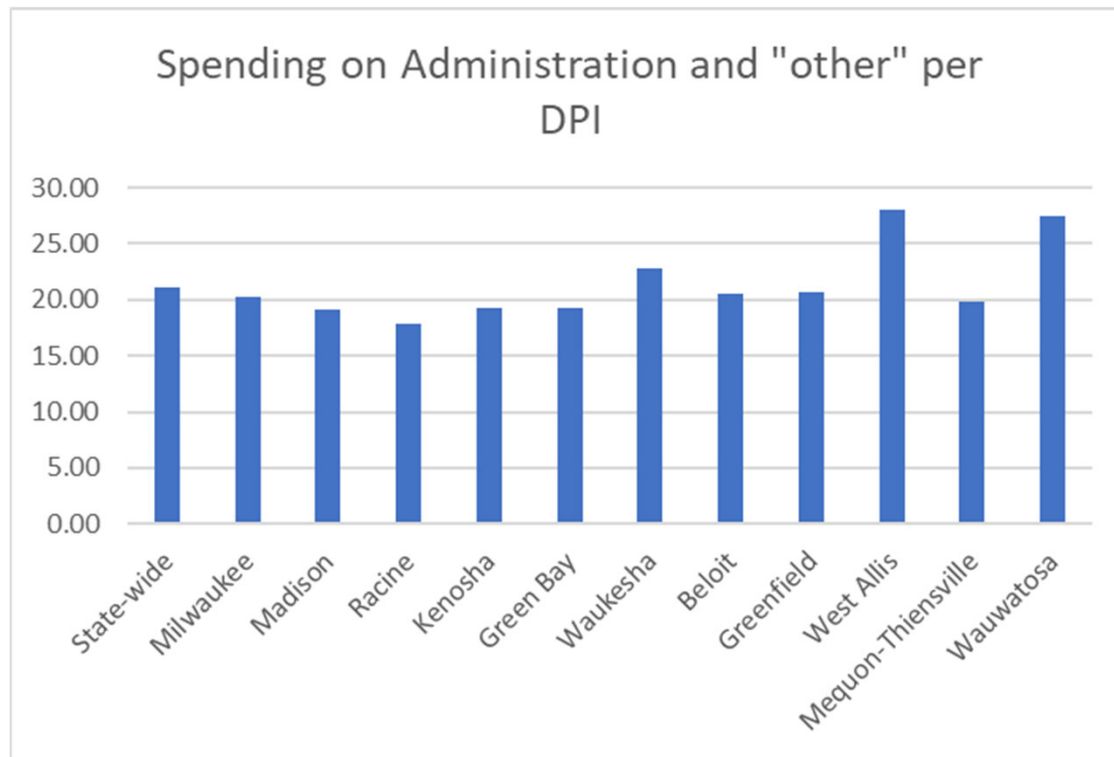


District Use of School Operations Fund

Description	FY19	FY20	DIFFERENCE FY20 v FY19
Academics	\$ 9.2	\$ 8.4	\$ (0.8)
Accountability & Efficiency	0.9	0.8	(0.1)
Board/Board Governance	2.5	2.4	(0.1)
Communications & School Performance	4.5	4.0	(0.5)
Finance	4.7	4.6	(0.1)
Human Resources	14.7	14.9	0.2
Inter-Department & Inter-Fund	(10.6)	(10.4)	0.2
Other Accounts	72.1	70.8	(1.3)
School Administration	33.5	30.2	(3.3)
Schools & School Accounts	809.9	817.0	7.1
Superintendent	1.8	2.0	0.2
GRAND TOTALS (in millions)	\$ 943.2	\$ 944.7	\$ 1.5



Administrative Cost Comparison



MPS is at par, even a bit lower than the state average for administrative costs—the statewide average is 21.1% and MPS is 20.3%



Proposed Long-Range Opportunities

School Operations Fund – Five Year Projection

School Operations Fund - Five-Year Projection (\$M)							
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	FY24 vs. FY20
	F.A.	P.B.	Estimated	Estimated	Estimated	Estimated	Inc / (Dec)
Revenues (without applied surplus)	\$943.2	\$944.7	\$946.0	\$948.9	\$929.9	\$933.6	(\$11.1)
Expenditures							
Salaries/Wages	\$411.8	\$416.4	\$424.6	\$431.2	\$437.8	\$444.6	\$28.2
Benefits	220.3	227.7	232.5	239.2	246.6	254.7	27.0
Purchased Services	238.2	235.4	247.3	252.5	257.7	263.1	27.7
Supplies/Materials	23.0	21.4	24.4	25.1	25.8	26.6	5.2
Capital Purchases	2.7	2.6	2.9	2.9	3.0	3.1	0.5
Other Objects	47.1	41.2	48.5	47.3	49.5	50.0	8.8
Total Expenditures	\$943.2	\$944.7	\$980.2	\$998.2	\$1,020.5	\$1,042.1	\$97.4
Balance (before use of prior year funds)	-	-	(34.2)	(49.3)	(90.6)	(108.5)	
Use of prior year funds for legacy costs	-	-	-	-	-	-	
Final Surplus/ (Deficit)	\$0.0	\$0.0	(\$34.2)	(\$49.3)	(\$90.6)	(\$108.5)	
Cumulative Surplus / (Deficit)	(\$1.6)	(\$1.6)	(\$35.8)	(\$85.1)	(\$175.6)	(\$284.1)	



Proposed Long-Range Opportunities

- Possible cost savings opportunities
- Funding priorities



Acknowledgements

Acknowledgements

- The annual budget represents the collective effort of district staff to deliver a responsible financial and operating plan on behalf of Milwaukee Public Schools.
- We would like to take this opportunity to acknowledge and thank all district staff and stakeholders for their contributions.



For More Information on the MPS Budget

An online version of the 2019–20 Superintendent’s Proposed Budget is posted on the district’s website at:

- mpsmke.com/budget
- For more information about the 2019–20 Superintendent’s Proposed Budget, please contact MPS Office of Finance at (414) 475-8851 or via email at budget@milwaukee.k12.wi.us



Thank you.

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