

(ATTACHMENT 1) 2019-20 (FY20) 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 2019-20 (FY20) 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 2018 to fall 2019, 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 0.6% to 74,633. Outgoing open enrollment numbers increased by 4% and outgoing Chapter 220 numbers dropped by 20.7%. The Chapter 220 program closed to new students in FY16, resulting in the expected reduction in enrollment. According to U.S. Census Bureau data, the number of children ages 5 to 19 in the City of Milwaukee has decreased by about 3,000 from 2010 to 2016.

Milwaukee Parental Choice Program (MPCP) enrollment is expected to increase from 28,917 in the 2018-19 (FY19) school year to approximately 28,978 in FY20. In FY20, 134 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 FY19 to FY20 third Friday Enrollment. 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	FY19 Third Friday Enrollment	FY20 Third Friday Enrollment	FY19 to FY20 Difference	FY19 to FY20 % Difference
MPS Traditional & Instrumentality Charter Schools	66,038	65,126	(912)	(1.4%)
Alternative/Partnerships/Other Sites	998	1,180	182	1.8%
Non-instrumentality Charter Schools	8,045	8,327	282	3.5%
Subtotal	75,081	74,633	(448)	(0.6%)
Chapter 220 in Suburbs	676	536	(140)	(20.7%)
Open Enrollment in Suburbs	5,048	5,251	203	4.0%
Total	80,805	80,420	(385)	(0.5%)

Revenue Changes

Chart 2 shows a summary of the School Operations Fund changes by source and type from the budget adopted in May by the Board. The property tax levy and the Equalization and Integration Aids are not individually listed in the 2019-20 Proposed Budget (P.B.) as the district estimates the total amount in the spring and then receives actual numbers from DPI in the fall.

Chart 2: School Operations Fund – Revenues by Source Changes

School Operations Fund - Revenues by Source			
Description	2019-20 P.B. (Spring)	2019-20 F.A. (Fall)	Inc / (Dec)
Property Tax Levy, Equalization and Integration Aids			
Property Tax Levy		236,151,371	
General Equalization Aid		563,127,536	
Integration Aid	803,474,518	33,782,625	(2,900,483)
Poverty Aid		5,018,688	
Computer Aid		7,404,686	
Deduction for Choice/Charter		(44,910,871)	
Subtotal	\$ 803,474,518	\$ 800,574,035	\$ (2,900,483)
State Handicapped Aids			
Handicapped Aids	48,500,000	45,750,734	(2,749,266)
Subtotal	\$ 48,500,000	\$ 45,750,734	(2,749,266)
Other State Aids			
Summer School	1,400,000	-	(1,400,000)
Transportation Aid	2,664,700	2,664,700	-
Library Aid	4,100,000	4,100,000	-
Bilingual Aid	1,700,000	1,700,000	-
Tuition from State	500,000	500,000	-
General State Aid	50,607,828	56,116,718	5,508,890
Other State Aid - School Improvement	-	2,987,087	2,987,087
Other State Per-Pupil	50,000	857,458	807,458
Subtotal	\$ 61,022,528	\$ 68,925,963	\$ 7,903,435
Federal Aids			
Federal Reimbursement - QSCB	4,332,421	3,750,095	(582,326)
Indirect Cost Aids	6,031,000	6,031,000	-
Medicaid Reimbursements	5,500,000	6,000,000	500,000
Subtotal	\$ 15,863,421	\$ 15,781,095	\$ (82,326)
Local Revenues			
TIF and other City related	329,940	329,940	-
Student Programs Reimbursment	260,000	260,000	-
Tuition	12,018,231	13,018,231	1,000,000
Interest Earned	200,000	200,000	-
Rental	2,287,019	2,287,019	-
Refunds/Ins. proceeds	468,077	468,077	-
Miscellaneous	262,566	262,566	-
Subtotal	\$ 15,825,833	\$ 16,825,833	\$ 1,000,000
Carryover	-	-	-
Total	\$ 944,686,300	\$ 947,857,660	\$ 3,171,360

Revenue Limit

The FY20 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 \$802.1 million, a decrease of \$4.9 million from the FY19 October revenue limit.

The State budget for the 2020 to 2021 biennium includes an increase in the base per-pupil amount of the revenue limit of \$175 in 2020. For MPS, the base per-pupil amount is now \$10,297 compared to \$10,122 per pupil for the past four years. Since MPS enrollment has decreased over recent years, the district continues to experience a declining revenue limit. This is partially offset by new revenue limit authority for special education vouchers and debt related to energy efficiency projects. These increases are designated for specific new costs which the district is obligated to pay.

The School Operations portion of the revised revenue limit is \$2,900,483 less than the amount adopted in May 2019. Chart 3 shows a summary of the revised revenue limit.

Chart 3: School Operations Revised Revenue Limit

Revenue Limit		
FY20 Adopted Budget	May 2019	\$804,985,792
FY20 Fall Adjustment	October 2019	-\$2,900,483
FY20 Amended Adopted Budget	October 2019	\$802,085,309

State Aids

State equalization and integration aids of \$550.6 million for FY20, after non-MPS charter and MPCP deductions, were certified in October 2019. This is a decrease of \$10.9 million, or 1.9%, from the \$561.5 million certified for FY19. Chart 4 shows a summary of the state equalization and integration aid changes from the FY19 October certified amount.

Chart 4: Equalization and Integration Aids

Equalization and Integration Aids			
FY19 October Certified	Final FY20 Certified	FY19 to FY20 Difference	FY19 to FY20 % Difference
\$561,511,178	\$550,599,284	-\$10,911,894	-1.9%

Property Tax Levy

Based on the budget adopted by the Board in May 2019 and the adjustments listed in this Board item, the MPS all-fund tax levy for FY20 increased by \$12.5 million, or 5.0%, from the amount levied for FY19.

The \$31.8 million of MPCP costs represents about 12.1% of the revised all-fund tax levy for FY20. The Board is compelled to levy 16% of MPCP costs, down from 19.2% in FY19 the reduction is due to legislative action. The portion of MPCP costs borne by the district is scheduled to decline for five more years until the MPCP program is fully funded by the State in FY25. The net cost for FY20 of \$31.8 million includes offsets of \$15.2 million paid to the City of Milwaukee by the State and \$5.0 million in high-poverty aid the district is required to use to offset the MPCP levy.

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 FY19 to FY20.

Chart 5: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY19 (October)	FY20 (October)	FY19 to FY20 Difference	FY19 to FY20 % Difference
Operations	\$ 228,878,899	\$ 236,151,371	\$7,272,472	3.2%
Construction	\$ 1,511,274	\$ 1,511,274	\$ -	0.0%
Extension	\$ 20,000,000	\$ 25,225,000	\$5,225,000	26.1%
Total Statutory Funds	\$ 250,390,173	\$ 262,887,645	\$12,497,472	5.0%

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 FY20 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 and Instrumentality Charter Schools <i>Enrollment adjustments</i>	(\$4,657,570)
S2	MPS Non-Instrumentality Charter Schools <i>Enrollment adjustments</i>	(\$896,348)
S3	Central Art/Music/Phy. Ed/Librarians <i>Enrollment adjustments</i>	\$42,510
S4	Central School Office <i>Changes to allocations based on actual enrollment</i>	(\$338,984)
S5	School Counselors <i>Optional services purchased by schools</i>	\$37,246
S6	Instrumental Music <i>Additional traveling music services purchased by schools</i>	\$68,716
S7	School Safety Operations <i>Optional services purchased by schools</i>	\$39,500
S8	School Special Funds <i>Salary schedules and school projects</i>	\$6,010,000
S9	School Specialized Services <i>Enrollment adjustments</i>	(\$162,206)
S10	School Office Support <i>Adjustment to projected actual needs</i>	(\$32,508)

S11	Tech License & Equipment <i>Actual costs</i>	\$250,000
S12	World Languages <i>Additional IB programs</i>	\$46,556
S13	Building Operations-Sites <i>Building services staff changes based on building usage</i>	\$197,153
S14	Grant Transitional <i>Moved to Title II funding</i>	(\$821,096)
S15	School Performance Improvement <i>State funds to implement math & reading improvement</i>	\$2,987,087
School and School Accounts Subtotal		\$2,770,056

Office Accounts		Amount
S16	Office of Academics <i>Bilingual/Multicultural and Organizational Development</i>	\$271,437
S17	Office of Finance <i>Accounting support</i>	\$32,508
S18	Office of Human Resources <i>Move Technology Department to the Office of Communications & School Performance</i>	(\$9,500,294)
S19	Office of Communications & School Performance <i>Move Technology Department from the Office of Human Resources</i>	\$9,500,294
Office Accounts Subtotal		\$303,945

Other Accounts		Amount
S20	Benefits Clearing Account <i>Balance to fall projection</i>	\$392,000
S21	Optional Services <i>Changes in optional service choices of schools</i>	(\$70,992)
S22	Special and Contingent Funds <i>Actual costs adjustment</i>	(\$627,000)
S23	Debt Service <i>Match actual costs</i>	(\$25,093)
S24	Software Management Systems <i>Update current systems</i>	\$428,444
Other Accounts Subtotal		\$97,359

School Operations Fund Expenditure Changes Total		\$3,171,360
---	--	--------------------

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.

There are no changes to the Construction Fund at this time.

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 7 shows a summary of the revenue changes to the Extension Fund and Chart 8 shows a summary of the expenditure changes.

Chart 7: Extension Fund Revenue Changes

Revenue Changes		
Extension Fund Account		Amount
E1	Tax Levy Change <i>Renovate playfields</i>	\$927,931
Extension Fund Revenue Changes Total		\$927,931

Chart 8: Extension Fund Expenditure Changes

Expenditure Changes		
Extension Fund Account		Amount
E2	Recreation Facility Improvements <i>Renovate playfields</i>	\$927,931
E3	Playgrounds & Recreation Centers <i>Consolidating wraparound programs with other programs</i>	\$27,760
E4	Wraparound Program <i>Consolidating wraparound programs with other programs</i>	(\$27,760)
Extension Fund Expenditure Changes Total		\$927,931

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.

There are no changes to the School Nutrition Services Fund at this time.

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 9 shows the position changes in the School Operations and Categorical Funds, Chart 10 shows the position changes in the Extension Fund and Chart 11 shows the position changes in the School Nutrition Services Fund. There are no positions in the Construction Fund.

Chart 9: School Operations and Categorical Fund Position Changes

Office-Position Changes	FTE Positions	School Operations	Categorical Funds
(Includes Salary & Benefits)			
Office of Academics			
To Be Determined	(1.00)	(\$173,376)	
Senior Director-Organizational Development	1.00		\$205,280
Administrative Assistant III	1.00	\$86,895	

Office of Communications & School Performance			
Senior Program Analyst I HR Systems Technology Serv.	1.00	\$135,020	
Resource Analyst III Technology Services	(1.00)	(\$135,020)	
Senior Programmer Analyst I Technology Services	(1.00)	(\$118,735)	
Systems Administrator Technology Services	1.00	\$118,735	
Director I of Equity	1.00		\$147,060
Note: The Technology department is moving from the Office of Human Resources to Communications & School Performance.			
Office of Accountability & Efficiency			
Senior Director of Accountability & Efficiency	1.00	\$173,727	
Financial Planning & Budget Analyst	1.00	\$60,177	
Accountability & Efficiency Manager	(1.00)	(\$159,048)	
Position To Be Determined	(1.00)	(\$69,660)	
Office of Finance			
Financial Planning & Budget Analyst III	(0.50)	(\$54,497)	
Financial Planning & Budget Coordinator III	0.50	\$54,497	
Grants Specialist I	(1.00)	(\$101,354)	
Grants Service Specialist I	1.00	\$101,354	
School Operations and Categorical Fund Totals	1.00	(\$81,285)	\$352,340

Chart 10: Extension Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary & Benefits)		
Office of Finance		
Recreation District Coordinator II - Sites	1.00	\$107,760
Extension Fund Total	1.00	\$107,760

Chart 11: School Nutrition Services Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary & Benefits)		
Office of Finance		
To be Determined	(1.00)	(\$161,547)
Operations Manager	1.00	\$161,547
Analyst I School Nutrition	1.00	\$125,068
To be Determined	(1.00)	(\$125,068)
Training Assistant I	1.00	\$73,416
Central Kitchen Manager Assistant II	(1.00)	(\$73,416)
School Secretary I	(1.00)	(\$66,843)
School Secretary II (12 Months)	(1.00)	(\$67,745)
Planning Assistant I	1.00	\$66,843
Accounting Assistant I	1.00	\$67,745
School Nutrition Services Fund Total	0.00	\$0

Summary of Net Expenditure Change Amounts

Chart 12 shows the statutory and Categorical Funds summary of the changes by fund category from the FY20 Proposed Budget in May to the FY20 Amended Adopted Budget in October.

Chart 12: Net Expenditure Changes

Net Expenditure Changes			
Fund Category	FY20 (May)	Change FY20 (October)	FY20 Amended Adopted Budget Totals
Operations	\$999,616,200	\$3,171,360	\$1,002,787,560
Construction	\$2,637,203	\$0	\$2,637,203
Extension	\$31,780,659	\$927,931	\$32,708,590
Total Statutory Funds	\$1,034,034,062	\$4,099,291	\$1,038,133,353
Categorical	\$168,210,330	\$10,026,081	\$178,236,411
Total All Funds	\$1,202,244,392	\$14,125,372	\$1,216,369,764

Excluding categorical grants, the three statutory funds will total \$1,038,133,353 in FY20. This is an increase of \$4,099,291, a 0.4% increase over the budgeted total that was adopted in May 2019.

The district's current projections for categorical grants (less indirect costs) are \$178.1 million. Categorical funding has increased by approximately \$10.0 million which is partially related to receiving a \$7.7 million Comprehensive Support and Improvement Planning Grant from the Wisconsin Department of Instruction.

Summary

Chart 13 shows the statutory funds and Categorical Fund summary of the changes between the FY19 and FY20 Amended Adopted Budgets.

Chart 13: All-Fund Totals Summary

All-Fund Totals Summary				
Fund Category	FY19 (October)	FY20 (October)	FY19 to FY20 Difference	FY19 to FY20 % Difference
Operations	\$997,195,522	\$1,002,787,560	\$5,592,038	0.6%
Construction	\$2,637,203	\$2,637,203	\$0	0.0%
Extension	\$27,483,590	\$32,708,590	\$5,225,000	19.0%
Total Statutory Funds	\$1,027,316,315	\$1,038,133,353	\$10,817,038	1.05%
Categorical	\$159,864,303	\$178,236,411	\$18,372,108	11.49%
Total All Funds	\$1,187,180,618	\$1,216,369,764	\$29,189,146	2.46%

Approval of these proposed changes will result in a total budget, including estimated categorical grants, of \$1,216,369,764 based upon current law and revenue limit calculations.