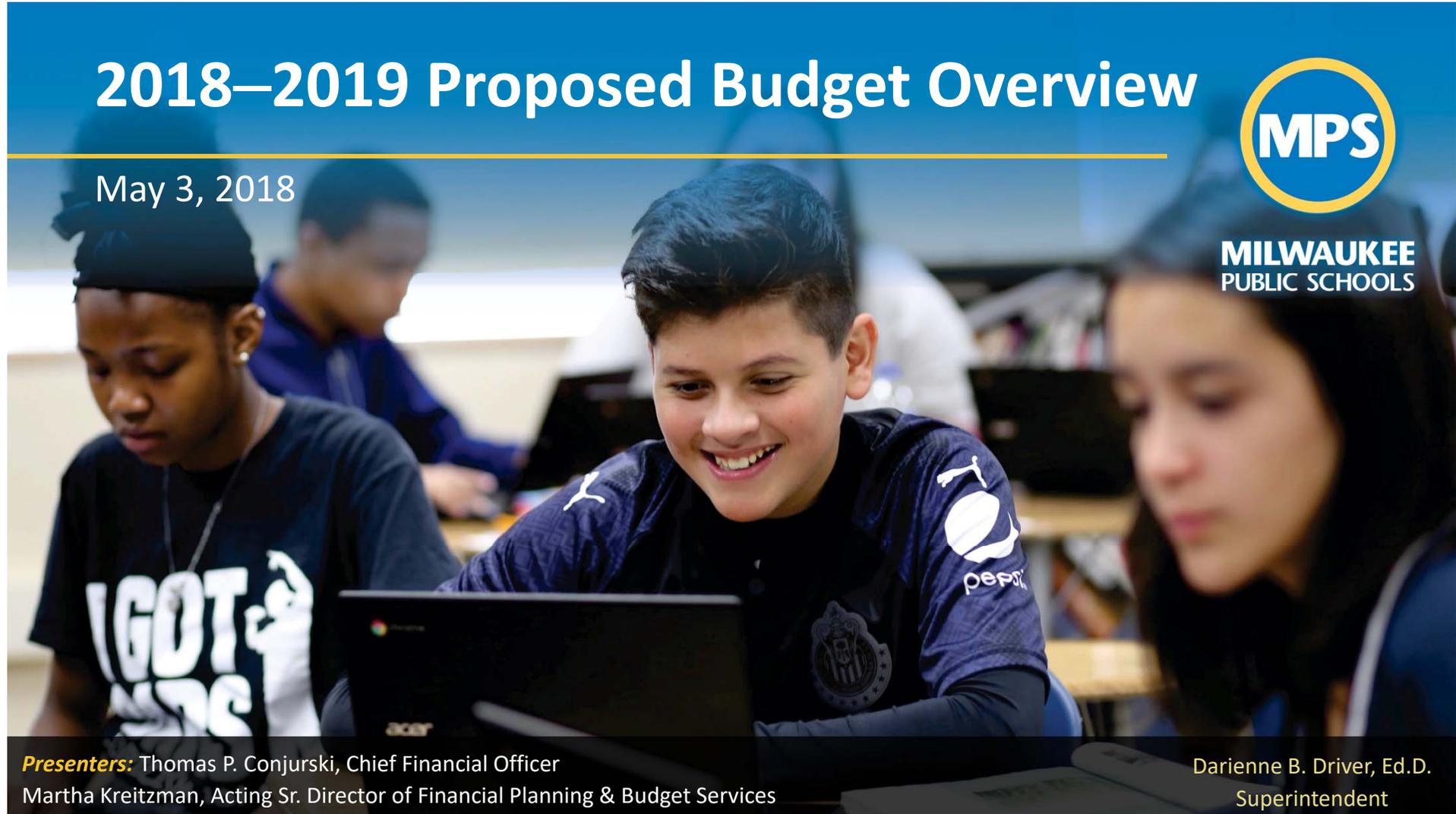


2018–2019 Proposed Budget Overview



May 3, 2018

MILWAUKEE
PUBLIC SCHOOLS



Presenters: Thomas P. Conjurski, Chief Financial Officer
Martha Kreitzman, Acting Sr. Director of Financial Planning & Budget Services

Darlene B. Driver, Ed.D.
Superintendent

Overview

- Parameters & Strategic Plan Alignment
- Budget balancing
- Priorities maintained or enhanced
- School and Central Service budgets
- Revenue sources
- Long range strategies
- Fund overview
- Acknowledgements



2018–2019 Budget

- The budget as submitted is balanced.
- The budget parameters amended and approved by the Milwaukee Board of School Directors were used to guide the development of the budget.



Budget Parameters

- Be prepared based on adopted state budget—specifically, no annual increase in the per-pupil revenue limit for school districts;
- Maximize the revenue limit;
- Identify necessary spending reductions to fund raises for employees and that those raises and budget considerations start in the classrooms;
- Identify necessary spending reductions to allocate funds to schools in a manner that preserves or decreases class size;
- Identify necessary spending reductions to maintain a balanced budget;
- Consider all departments for possible reductions to balance the district's budget; and
- Expedite the Road to \$15 from a five-year process to a three-year process.



Strategic Plan Overview

DISTRICT GOAL: ACADEMIC ACHIEVEMENT

BIG IDEA	1}	CLOSE THE GAP	The Vision: MPS is a national symbol of excellence for educating all students, providing a rigorous academic program that ensures equitable opportunities for all children to reach their full potential.
BIG IDEA	2}	EDUCATE THE WHOLE CHILD	The Vision: MPS provides a nurturing, consistent and validating experience for every child so that both educational and social-emotional needs are met.
BIG IDEA	3}	REDEFINE THE MPS EXPERIENCE	The Vision: Every MPS school provides robust co/extracurricular experiences that engage and inspire every child.
BIG IDEA	4}	RETHINK SECONDARY SCHOOLS	The Vision: Every MPS student graduates on time with a personalized pathway to success in college, career and life.



Strategic Plan Overview

DISTRICT GOAL: STUDENT, FAMILY, AND COMMUNITY ENGAGEMENT

BIG IDEA

5} RE-ENVISION PARTNERSHIPS

The Vision: MPS cultivates and maintains mutually beneficial partnerships and collective impact efforts to maximize resources that promote greater student outcomes.

BIG IDEA

6} STRENGTHEN COMMUNICATIONS SYSTEMS AND OUTREACH STRATEGIES

The Vision: The community is engaged in, understands and supports the work of MPS and families choose our district as a trusted and valued education provider.



Strategic Plan Overview

GOAL: EFFECTIVE AND EFFICIENT OPERATIONS

BIG IDEA

7 }

**DEVELOP OUR
WORKFORCE**

The Vision: As an organization respected for supporting diverse, healthy, highly skilled and engaged employees, MPS is an employer of choice.

BIG IDEA

8 }

**IMPROVE
ORGANIZATIONAL
PROCESSES**

The Vision: MPS is a leader in using best practices, systems and processes equitably and efficiently to align and maximize resources in support of our strategic objectives.



Budget Balancing Measures

- Modest increase to the revenue limit estimate
- Short-term favorable actuarial medical expense estimate on current claim experience
 - Long-term still projected at 5% medical and 12% prescription annual increases
 - Updated actuarial estimate in early May
- As approved by Board, discontinuation of the long-term disability benefit (LTD)
- Fifteen percent office reduction taken in central services and central accounts
- Five percent per pupil reduction for schools



Funding Available to Schools

Centralized School Funding

- Guidance
- World Language
- Specialized Services
- AMP
- School Office
- School Safety

Within School Allocation

- Per pupil
- Small school
- Bilingual
- ESL
- Specialty School
- Cell tower revenue



Priorities Maintained or Enhanced

- Raises for staff
- Educational assistants onboarding
- Road to \$15
- Increase in projected transportation expenditures
- IB expansion (Stuart, Pratt & Morse)
- Black and Latino Male Achievement
- Manhood Academy
- African American Immersion program at MLK Jr.



Priorities Maintained or Enhanced

- Schools that need extra support received assistance
- Expanding Community Schools
- SSTs & parent coordinators
- No change in AMP & guidance FTE allocation formulas
- World language steady
- Special education unchanged
- No change in employee benefits except for long-term disability
- No school closures



Benefit Changes Proposed/Approved

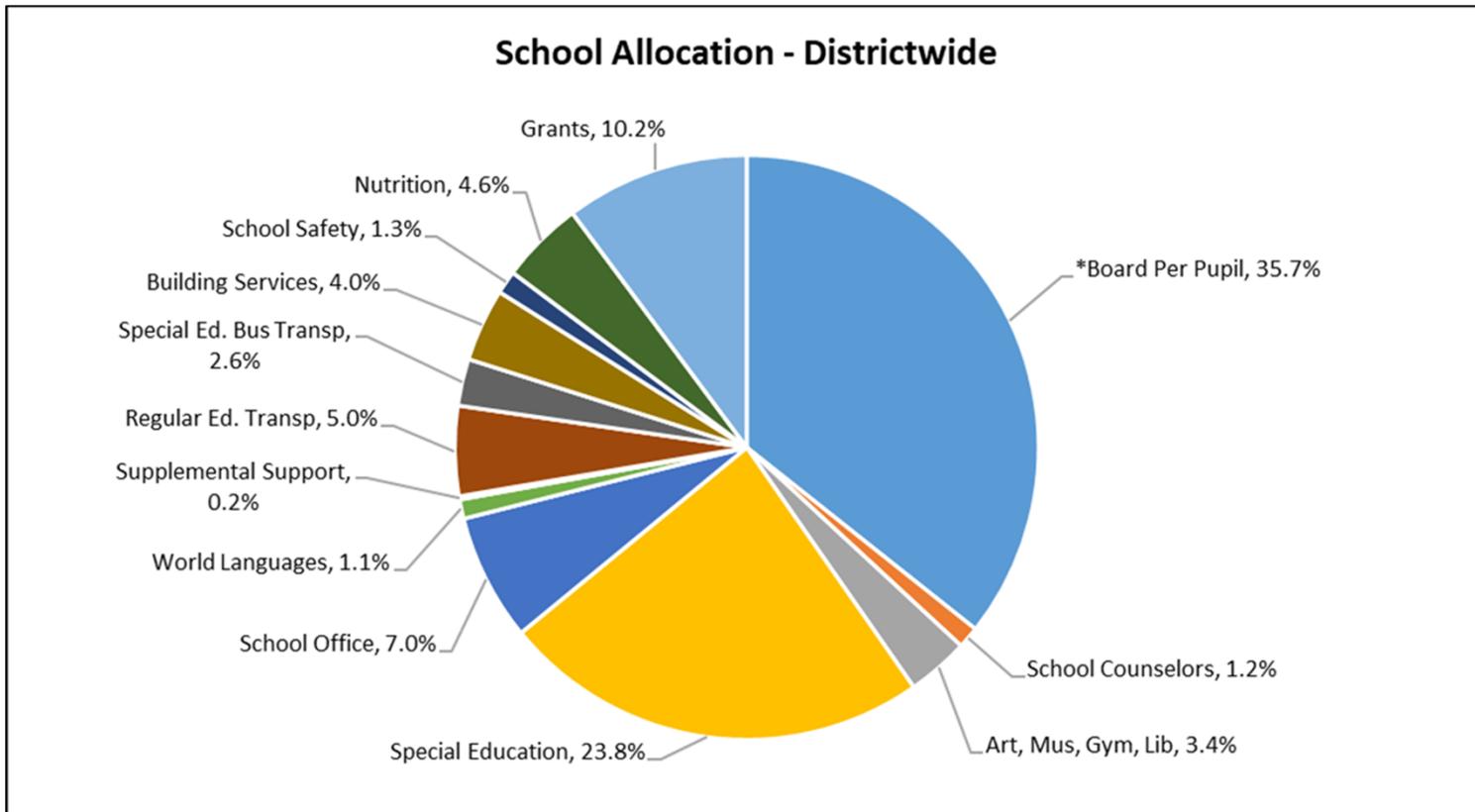
Change	Estimated Annual Savings	Board Approved
Spousal surcharge	\$7,911,090	
Increase copays	4,294,846	
Increase employee contributions	2,967,656	
Long-Term Disability	1,989,618	1,989,618
Totals	\$17,163,210	\$1,989,618
Savings for FY2019 (at 50%)	\$8,581,605	\$1,000,000



Impacts to School Budgets

- Projected enrollment changes
- Five percent reduction of per-pupil allocation
- Slightly lower average teacher cost
- AGR schools were able to repurpose funds due to completion of classroom refresh project
- Title I decrease of \$20 per pupil





*Board per pupil includes teachers, paras, benefits, other wages, supplies and purchased services



Enrollment

- MPS enrollment is stabilizing, and enrollment drives revenue over time
- Larger student enrollment counts generally lead to economies of scale
- District fixed costs can be efficiently funded when there are more students to serve



Enrollment

Overall enrollment of MPS schools increased by 0.7% due to growth in non-instrumentality charter school enrollment

<i>School Type</i>	<i>2017-18 Actual</i>	<i>2018-19 Projected</i>
Elementary/K8 Schools	46,641	45,802
Middle Schools	3,328	3,967
High Schools	16,714	16,297
Traditional	66,683	66,066
Alternative/Partnership/Contracted Schools	1,190	1,810
Non-Instrumentality Charters	7,648	8,159
Chapter 220 (in suburban schools)	843	652
Open Enrollment/Waivers (in other districts)	5,601	5,194
GRAND TOTAL	81,965	81,881



School Budget Modeling

- Financial Planning and Budget Services completed four models of school budgets to ensure viability of schools while maintaining the fiscal health of the district.
- Support and input was gathered for each school's budget through regional resolution teams. Regional resolution teams are a collaborative approach to forming the schools' budgets.
- Included on the regional resolution teams are the regional superintendents, operations managers, instructional leadership directors, Human Resources staff and Financial Planning & Budget Services staff.



School Budget Modeling

- Each school budget as determined by round four of modeling was carefully analyzed by a regional resolution team before the budget went to the school.
- Schools adjusted their budgets based on the needs of their school community.
- School budgets were reviewed again by regional resolution teams to ensure adequate classroom size and a standard of care for students.



School Budgets – Class Size

Methods followed to maintain class size:

1. Reduce non-staff budgets where plausible
2. Reduce non-classroom staff
3. Reduce support staff
4. Repurposed SST's to help meet AGR requirements



Class Sizes

- Analyzed each school grade-by-grade during modeling
- FY19 projected average class size by school preserved compared to current year
- Average is the # of projected students/ the budgeted # of classroom teachers

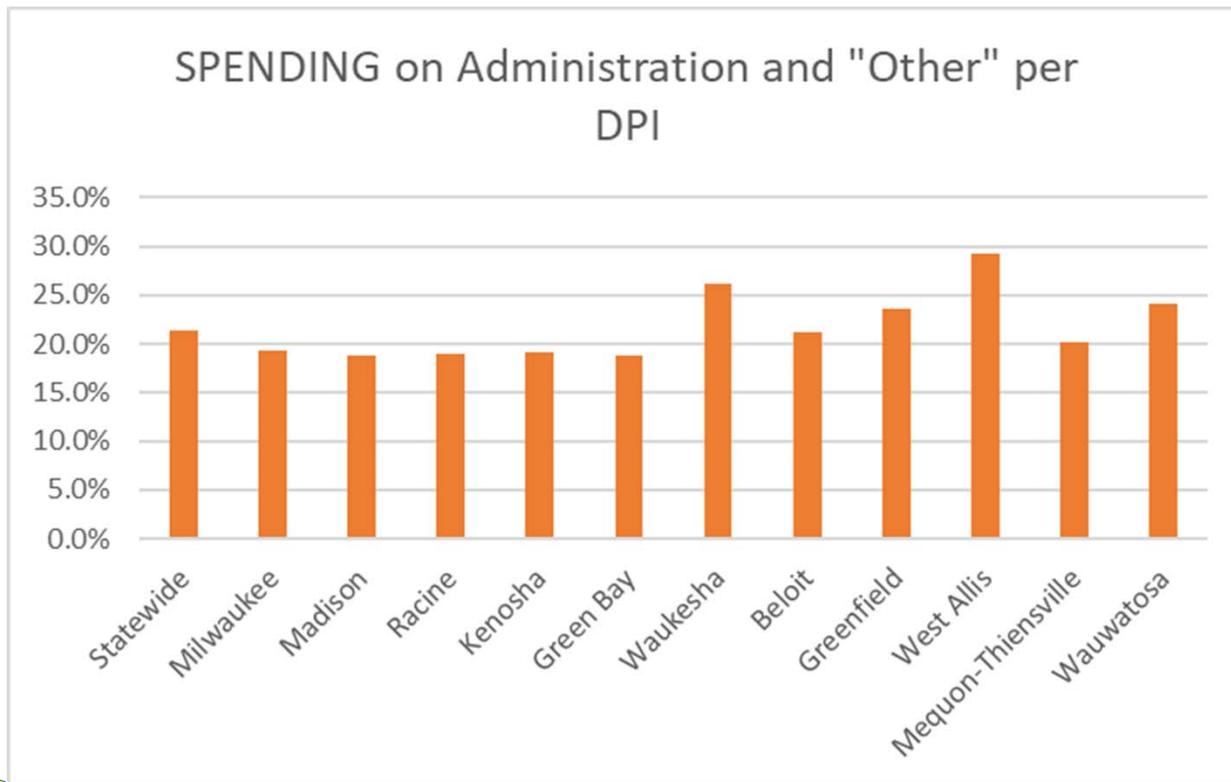


Centralized Budgets

- Office chiefs reduced central service and central account budgets, based on a 15% cut to the 2017–18 office allocations.
- Reduced 21 staff
- Updated organizational charts are anticipated to be completed by 5/21/18



Administrative Cost Comparison



MPS is at par, even a bit lower than the state average for administrative costs—the statewide average is 21.3% and MPS is 19.4%



Position Changes

- Reduce 21.5 central service positions (-2.0%)
- Reduce 125 school based positions (-1.5%)

Note: Due to vacancy and turnover, the number of layoffs resulting from position reductions will be minimal



Contracted Services – School Operations

- Approximately \$103.7 million in contracted services
 - NICs/Partnership Contracts equals approximately \$78.0 million
- Remaining Contracted Services of approximately \$25.7m is mainly comprised of:
 - School Safety
 - Curriculum, instruction, textbooks, mentor teacher, advanced academic studies
 - Assessments
 - Finance/HR/Payroll system
 - School leaves/FMLA
 - Intervention resources
 - Maintenance, repair, construction, building ops etc.
 - Other



Major Revenue Sources

- State aid
- Property taxes
- Federal aid
- Local sources



District Revenues

District Revenue Overview: 2018-19 Proposed Budget Compared to 2017-18 Amended Adopted Budget (\$M)						
	Operations	Nutrition	Extension	Construction	Categorical	Total
<i>2017-18 Amended Adopted Budget</i>	\$938.7	\$51.5	\$24.8	\$5.5	\$163.8	\$1,184.2
<i>2018-19 Proposed Budget</i>	936.6	54.8	27.5	2.4	152.0	1,173.3
Year-to-Year Increase/(Decrease)	(\$2.1)	\$3.3	\$2.7	(\$3.1)	(\$11.7)	(\$10.9)
	-0.2%	6.4%	10.9%	-56.5%	-7.2%	-0.9%



District Revenues

- The district's total projected revenue for 2018–19 is \$1.2 billion.
- This is down \$10.9 million as compared to the budget for the current year.
- The reduction is due to a decrease in the categorical (grant) fund.



Revenue Limit and Categorical Aid

- MPS's base per pupil revenue limit 2018–19 is \$10,122 or one percent more than 2011.
- In comparison the consumer price index rose by 14.9 percent from January 2010 to February 2018.
- State categorical aid increased \$204 per pupil for FY19 to \$654



State & Federal Funding

- AGR is projected at level funding
- School Safety Grant Program (new)
- On March 23, 2018 the President signed into law the Department of Education Appropriations Act, 2018 (funding through September 30, 2018).
- ESEA budgets were made under the assumptions of the continuing resolution at the federal level

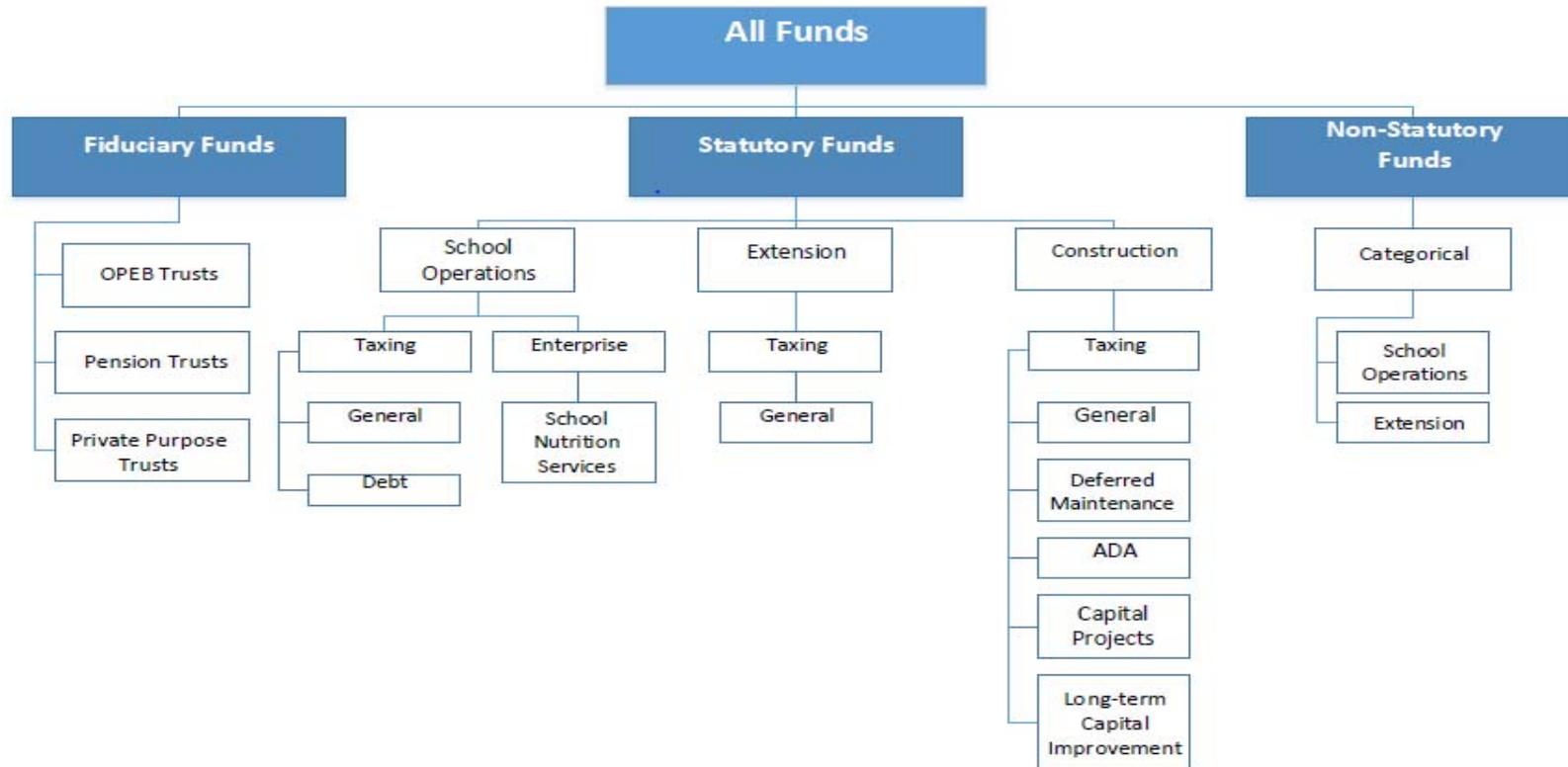


Long-Range Budget Strategies for Consideration

- Consideration of furlough day(s)
- School mergers and/or closures (Long-Range Facilities Master Plan)
- Strategies to reduce transportation expenditures and increase efficiencies
- Enrollment growth strategies including marketing/ branding
- Strategies to reduce health care trend
- Sustainable compensation structure
- Benefit design changes

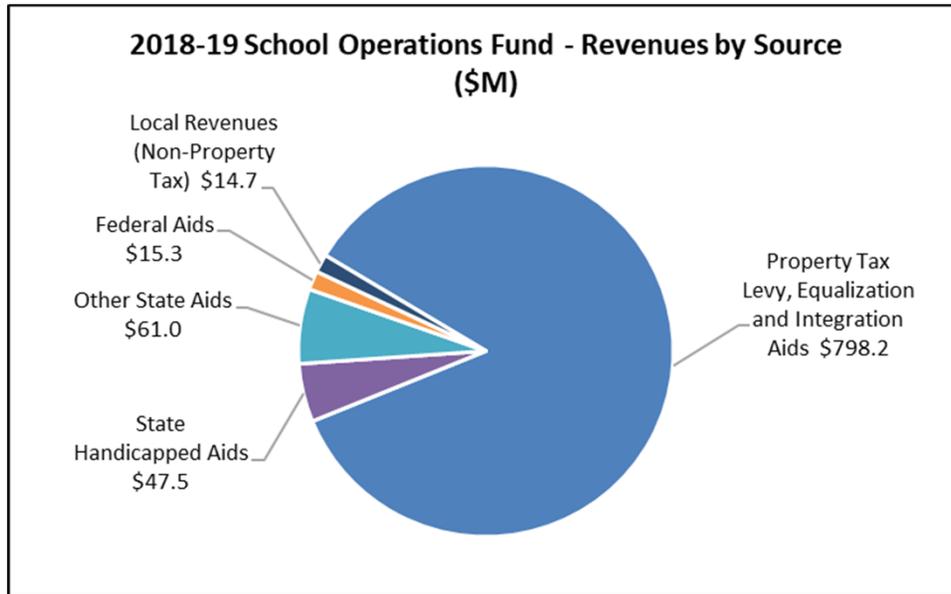


District Fund Overview

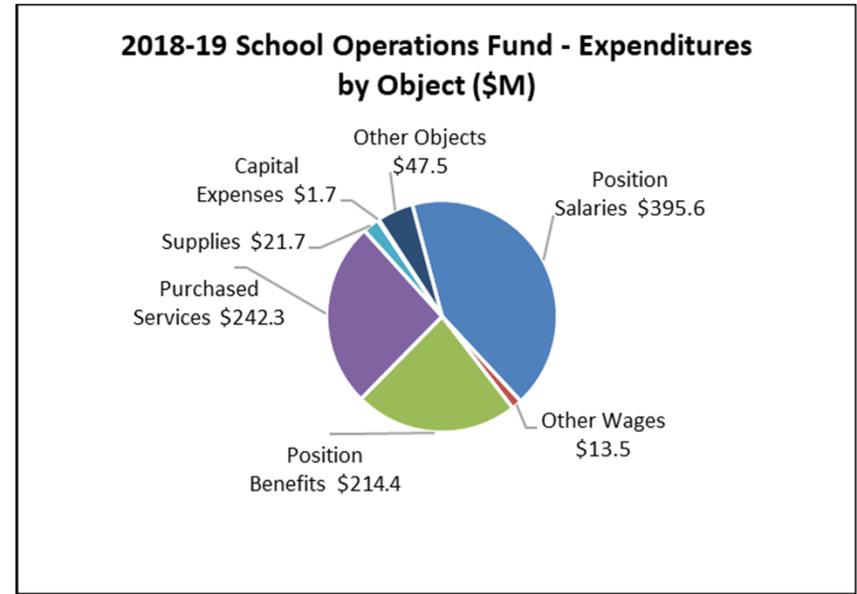


School Operations Fund

Revenue



Proposed Expenditures



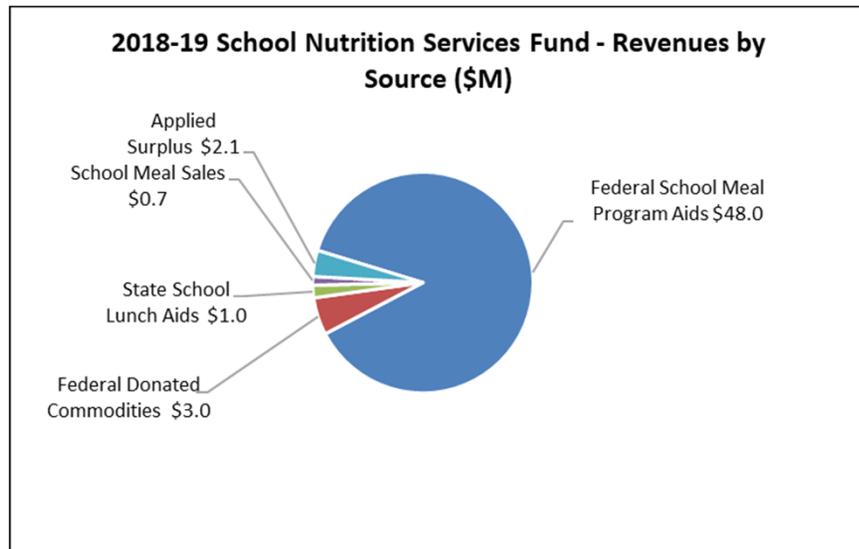
School Operations Fund

- The projected revenue limit for 2018–19 is \$798.2 million
- \$20.4 million lower than 2017–18
- This loss has been partially offset with increases in state categorical aid.

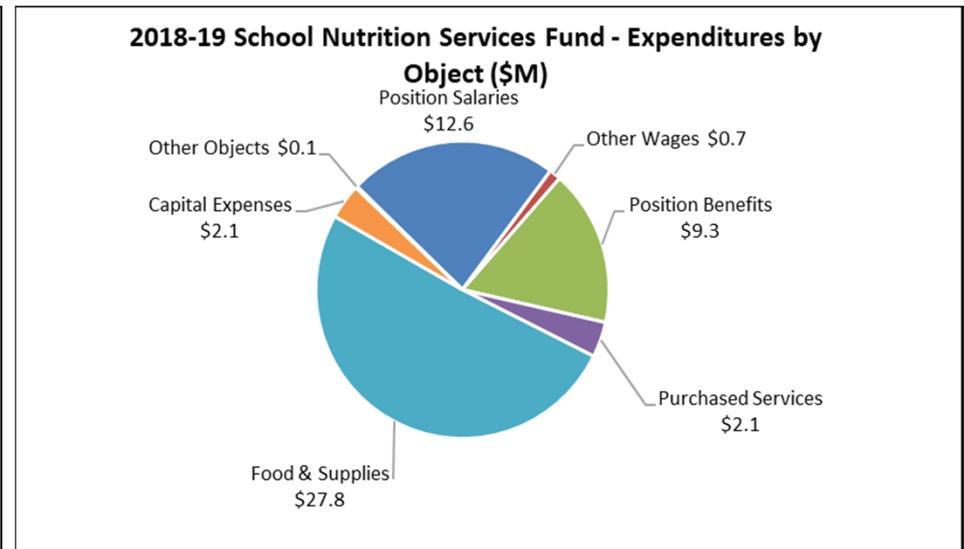


School Nutrition Services Fund

Revenue



Proposed Expenditures



School Nutrition Services Fund

- Enterprise fund, which accounts for the breakfast, lunch and other meal programs operated by the district for students
- MPS will be in its fifth year of participating in the Community Eligibility Program, wherein high-poverty districts serve free meals to all students
- The number of meals funded by the federal program is steady at over 16 million



School Nutrition Services Fund

- Revenues are projected to increase modestly this year and in future years, primarily because the rate of reimbursement for meals has increased with inflation annually
- School nutrition services is using \$2.1 million of fund balance to refresh/replace kitchen equipment

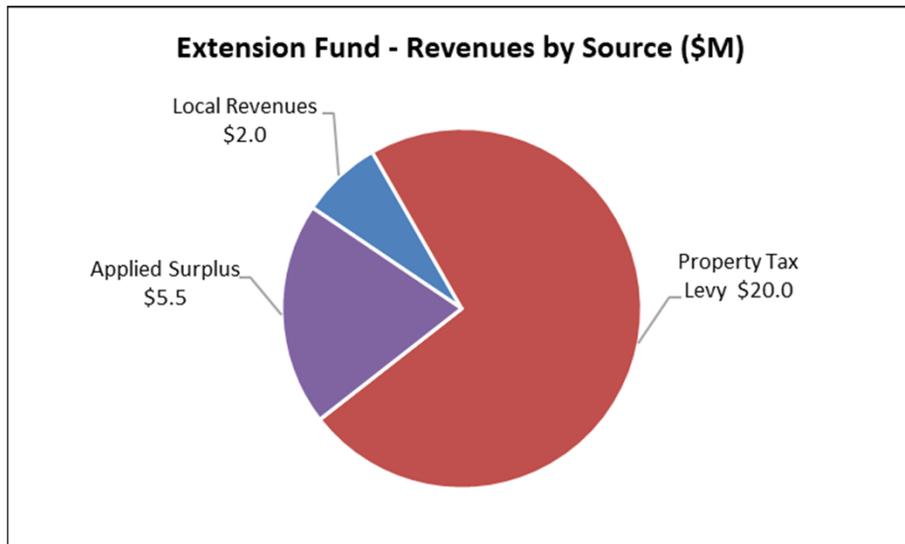


Extension Fund

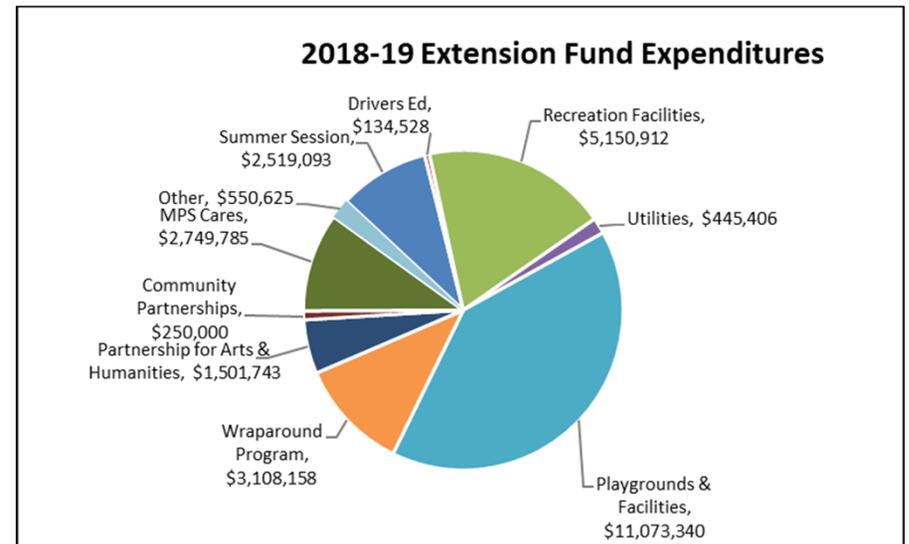


Extension Fund

Revenue

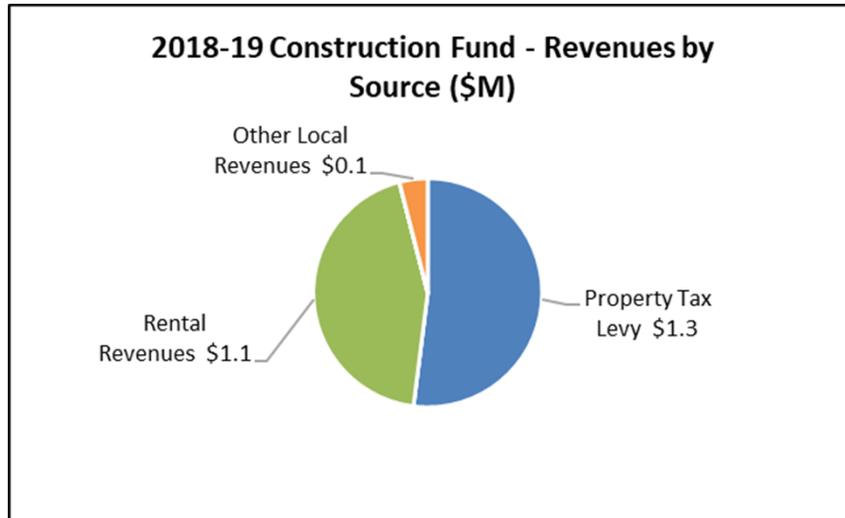


Proposed Expenditures

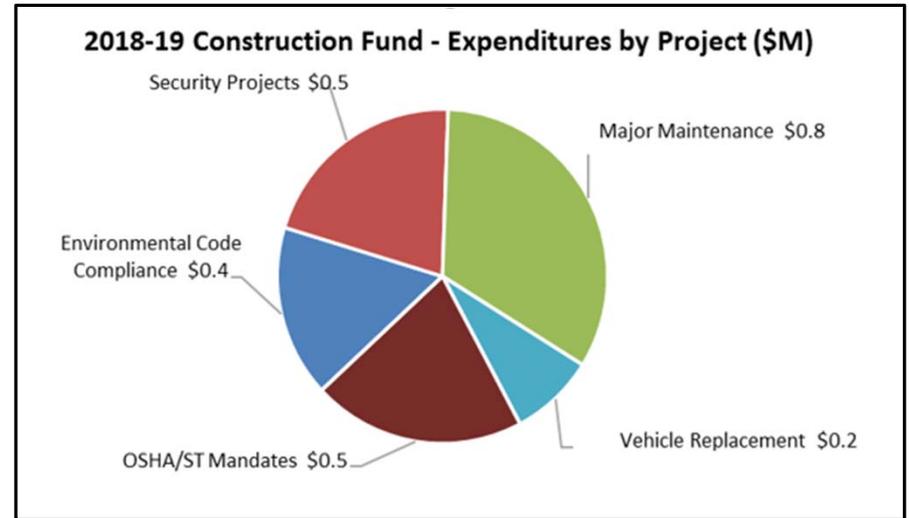


Construction Fund

Revenue



Proposed Expenditures



Construction Fund

- Use of local tax levy for the Construction Fund will be limited to \$1.3 million. This was part of the budget balancing strategy
- Tax levy, rental revenues and sale of surplus equipment will provide \$2.4 million for maintenance projects
- Maintenance projects include water filter installations, hazardous waste disposal, roof aluminum coating and other building compliance projects
- Major maintenance will be addressed through the use of carryover funds



Categorically Aided Programs Fund

Revenues

Categorical Fund - Revenues by Source (\$M)			
Description	2017-18 F.A.	2018-19 P.B.	Inc / (Dec)
Federal	\$135.4	\$126.5	(\$8.9)
State	\$29.4	\$29.1	(\$0.3)
Private	\$4.1	\$1.7	(\$2.4)
Less: Indirect	(5.1)	(5.2)	(0.1)
Total Categorical Fund	\$163.8	\$152.0	(\$11.7)

Types of Programs

- **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



Budget Timetable

2018 and 2019 Biennial Budget Timetable	
August–December	September–October
<ul style="list-style-type: none"> • Discuss the budget timetable, potential parameters, new programs, school changes and initiatives to be considered when preparing budget recommendations. • Collect a variety of inputs, ideas, costs with analysis of their impact for budget planning. • Collect stakeholder input into budget development. 	<ul style="list-style-type: none"> • Revise budgets for the current year based on actual enrollment and identify future funding needs.
October	November–December
<ul style="list-style-type: none"> • Hold school budget resolution meetings. • Hold community budget listening sessions. • Strategic Planning and Budget Committee participates in work sessions. • Board takes action on amendments to the adopted budget for the current fiscal year based on updated enrollment and revenue data. • Board clerk transmits the amended adopted budget to the Milwaukee Common Council. 	<ul style="list-style-type: none"> • Finalize next year enrollment projections. • Committee on Student Achievement and School Innovation meets to discuss and take action on potential school changes. • Recommend school funding priorities. • Collect cost-to-continue information.
December	January
<ul style="list-style-type: none"> • Administration reviews current programs and funding levels and the school allocations for establishing school-based budgets. 	<ul style="list-style-type: none"> • Discuss the district’s five-year financial forecast and strategic plan progress • Strategic Planning and Budget Committee discusses and takes action on the proposed budget timetable and discusses potential parameters, new programs and initiatives to be considered. • Publish approved budget development timetable • Discuss budget process and preliminary allocations. • Hold school budget carousels.



Budget Timetable

2018 and 2019 Biennial Budget Timetable	
February–March	April
<ul style="list-style-type: none"> • Prepare, with input from school engagement councils, proposed school budgets. • Prepare proposed office budgets. • Hold facility carousels every other year. • Facilitate student outcome listening sessions. 	<ul style="list-style-type: none"> • Strategic Planning and Budget Committee discusses budget strategies and gathers community input. • Hold office budget carousels. • Department of Financial Planning & Budget Services compiles the MPS Proposed Budget. • Release of the MPS Proposed Budget.
May	June
<ul style="list-style-type: none"> • Hold public hearings on proposed budget. • Publish statutory public hearing notice. • Hold statutory hearing on proposed budget. • Board members submit and take action on possible amendments to the proposed budget. 	<ul style="list-style-type: none"> • Board takes action on proposed budget. • Board clerk transmits adopted budget to the Milwaukee Common Council.
August	Ongoing
<ul style="list-style-type: none"> • Review performance indicators and use the results to inform operational performance. 	<ul style="list-style-type: none"> • Plan, organize and coordinate the development, preparation, presentation, implementation and evaluation of the district’s budget. • Facilitate listening sessions and public input. • Collect online stakeholder feedback on the budget and budget process.



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 2018–19 Proposed Budget is posted on the district’s website at:

- MPS>District>About MPS>Offices & Departments>Office of Finance>Financial Planning & Budget Services path at mpsmke.com/budget
- For more information about the 2018–19 Proposed Budget, please contact MPS Office of Finance at (414) 475-8526 or via email at budget@Milwaukee.k12.wi.us



Thank you!

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