

(ATTACHMENT 1) 2018-19 (FY19) Fall Budget and Staffing Changes Summary

The following summary is presented to assist the Milwaukee Board of School Directors (Board) during its consideration and final approval of the 2018-19 (FY19) School Operations, Construction and Extension Fund budgets. The changes listed below are adjustments to the budget adopted in May based on current data and the priorities established in the district's strategic plan.

Enrollment

From fall 2017 to fall 2018, MPS enrollment declined 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 75,081. Outgoing open enrollment numbers decreased by 10.3% and outgoing Chapter 220 numbers dropped by 19.1%. The reduction in Chapter 220 enrollment is expected due to the closure of the program to new student in FY16.

Milwaukee Parental Choice Program (MPCP) enrollment is expected to increase from 28,396 in the 2017-18 (FY18) school year to approximately 28,917 in FY19. In FY19, 129 private schools indicated their intent to participate in MPCP according to the Wisconsin Department of Public Instruction (DPI). 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.

Chart 1 shows a summary of the Third Friday enrollment changes by category from FY18 to FY19 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	FY18 Third Friday Enrollment	FY19 Third Friday Enrollment	FY18 to FY19 Difference	FY18 to FY19 % Difference
MPS Traditional & Instrumentality Charter Schools	66,683	66,038	(645)	(1.0%)
Alternative/Partnerships/Other Sites	1,190	998	(192)	(1.6%)
Non-instrumentality Charter Schools	7,648	8,045	397	5.2%
Subtotal	75,521	75,081	(440)	(0.6%)
Chapter 220 in Suburbs	843	682	(161)	(19.1%)
Open Enrollment in Suburbs	5,601	5,024	(577)	(10.3%)
Total	81,965	80,787	(1,178)	(1.4%)

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 Milwaukee Board of School Directors. The Property Tax Levy and the Equalization & Integration Aids are not individually listed in the 2018-19 Proposed Budget (P.B.) as the district estimates the total amount in the spring and in fall receives actual numbers from DPI.

Chart 2: School Operations Fund – Revenues by Source Changes

School Operations Fund - Revenues by Source			
Description	2018-19 P.B. (Spring)	2018-19 F.A. (Fall)	Inc / (Dec)
Property Tax Levy, Equalization and Integration Aids			
Property Tax Levy		228,878,899	
General Equalization Aid		579,473,037	
Integration Aid	798,164,609	35,459,761	7,330,211
Poverty Aid		6,301,586	
Computer Aid		7,404,686	
Deduction for Choice/Charter		(52,023,149)	
Subtotal	\$ 798,164,609	\$ 805,494,820	\$ 7,330,211
State Handicapped Aids			
Handicapped Aids	47,500,000	46,500,000	(1,000,000)
Subtotal	\$ 47,500,000	\$ 46,500,000	(1,000,000)
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	50,590,824	50,607,828	17,004
Other State Per-Pupil	50,000	50,000	-
Subtotal	\$ 61,005,524	\$ 61,022,528	\$ 17,004
Federal Aids			
Federal Reimbursement - QSCB	3,742,083	3,750,095	8,012
Indirect Cost Aids	6,031,000	6,031,000	-
Medicaid Reimbursements	5,500,000	5,500,000	-
Subtotal	\$ 15,273,083	\$ 15,281,095	\$ 8,012
Local Revenues			
TIF and other City related	531,000	531,000	-
Student Programs Reimbursement	260,000	260,000	-
Tuition	12,018,231	12,018,231	-
Interest Earned	200,000	200,000	-
Rental	1,131,111	1,131,111	-
Refunds/Ins. proceeds	265,000	468,077	203,077
Miscellaneous	262,566	262,566	-
Subtotal	\$ 14,667,908	\$ 14,870,985	\$ 203,077
Carryover	-	-	-
Total	\$ 936,611,124	\$ 943,169,428	\$ 6,558,304

Revenue Limit

The FY19 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 \$807.0 million, a decrease of \$12.2 million from the FY18 October revenue limit.

The State budget for the 2017 to 2019 biennium has, as in the prior two-year budget, not included an increase in the base per-pupil amount of the revenue limit. For MPS, the base per-pupil amount remains at \$10,122. Since MPS enrollment has declined over recent years, we continue 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 \$7.3 million more than the amount adopted in May. The district’s greater than expected current year decline in enrollment has the one-year impact of increasing the revenue limit due to an exemption built into the revenue limit formula to mitigate the short-term impact of the enrollment decline. Chart 3 shows a summary of the revised revenue limit.

Chart 3: School Operations Revised Revenue Limit

Revenue Limit		
FY19 Adopted Budget	May 2018	\$798,164,609
FY19 Fall Adjustment	October 2018	\$7,330,211
FY19 Amended Adopted Budget	October 2018	\$805,494,820

State Aids

State equalization and integration aids of \$561.5 million for FY19, net of non-MPS charter and Milwaukee Parental Choice Program (MPCP) deductions, were certified in October 2018. This is an increase of \$7.3 million, or 1.3%, from the \$554.2 million certified for FY18. Chart 4 shows a summary of the state equalization and integration aid changes from the FY18 October certified amount.

Chart 4: Equalization and Integration Aids

Equalization and Integration Aids			
FY18 October Certified	Final FY19 Certified	FY18 to FY19 Difference	FY18 to FY19 % Difference
\$554,223,214	\$562,909,649	\$8,686,435	1.6%

Property Tax Levy

Based on the budget adopted by the Milwaukee Board of School Directors in May 2018 and the changes listed in this Board item, the MPS all-fund tax levy for FY19 decreases \$21.7 million, or 8.0%, from the amount levied for FY18.

The \$36.3 million of MPCP costs represents about 14.5% of the revised all-fund tax levy for FY19. The Board is compelled to levy 19.2 % of MPCP costs, down from 22.4% in FY18. Per legislative action, the portion of MPCP costs borne by the district is scheduled to decline for seven more years until the Choice program is fully funded by the State in FY25. The net cost for FY19 of \$36.3 million includes offsets of \$14.6 million paid to the City of Milwaukee by the State and \$6.3 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. and establish a sustainable revenue source for future recreation programming. Chart 5 shows a summary of the tax levy changes by fund when comparing 2017-18 to 2018-19.

Chart 5: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY18 October	FY19 October	FY19 to FY18 Difference	FY18 to FY17 % Difference
Operations	\$ 247,609,808	\$ 228,878,899	(\$18,730,909)	-7.6%
Construction	\$ 4,504,580	\$ 1,511,274	\$ (2,993,306)	-66.5%
Extension	\$ 20,000,000	\$ 20,000,000	\$0	0.0%
Total Statutory Funds	\$ 272,114,388	\$ 250,390,173	(\$21,724,215)	-8.0%

Revenue and Expenditure Changes

Charts below show all changes to revenue and expenditure budgets by project. The district maintains a balanced budget as required by state law.

The Administration is confident that the proposed amended FY19 budget is responsible and responsive to the district’s strategic plan, supporting the Board’s three goals of academic achievement; student, family and community engagement; and effective and efficient operations.

School Operations Fund

The statutory or “taxing” portion of 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>	(\$750,260)
S2	MPS Non-Instrumentality Charter Schools <i>Enrollment adjustments.</i>	\$315,447
S3	Central School Office <i>Increase for changes to allocations based on actual enrollment.</i>	\$53,241
S4	School Leaves – Substitute Costs <i>Increase based on prior years’ history.</i>	\$1,000,000
S5	Supplemental School Support <i>Increase for anticipated school needs throughout the year.</i>	\$1,057,297
S6	School Counselors <i>Increase for optional services purchased by schools; increase from office account to reflect support to schools</i>	\$223,506
S7	Instrumental Music <i>Increase for additional traveling music services purchased by schools</i>	\$74,385
S8	School Special Funds <i>Open enrollment costs are decreased based on enrollment adjustments.</i>	(\$1,534,840)
S9	School Specialized Services <i>Enrollment adjustments.</i>	\$87,622
S10	School Office Support <i>Increase bookkeeping support to schools</i>	\$250,000
S11	World Languages <i>Increase for 53206 initiative – American Sign Language teacher at Morse Middle</i>	\$92,557

S12	Building Operations-Sites <i>Building services staff savings from temporary closing of Douglas site</i>	(\$92,557)
School Accounts Subtotal		\$776,398
Office Accounts		Amount
S13	Office of School Administration <i>Increase to reflect funding change from Title I for a Transportation Planning Assistant position.</i>	\$57,673
S14	Office of Academics <i>Move costs to school account to reflect support to schools</i>	\$22,901
S15	Office of Finance <i>Increase accounting support</i>	\$94,104
Office Accounts Subtotal		\$174,678
Other Accounts		Amount
S16	Benefits Clearing Account <i>Adjust EEBN line to balance to fall projection</i>	\$3,694,753
S17	Optional Services <i>Decrease due to changes in optional service choices of schools.</i>	(\$129,919)
S18	Special and Contingent Funds <i>Reduced vacancy contra-account.</i>	\$2,042,394
Other Accounts Subtotal		\$5,607,228
School Operations Fund Expenditure Changes Total		\$6,558,304

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

Chart 7: Construction Fund Revenue Changes

Revenue Changes		
Construction Fund Account		Amount
C1	Tax Levy Shift from Operations Fund <i>Adding to Regional Development Plan to fund building modifications at Montessori program schools</i>	\$250,000
Construction Fund Revenue Changes Total		\$250,000

Chart 8: Construction Fund Expenditure Changes

Expenditure Changes		
Construction Fund Account		Amount
C2	Regional Development Plan <i>Adding to Regional Development Plan to fund building modifications at Montessori program schools</i>	\$250,000
Construction Fund Expenditure Changes Total		\$250,000

Extension Fund

The Extension Fund is used to record financial transactions related to recreational activities and is jointly managed by the Office of Operations, Office of Finance and Office of Academics.

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

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.

Chart 9 shows a summary of the revenue changes to the School Nutrition Services Fund and Chart 10 shows a summary of the expenditure changes.

Chart 9: School Nutrition Services Fund Revenue Changes

Revenue Changes		
Nutrition Fund Account		Amount
N1	School Nutrition Revenues Reduction of revenue to reflect revised meal count projections	(\$900,000)
Nutrition Fund Revenue Changes Total		(\$900,000)

Chart 10 : School Nutrition Services Fund Expenditure Changes

Expenditure Changes		
School Nutrition Services Fund Account		Amount
N2	School Nutrition Office Vacancy savings for several vacant office positions; move 3 dietician technician positions to School Lunch budget to reflect actual work assignments	(\$431,473)
N3	School Dinner Reduce other wages to more accurately reflect planned spending	(\$64,827)
N4	School Lunch Reduce capital expenditures to reflect planned spending; increase hours for Food Service Assistants to be benefit eligible positions; increase vacancy adjustment	(\$221,286)
N5	School Breakfast Reduce capital expenditures; reduce other wages to more accurately reflect planned spending	(\$182,414)
School Nutrition Services Fund Changes Total		(\$900,000)

Position Authority

Office and department changes in the budget require Board approval for position authority. The following charts identify those position changes by fund.

Chart 11 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 11: Position Changes

Office	FTE Positions	School Operations	Categorical Funds
(Includes Salary & Benefits)			
Office of Academics			
Secretary I	(1.00)	(\$59,184)	
Secretary II	1.00	\$66,874	
Coordinator II – School Guidance	(.32)	(\$43,802)	
Coordinator II – School Guidance	.32		\$43,802
Director, Bilingual Multicultural Education	1.00	\$190,872	
Office of Human Resources			
Senior Program Analyst I – Student Information System	(1.00)	(\$115,507)	
Supervisor I – Student Information System	1.00	\$129,741	
Office of Communications & Student Performance			
Planning Assistant III	1.00	\$49,216	
Office of Finance			
Accountant II	1.00	\$94,104	
Office of School Administration			
Transportation Planning Assistant	(1.00)		(\$76,900)
Transportation Planning Assistant	1.00	\$57,673	
Enrollment Services Supervisor II	(1.00)	(\$155,993)	
Student Services Supervisor I-12 Mo	1.00	\$155,993	
Painter	(1.00)	(\$96,196)	
Plasterer	1.00	\$96,196	
Engineer II (School Account)	1.00	\$51,262	
Boiler Attendant Trainee (School Account)	(1.00)	(\$51,262)	
School Operations and Categorical Fund Totals	3.00	\$369,987	(\$33,098)

Chart 12: Extension Fund Position Changes

Office	FTE Positions	Amount
(Includes Salary & Benefits)		
Office of Finance		
Rec District Coordinator II - Sites	1.00	\$121,879
Extension Fund Total	1.00	\$121,879

Chart 13 : School Nutrition Services Fund Position Changes

Office	FTE Positions	Amount
(Includes Salary & Benefits)		
Office of Finance		
Accountant III	(1.00)	(\$117,411)
Accountant II	2.00	\$234,821
Food Service Assistants	27.00	\$857,500
Nutrition Technician	3.00	\$188,566
School Nutrition Services Fund Total	31.00	\$1,163,476

Recapitulation of Net Expenditure Change Amounts

Chart 14 shows the Statutory and Categorical Funds summary of the changes by fund category from the FY19 Proposed Budget in May to the FY19 Amended Adopted Budget in October.

Chart 14: Net Expenditure Changes

Net Expenditure Amendments			
Fund Category	FY19 (May)	Change FY19 (October)	FY19 Amended Adopted Budget Totals
Operations	\$991,537,218	\$5,658,304	\$997,195,522
Construction	\$2,387,203	\$250,000	\$2,637,203
Extension	\$27,483,590	\$0	\$27,483,590
Total Statutory Funds	\$1,021,408,011	\$5,908,304	\$1,027,316,315
Categorical	\$157,277,668	\$2,586,635	\$159,864,303
Total All Funds	\$1,178,685,679	\$8,494,939	\$1,187,180,618

Excluding categorical grants, the three statutory funds will total \$1,027,316,315. This compares to the FY19 Proposed Budget total of \$1,021,408,011 an increase of \$5,908,304 for the three statutory funds; the \$5.9 million represents a 0.6% increase over the budgeted total as adopted in May.

The district's current projections for categorical aid (less indirect costs) are \$159.8 million. Categorical funding has increased by \$8.0 million partially related to receiving the first round of the Wisconsin Department of Justice School Safety Grant. Based on higher than anticipated revenue, Administration is able to increase the per-pupil allocation for Schoolwide Title I by \$20 per Title I eligible student.

Summary

Chart 15 shows the Statutory Funds and Categorical Fund summary of the changes between the FY18 and FY19 Amended Adopted Budgets.

Chart 15: All-Fund Totals Summary

All-Fund Totals Summary				
Fund Category	FY18 (October)	FY19 (October)	FY18 to FY19 Difference	FY18 to FY19 % Difference
Operations	\$990,162,016	\$997,195,522	\$7,033,506	0.7%
Construction	\$5,491,783	\$2,637,203	(\$2,854,580)	-52.0%
Extension	\$24,810,155	\$27,483,590	\$2,673,435	10.8%
Total Statutory Funds	\$1,020,463,954	\$1,027,316,315	\$6,852,361	0.67%
Categorical	\$163,772,806	\$159,864,303	(\$3,908,503)	-2.39%
Total All Funds	\$1,184,236,760	\$1,187,180,618	\$2,943,858	0.25%

Approval of these proposed changes will result in a total budget, including estimated categorical grants, of \$1,187,180,618 based upon current law and revenue limit calculations.