



Dear Members of the Milwaukee Board of School Directors:

We are pleased to submit the Superintendent’s Proposed Budget for the fiscal year July 1, 2023–June 30, 2024, for your consideration. Through careful stewardship of the district’s funds, the \$1.5 billion budget represents an investment in the schools, staff, and students.

Thoughtful stewardship of the district’s funds allows Milwaukee Public Schools to maximize student instructional opportunities while ensuring equitable and prudent use of resources. Detailed budget planning includes setting financial and enrollment goals, forecasting future financial resources and needs, and allocating resources toward achieving the following Milwaukee Board of School Directors goals:

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

The Five Priorities for Success are the district’s approach to accomplishing the overall board goals. The district is committed to the success of every child through the following Five Priorities for Success:

- Increase academic achievement and accountability
- Improve district and school culture
- Develop our staff
- Ensure fiscal responsibility and transparency
- Strengthen communication and collaboration

## Financial Outlook

The state has a biennial budget that runs on odd years. The state budget is up for renewal for the 2023–25 biennium. It is difficult to predict the district’s revenue for 2023–24 without knowing what the state budget will contain specifically for education funding.

The district’s revenue is capped by a revenue limit in place since 1993. In the past biennial budget, there was no increase in the base per-pupil amount of the revenue limit. Without the 2020 referendum, the district’s per-pupil base would not have risen over the past two years and would have remained at \$10,476. That per-pupil rate compares relatively flat to the 2010–11 fiscal year when the per-pupil base was \$10,013.

Through the biennial budget process, the Governor proposed an increase to the per pupil revenue limit of \$350 in the first year and an additional \$650 in the second year. A steady and reliable increase in the revenue limit is necessary for the school district funding to keep up with the increased costs of providing for a student’s education. When analyzing information across the country by aligning student achievement with school funding data, unsurprisingly, it reveals that funding matters when it comes to students’ academic success.

### Projected Revenue

\$1.5 billion

### School Operations

94¢ of every dollar is dedicated to educating and supporting students

### Enrollment Projection

Serving over 65,121 students in 156 schools

### Employees

81.9% of MPS’s 9,908 employees work in the schools

### Audit Opinion

Unmodified (clean) audit opinions

### Awards

GFOA Certificate of Achievement for Excellence in Financial Reporting for over 30 years

The district provides specialized services to meet the educational needs of students. In the proposed budget, there is almost \$204.1 million allocated for special education funding. When special education expenses are reimbursed at only a third of the costs, it means that other educational opportunities, intended to meet the needs of all students, must be reduced. The governor proposed an increase in special education services reimbursement from almost 30 percent to 60 percent. The proposed increase would double the reimbursement that MPS currently receives.

For years, the district has been approved to fund school support teachers through the Title I allocation. Recently the Wisconsin Department of Public Instruction informed the district that this is no longer allowable. Without this funding source, it has become difficult to continue this model of professional development, coaching, and modeling support at the school level. The school support teachers are about an \$18.0 million investment for the district.

Employee shortages still persist across the nation. MPS has shortages across the district, including teachers, aides, food service staff, and building service staff. To address the shortage, the district has taken a number of steps to increase the recruitment and retention of staff. Specifically, the district has expanded recruitment activities to include more local, national, and international events, with an emphasis on building a more diverse workforce. The district continues to create pathways for employees to grow their careers in the district and fill vacancies in our areas of highest need. To better support the health and wellness of our employees, the district has contracted with a new vendor to provide a more robust Employee Assistance Program.

Through the recurring referendum, MPS will receive an additional \$3.0 million in FY24, the final year of the funding phase-in. The total referendum will be \$87.0 million and will continue as a permanent increase to the revenue limit. However, even the increase that the referendum has afforded the district is being overtaken by inflationary increases and a lack of regular revenue limit increases provided by the state. It is predicted that state funding for the district under the revenue limit will decrease by \$28.4 million for 2023–24. This is why school districts across the state have found the need in recent years to partially fund their district by regularly requesting a referendum from the local taxpayers.

Even with the constraints of state funding, the proposed budget has held to our commitment to the community to set aside \$87.0 million in the budget to fund the approved referendum activities that follow:

- Reducing class sizes in the early grades
- Attracting and retaining certified educators
- Providing social-emotional learning and supportive services
- Engaging students with library media, art, music, and physical education
- Expanding advanced academic opportunities, including ethnic studies and gifted and talented
- Enhancing career and technical education opportunities

While the federal government has allocated funding through the Elementary and Secondary School Emergency Relief funds (ESSER I, ESSER II, and ESSER III) to help school districts through the pandemic, the funding is short-lived and will create a funding cliff starting in the 2024–25 school year. The \$41.0 million of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding (ESSER I) allocated to MPS as a public school district ended on September 30, 2022, and was expended, claimed, and reimbursed. As of September 30, 2023, \$225.0 million of Coronavirus Response and Relief Supplemental Appropriations Act (ESSER II) funding will end. The ESSER II funding supports the following areas:

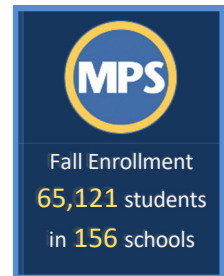
- Accelerating learning
- Health and wellness
- Facilities

There is a requirement that 20 percent of the ESSER III funding be used to mitigate learning loss. The American Rescue Plan Act (ESSER III) funding of \$506.0 million supports the following:

- Accelerating learning
- Health and wellness
- Facilities
- Technology
- Extracurricular engagement

## Fall Enrollment

Static state revenues are further influenced by declining student enrollment. The declining birth rate and the highly competitive nature of the K–12 environment in Milwaukee add to the urgency to retain and increase student enrollment. The 2023–24 fall enrollment in the 156 MPS schools is forecasted to be 65,121. Although MPS has the largest enrollment, while serving the largest population of students with special needs, English learners, and students living in poverty in Wisconsin, the district, through the state funding formula, is not assigned a commensurate per-pupil revenue limit or other reimbursement sources.



## Revenue Overview

The district uses five funds to report financial activity: The School Operations Fund is used for the district’s general operating funds; the School Nutrition Services Fund provides for the meal programs; the Extension Fund is used for community programs and services and for recreation; the Construction Fund is used for remodeling, construction, and acquisition of facilities; and the Categorically Aided Programs Funds include federal, state, and private grants.

Chart T.1 shows a revenue comparison between the 2022–23 Amended Adopted Budget and the 2023–24 proposed budget allocated to the district’s fund designations.

Chart T.1 District Revenue Overview (\$M)

District Revenue Overview 2022–23 Amended Adopted Budget Compared to 2023–24 Proposed Budget				
Fund Category	2022–23 Amended Adopted Budget	2023–24 Proposed Budget	Year-to-Year Difference	Year-to-Year % Difference
Operations	\$1,046.5	\$1,036.1	(\$10.4)	-1.0%
Nutrition	47.9	57.7	\$9.8	20.4%
Extension	42.3	42.5	\$0.2	0.4%
Construction	3.6	7.1	\$3.5	97.2%
Categorical	727.8	352.7	(\$375.1)	-51.5%
<b>Total All Funds</b>	<b>\$1,868.1</b>	<b>\$1,496.0</b>	<b>-\$372.1</b>	<b>-19.9%</b>

The sums of the figures above may not equal the total displayed due to rounding.

The estimated total all-fund revenue for 2023–24 is projected at \$1,496.0 million. The overall 2023–24 budget decreased by 19.9 percent compared to 2022–23. This change is mainly due to a decrease in the Categorical Fund and the decrease in the Operations Fund due to a decrease in revenue limit funding. The large decrease in categorical funds is caused by the expending of the ESSER I, ESSER II Fund, and ESSER III revenues since the 2021–22 and 2022–23 fiscal years.

The School Operations Fund is predicted to decrease despite the fourth year of the referendum, which provides the district with \$3.0 million in additional funds. The referendum funds are focused on six priority areas to increase equity and excellence in schools and promote positive educational, social, and emotional outcomes for our community's children. The amounts per area are shown in Chart T.2.

## Budget Overview

The Amended Adopted Budget is balanced, meaning that the expected revenues equal the expected expenditures. The budget is built on estimates of the state funding formula and the additional recurring revenue of \$87.0 million allowed by the referendum in the four-year phase-in period. Budget parameters were developed in collaboration with and approval of the Milwaukee Board of School Directors, which guided the development of the budget.

The following budget parameters/priorities will guide the district to increased access to high-quality educational opportunities and positive, supportive school environments that will result in better academic outcomes for students:

1. Allocate equitable educational resources and well-prepared staff to improve students' access to productive instruction.
2. Reallocate resources to improve academic achievement by providing small-group instruction in the area of literacy/English language arts and literacy/mathematics.
3. Prioritize school budgets by adjusting and repurposing educational programming and departmental budgets.
4. Allocate resources in the areas of school library, art, music, and physical education.
5. Create a positive school environment that provides a sense of belonging, is culturally responsive, and provides access to social-emotional learning and mental health support.
6. Implement strategies to recruit and retain staff, including addressing the results of the compensation study.
7. Implement a salary schedule with a potential cost-of-living increase.
8. Consider employee benefit modifications for eligible employees to identify cost savings and increase efficiencies.
9. Explore operating efficiencies, including those related to payroll, professional development, the hiring process, and temporary housing for international teachers.
10. Increase the number of site-based production kitchens.
11. Implement a kitchen equipment replacement schedule based on an inventory aging report.
12. Address deferred maintenance and future construction needs by restoring revenue to the Construction Fund and the Construction Trust.
13. Prepare a balanced budget that is based on state law and maximizes the revenue limit.

Chart T.2 Referendum Funds

Use of Referendum Funds	
Early childhood class size	\$12,649,416
\$28,810,861	Attracting and retaining certified educators
Supportive services (school counselors, psychologists, social workers, and nurses)	\$10,565,755
\$17,565,261	Library media, visual arts, music, and physical education
Advanced academic programs	\$15,689,967
\$1,718,740	Career and technical education

MPS is proud to serve the students entrusted to our care. The budget is a testament to this importance. For every dollar budgeted in the MPS School Operations Fund, 94 cents is used to educate and support children in Milwaukee. This amount is the same as 2022–23 and is an increase compared to 92 cents in 2021–22 and 88 cents in 2018–19, this includes both supplies and personnel but especially the district’s largest group of employees: teachers. The budget guides district and school staff in using resources in a strategic, responsible, and transparent way to ensure rigorous and equitable learning experiences for all students.



Despite fiscal constraints, the budget capitalizes on expanding opportunities for schools, students, and staff. Some of this is made possible only through ESSER III funding that will help to maintain operations. The budget allocates resources in the following ways that reflect collaborative values:

- Increasing school funding by \$19.1 million, showing our commitment to the classroom
- Continuing work with the Ambitious Instruction framework
- Programming diverse core and extracurricular offerings
- Retaining school support teachers and redefining their focus on mathematics or language arts
- Providing mental health supportive services
- Increasing funding to the Construction Fund
- Attracting and retaining staff through employee salary schedules and cost-of-living increases
- Increasing library media, music, art, and physical education in schools
- Providing student-friendly, nutritious meals that meet USDA requirements

The district continues to advocate for equitable, predictable, and sustainable funding. The proposed budget reflects the commitment to providing the best possible learning opportunities for all MPS children. We look forward to hearing feedback from the board and the community as we work together to invest in the children of Milwaukee.

Respectfully,

A handwritten signature in black ink that reads 'Keith P. Posley'.

Dr. Keith P. Posley  
Superintendent of Schools

A handwritten signature in black ink that reads 'Martha Kreitzman'.

Martha Kreitzman  
Chief Financial Officer