



**MILWAUKEE  
PUBLIC SCHOOLS**

# 2024-25 Fall Budget Adjustment Overview

Tuesday, October 29, 2024

**Eduardo Galván  
Interim Superintendent**



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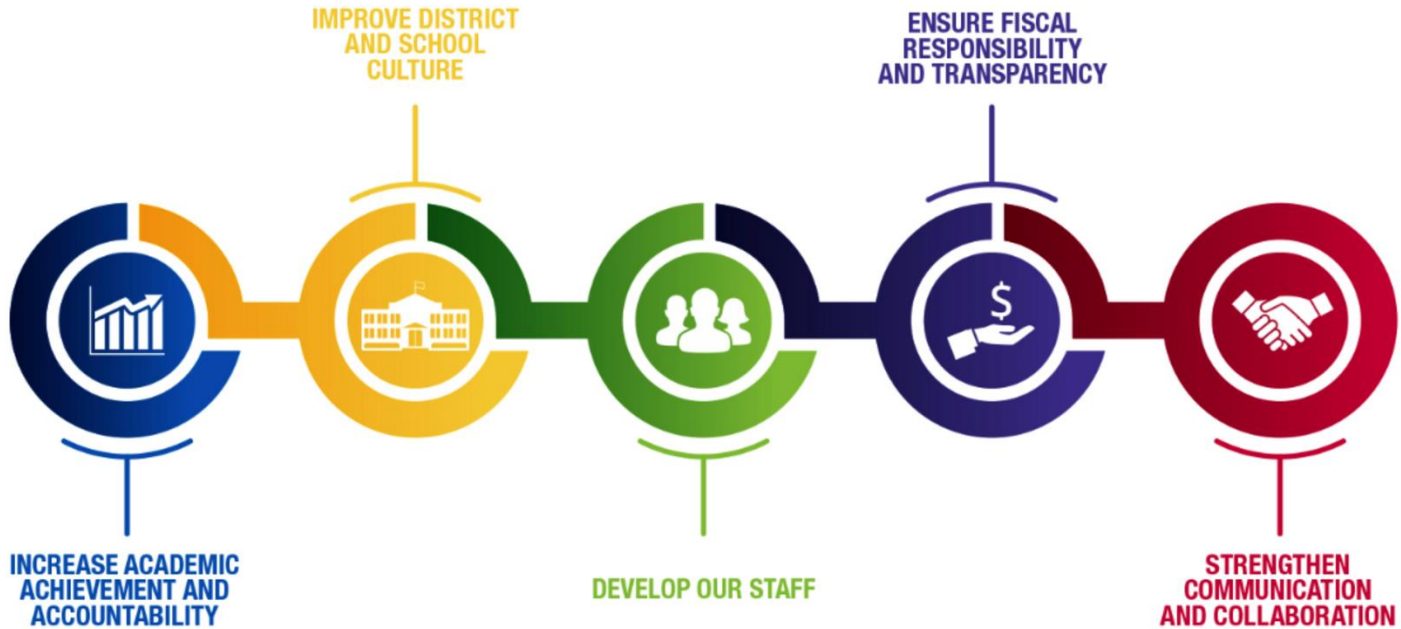
# **FY25 Budget Adjustment**

## *Presenters*

Aycha Sawa,  
Chief Financial Officer  
Nick Sinram,  
Director of Financial  
Planning and Budget  
Services

Office of Finance

# Five Priorities for Success



# Key Takeaways

- MPS will maintain all educational services and staff as budgeted for the 2024-25 school year
- The state aid overpayment correction will be absorbed by using fund balance

# Background



# Budget Process

## Spring FY25 Proposed Budget

- Proposed budget was prepared in Spring 2024
  - Planning
  - School community meetings
  - Principal and administration meetings to balance requests and resources
- Proposed budget was presented to the Board and passed June 2024

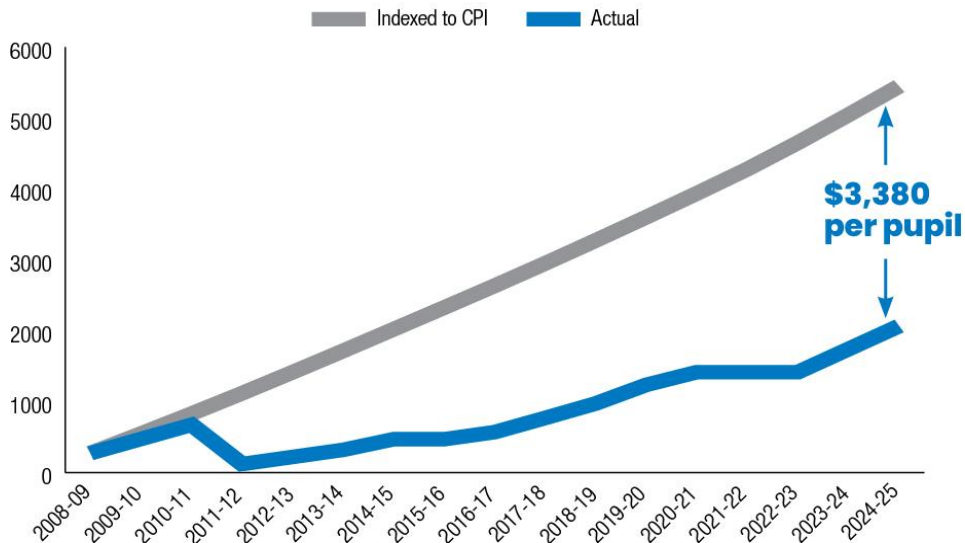
## Fall FY25 Budget Adjustment

- Spring budget is reviewed and adjusted based on several factors:
  - Enrollment
  - State aid
  - Revenue limits

# MPS Structural Financial Challenges

- Revenue limits prevent the district from raising additional funds
- State funding continues to lag behind inflation
- One-third reimbursement for Special Education services
- End of federal ESSER funding
  - Referendum funds absorbed many services

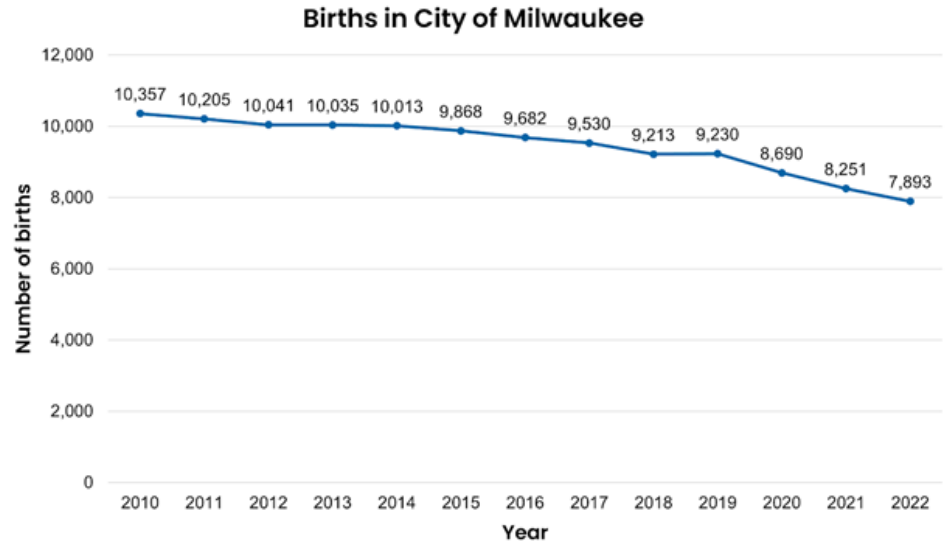
General school district revenues per pupil lag inflation by more than \$3,300 since 2009



Source: Kava, Russ (January 9, 2023) Legislative Fiscal Bureau Memo re: Revenue Limit Per Pupil Adjustment Indexed to Inflation; WASBO Calculations

# MPS Structural Financial Challenges

- National teacher shortage
- Fewer children born in Milwaukee, reflecting a national trend



Source: <https://www.dhs.wisconsin.gov/wish/birth/form.htm>



# 2024 Referendum Educational Services and Supports

- Authorized additional revenue that helped the district address financial challenges
- Prevented deep service reductions of 13% for schools and 26% for offices
- Allowed for a per pupil allocation increase from \$4,073 to \$5,000
- Supported a 4.12% cost of living adjustment

# 2024 Referendum Educational Services and Supports

- Increased supply costs: \$9.2 million
- Increased pension costs: \$17.6 million
- Increased medical insurance costs: \$6.3 million
- Increased facilities maintenance: \$5 million
- Increased utilities costs: \$1.5 million
- Increased capital lease costs: \$8.3 million

# 2024 Referendum Educational Services and Supports

- Extra hours for paraprofessionals in the classroom: \$4.1 million
- Gender Identity and Inclusion and Restorative Practices: \$1.8 million
- Black and Latino Male Achievement: \$1.2 million
- Textbooks: \$7 million
- Centrally funded Early Childhood Learning: \$5.2 million
- Maintained art, music, and physical education programming: \$33.5 million

# Corrective Action Plan (CAP)

- Office of Finance is:
  - Working to address challenges around
  - Completing past audits
  - Submitting critical reports to DPI while managing current year end deadlines
  - Submitting grant claims
  - Completing the annual fall budget adjustment
  - Building accounting and reporting capacity
  - Evaluating processes, assessing opportunities for improvement, and efficiencies

# Fall Budget Adjustment



# MPS State Aid Correction

- Reporting overstated MPS's financial needs resulting in the district receiving more state aid than entitled to in FY24
- DPI decreased the district's FY25 aid allocation to correct the overpayment
  - Estimated correction on July 1 was \$42.5 million
  - The actual net impact announced October 15 was \$9.5 million
- The negative impact on the budget was offset by increases in aid:
  - Statewide enrollment
  - Statewide spending trends

# How MPS Addresses the One-Time Aid Reduction

- Property taxes will be levied to support the School Operations fund to preserve the district's revenue limit instead of for the Extension Fund by \$10.9 million
- Use Extension Fund reserves to offset this aid correction without impacting educational services or Milwaukee Recreation operations
- No visible difference to taxpayers

# Proposed Use of Fund Balance

- The administration is requesting to use fund balance to offset reduction of aid
- Fund balance should be preserved to maintain the district's financial position
  - Supports educational services in in case of unforeseen costs
  - Maintains credit rating



# Fund Balance Policy

- Administration recommends developing and implementing policies to guide and limit the use of fund balance
- Administration will provide recommendations that monitors the district's financial position and maintain fund balances

# Funding Central K3-K4 Classrooms



MPS believes in the importance of funding K3 and K4 classrooms:

- Created 22 classrooms at 17 locations for an approximate cost of \$5.2 million
- ESSER funds were used to support the 2024–25 textbook adoption, allowing for the use of board funds to support K3 and K4 classrooms

# Office Budget Adjustments

- Changes to offices are limited to critical expenditures and needs:
  - Office of Academics
  - Office of School Administration
  - Office of Operations
  - Office of Human Resources
  - Office of Finance
  - Office of Chief of Staff



# Office Budget Adjustments

## Office of Academics

- \$750,000 for Act 20 Literacy training
- \$100,000 for new educators training
- \$244,611 for two additional mentor teachers

# Office Budget Adjustments

## Office of School Administration

- \$250,000 for Title IX compliance efforts
- \$-125,000 Manager III of School Safety Operations moved under Chief of Staff

# Office Budget Adjustments

## Office of Operations

- \$155,000 for training building service helpers and increasing facilities supply budget
- \$395,381 to support overtime pay for emergency responses

# Office Budget Adjustments

## Office of Human Resources

- \$400,000 for increased support of visa exchange teachers
- \$150,000 for supporting Alverno College teacher certification program
- \$1 million for licensed, remote contracted teachers
- \$300,000 for new, out-of-state teacher bonuses

# Office Budget Adjustments

## Office of Finance

- \$55,079 for salary adjustment for new hires
- \$97,780 Title funded compliance position



# Office Budget Adjustments

## Office of Chief of Staff

- \$125,000 for Manager III of School Safety Operations

# Office Budget Adjustments

## Offices Without Changes

- Office of Superintendent
- Office of Accountability and Efficiency
- Office of Board Governance
- Office of Communications

# High-Level Impacts

- Drivers and Results
  - Enrollment
  - Tax Levy by Fund
  - Total Expenditure Budgets



# Enrollment

Enrollment Summary				
Enrollment Category	FY24 Third Friday Enrollment	FY25 Third Friday Enrollment	FY24 to FY25 Difference	FY24 to FY25 % Difference
MPS Traditional & Instrumentality Charter Schools	58,136	58,152	16	0.03%
Alternative/Partnerships/Other Sites	892	801	-91	-10.20%
Non-instrumentality Charter Schools	7,595	6,891	-704	-9.27%
<b>Subtotal</b>	<b>66,623</b>	<b>65,844</b>	<b>-779</b>	<b>-1.17%</b>
Chapter 220 in Suburbs	217	102	-115	-53.00%
Open Enrollment in Suburbs	5,368	4,745	-623	-11.61%
<b>Total</b>	<b>72,208</b>	<b>70,691</b>	<b>-1,517</b>	<b>-2.10%</b>

- It is important to know that enrollment is always a snapshot in time
- Enrollment at traditional and instrumentality charter schools have stabilized since declines related to COVID-19
- Across all enrollment types, the district's enrollment fell by 1,517, or by 2.1%
- One MPS non-instrumentality charter closed

# Tax Levy Impact

All-Fund Tax Levy				
Fund Category	FY25 (June)	FY25 (October)	Difference June to October	June to October % Change
Operations	\$369,939,750	\$381,465,266	\$11,525,516	3.1%
Construction	15,000,000	14,449,619	-550,381	-3.6%
Extension	29,870,928	18,895,793	-10,975,135	-37%
<b>Total Statutory Funds</b>	<b>\$ 414,810,678</b>	<b>\$ 414,810,678</b>	<b>\$ 0</b>	<b>0.0%</b>

- The property tax levy under control of Milwaukee Board of School Directors remains same as approved by Board in spring budget process

# All Funds—Expenditure Budget Table

Budget Change Spring to Fall				
Fund Category	Spring FY 25	Fall FY25	Difference	Percentage
Operations	\$1,166,739,797	\$1,168,076,263	\$1,336,466	0.1%
Construction	19,100,000	18,549,619	-550,381	-2.8%
Extension	37,629,856	37,629,856	0	0%
<b>Total Statutory Funds</b>	<b>\$1,223,469,653</b>	<b>\$1,224,255,738</b>	<b>\$786,085</b>	<b>0.1%</b>
Categorical	246,993,412	260,922,320	13,928,908	5.6%
<b>Total All Funds</b>	<b>\$1,470,463,065</b>	<b>\$1,485,178,058</b>	<b>\$14,714,993</b>	<b>1%</b>



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# Thank You!