



MILWAUKEE
PUBLIC SCHOOLS

2018 –19 Proposed Budget

Fiscal Year: July 1, 2018 – June 30, 2019

Submitted to the Milwaukee Board of School Directors on April 24, 2018

Office of Finance | 5225 W. Vliet St., Milwaukee, WI 53208 | mps.milwaukee.k12.wi.us

Milwaukee Board of School Directors

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MILWAUKEE PUBLIC SCHOOLS

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Wendell Willis, *Chief Operating Officer*

Sue Saller, *Manager, Superintendent's Initiatives*

NONDISCRIMINATION NOTICE

It is the policy of the Milwaukee Public Schools, as required by section 118.13, Wisconsin Statutes, that no person will be denied admission to any public school or be denied the benefits of, or be discriminated against in any curricular, extracurricular, pupil services, recreational or other program or activity because of the person's sex, race, color, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation or physical, mental, emotional or learning disability.

This policy also prohibits discrimination under related federal statutes, including Title VI of the Civil Rights Act of 1964 (race, color, and national origin), Title IX of the Education Amendments of 1972 (sex), and Section 504 of the Rehabilitation Act of 1973 (disability), and the Americans with Disabilities Act of 1990 (disability).

The following individuals have been designated to handle inquiries regarding the nondiscrimination policies:

For section 118.13, Wisconsin Statutes, federal Title IX:

Matthew Boswell, Senior Director, Department of Student Services, Room 133, Milwaukee Public Schools, 5225 W. Vliet St., P.O. Box 2181, Milwaukee, WI, 53201-2181

For section 504 of the Rehabilitation Act of 1973 (Section 504), federal Title II:

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Executive Summary

The Milwaukee Public Schools budget is organized into four sections: Executive Summary; Organizational; Financial, including Schools, Central Services and Line Items; and Informational, including City Profile, MPS Profile and Glossary.

The Executive Summary of the 2018–19 Proposed Budget provides summary information on the district’s overall budget. The topics are covered in more detail in the subsequent sections. The budget is posted on the district’s website with linked tables of contents that allow readers to locate descriptions by topic.

Organizational Component

About MPS



Milwaukee Public Schools (MPS) is the largest school district in the state of Wisconsin with a rich variety of educational programs and extracurricular activities for children from kindergarten through high school. With a projected enrollment of 76,035 students as young as age three through grade 12 and 9,443 full-time equivalent (FTE) staff positions, MPS is a diverse community spread across 161 schools.

MPS is governed by a nine member Board of School Directors. One member is elected at large and eight are elected from geographic districts and serve four-year terms. The Milwaukee Board of School Directors (MBSD), provides

direction and oversight, with a superintendent appointed by the Board to lead the district’s administration. The senior team supports the superintendent in turning the district’s strategic vision into action.

MISSION STATEMENT

Milwaukee Public Schools is a diverse district that welcomes all students, preparing them for success in higher education, post-educational opportunities, work and citizenship.

SCHOOL BOARD MEMBERS

District #1 -- Mark Sain (President)
District #2 -- Wendell J. Harris, Sr.
District #3 -- Michael Bonds, Ph.D.
District #4 -- Annie Woodward
District #5 -- Larry Miller (Vice President)
District #6 -- Luis A. (Tony) Báez, Ph.D.
District #7 -- Paula Phillips
District #8 -- Carol Voss
Member at Large -- Terry Falk

SUPERINTENDENT

Darienne B. Driver, Ed.D.

SENIOR TEAM

Gina Spang, P.E., Chief of Staff
Tonya Adair, Chief Innovation & Information Officer and Interim Chief Academic Officer
Thomas P. Conjurski, Chief Financial Officer
Himanshu Parikh, Chief Human Resources Officer
Keith Posley, Ed.D., Chief School Administration Officer
Wendell Willis, Chief Operating Officer
Sue Saller, Manager, Superintendent’s Initiatives

MPS is committed to accelerating student achievement, building positive relationships between youth and adults and cultivating leadership at all levels. More MPS students are taking college-level Advanced Placement and International Baccalaureate courses. Seven MPS high schools were rated among the best in the state and nation by *U.S. News and World Report* and *The Washington Post* in spring 2017. The Class of 2017 earned a record of over \$62 million in scholarships. Nine MPS schools are honored as Wisconsin Schools of Recognition for success in educating students.

MPS offers an extensive variety of educational programs and activities for children from preschool through high school. The goal is for every child to graduate ready for success in college, career and life. MPS continues to offer and expand the high-performing programs families desire. Offerings include neighborhood schools, specialty schools, comprehensive middle and high schools, traditional schools, charter schools, alternative schools, and partnership and contracted agency schools. MPS provides a large number of high-performing education programs from strong college preparatory and internal schools of learning to fine arts, bilingual education, career and technical education, gifted and talented, language immersion and Montessori. It also offers other college and career preparatory programs including Advanced Placement and International Baccalaureate. MPS recently added a two-year world language high school graduation requirement.



Strategic Plan

The district's strategic plan is comprised of the vision, mission, core beliefs strategic direction and goals for MPS. The strategic plan is a dynamic, active document that guides decision-making at the school and district levels. Annually the strategic plan is reviewed and updated in conjunction with the district's budget. The goals and objectives in the strategic plan, as illustrated in Chart 1.1, are the focus and driving force of the district with all plans, resources, programs and initiatives supporting these goals.

Input into the strategic plan includes analysis of student, school and district performance, a review of progress on last year's strategic plan, and requirements of state and federal legislation. Recommendations from district staff, students and families, focus groups, partners, stakeholders, and research is all considered by the board in adopting the plan.

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.

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.

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.

The MPS Strategic Plan is designed to bring together the most important efforts that define the district's success. The intent is that everyone in the district understands the strategic plan, finds their role in the plan and works to accomplish the goals of the plan in order to achieve the vision of being among the highest student growth school systems in the country.

The objectives in strategic plan are reinforced by the district's budget process and together ensure that key programs and projects are aligned, prioritized and funded to support positive outcomes for our students. Each of the eight big ideas has a team working toward the objective's defined vision statement and related progress indicators. In the 2018–19 school year, MPS will be in year four of a five-year strategic plan process. In year four, MPS continues work on strategic plan implementation, focusing on prioritization of projects that support desired outcomes, implementing strategic planning within our schools via our school improvement process, and building capacity to use data inquiry to guide strategy and measure progress toward outcomes.



Working together with students, staff, parents and the community, MPS is dedicated to improving outcomes for students and making sure every student is college and career ready. It will not be easy to achieve these goals. Finding solutions to entrenched problems will require honest internal scrutiny, assessment and reflection. The strategic plan implementation process provides a platform for this reflection. The mission, vision, core beliefs and goals guide the district's strategy development and implementation.

Mission Statement

Milwaukee Public Schools is a diverse district that welcomes all students, preparing them for success in higher education, post-educational opportunities, work and citizenship.

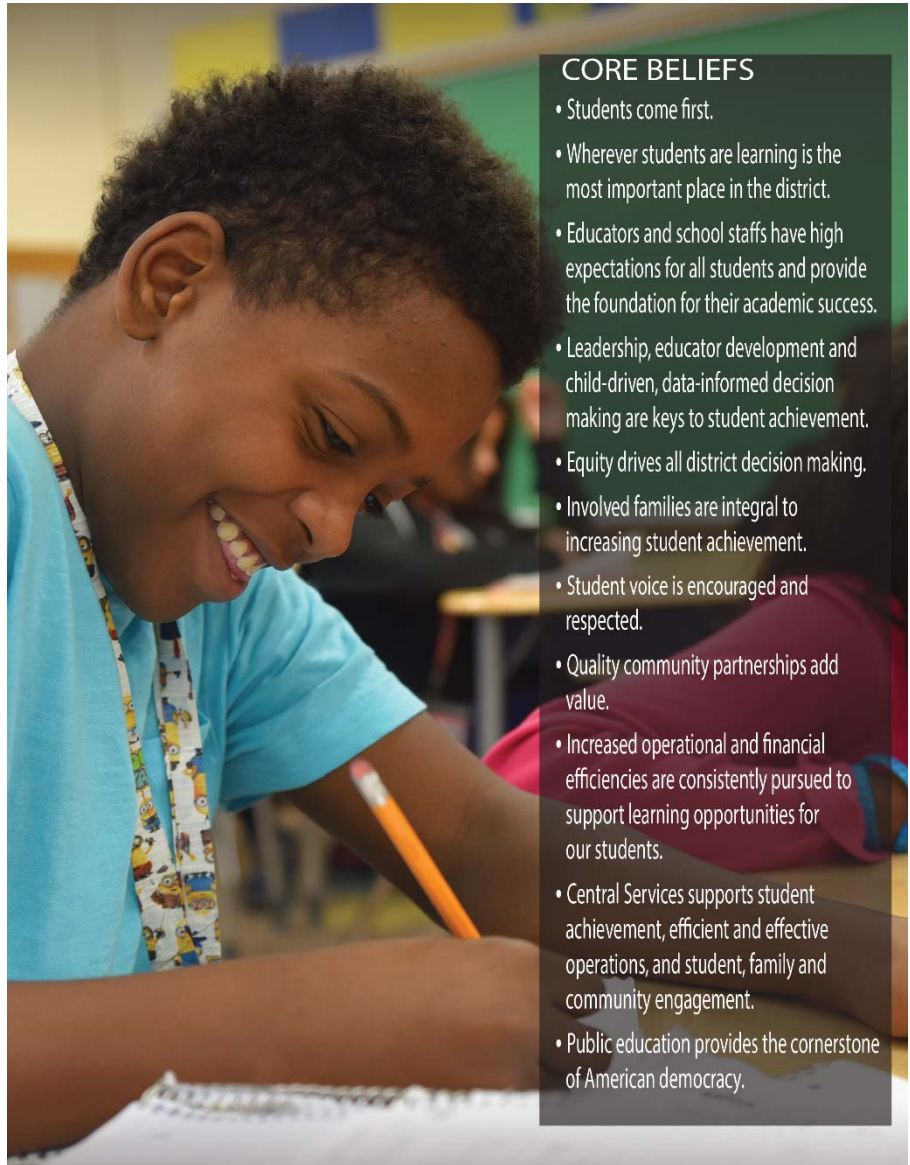
Vision Statement

Milwaukee Public Schools will be among the highest student growth school systems in the country. All district staff will be committed to providing an educational environment that is child-centered, supports achievement and respects diversity. Schools will be safe, welcoming, well-maintained and accessible community centers meeting the needs of all. Relevant, rigorous and successful instructional programs will be recognized and replicated. The district and its schools will collaborate with students, families and community for the benefit of all.

MPS Problem of Practice

Milwaukee Public Schools has neither consistently nor effectively engaged all of our students of color in an environment conducive to learning; thus, there are opportunity gaps that perpetuate low student achievement. In K–8 reading and math, 21.9 percent and 19.7 percent respectively of our students of color are proficient. In high school reading and math, 17.0 percent and 12.9 percent of our students of color are proficient. Our students of color are not achieving at acceptable levels, and that adversely impacts their lives and the well-being of the Milwaukee community.

MPS has identified the following issues that perpetuate and reinforce our problem of practice: inconsistent district culture; competing priorities; and a lack of data systems for school improvement. The projects within the strategic plan are focused on addressing the problem of practice.



CORE BELIEFS

- Students come first.
- Wherever students are learning is the most important place in the district.
- Educators and school staffs have high expectations for all students and provide the foundation for their academic success.
- Leadership, educator development and child-driven, data-informed decision making are keys to student achievement.
- Equity drives all district decision making.
- Involved families are integral to increasing student achievement.
- Student voice is encouraged and respected.
- Quality community partnerships add value.
- Increased operational and financial efficiencies are consistently pursued to support learning opportunities for our students.
- Central Services supports student achievement, efficient and effective operations, and student, family and community engagement.
- Public education provides the cornerstone of American democracy.

2018–19 Initiatives

In an urban setting neighborhoods are diverse and a student's life experiences encompass a wide-spectrum. It is critical that the educational process considers the child as a whole and creates systems that are inclusive of social-emotional learning, wellness and opportunities that include community organizations that extend beyond the school walls. MPS students deserve a comprehensive education that supports the well-being of the whole child and facilitates success in college, career and citizenship.

District staff will be maintaining a forward focus driven by the district's strategic plan going into the 2018–19 school year. This will require flexibility and the ability to adapt our actions along the way. Key strategies that will continue into 2018–19 include the Transformation Network and community and strategic partnerships.

The **Transformation Network** strategy, based on research, will continue to be used to reform schools and significantly improve student achievement. Forty-two current MPS schools failed to meet expectations on the Wisconsin Department of Public Instruction 2016–17 State Report Cards. The district's vision is to transform persistently low-performing schools into high-performing schools by implementing rigorous academic and behavioral interventions as well as focused support for school leaders and staff.

The achievement gap is an important issue that must be addressed in order to improve academic performance. Focus on equity, access and opportunity in all areas is a priority as we redesign the curriculum, implement the district improvement plan and turn around low-performing schools.

Strategic partnerships are vital for Milwaukee Public Schools. The relationships established with business, community and faith-based organizations are providing experiences, exploration and exposure that our students, their families and our school communities may not otherwise be afforded. The district has made noteworthy progress in establishing partnerships that are mutually beneficial, meaningful and collaborative. A partnership recently formed between the American Transmission Company (ATC) and Fairview School enabled Project Lead the Way students to meet female engineers across various disciplines during an ATC's facility tour.

The Milwaukee Bucks provide a plethora of experiences for MPS students ranging from internship opportunities through their TechTerns program for Bradley Technology & Trade High School students, to tutoring students in their executive offices to providing a Roosevelt Middle School student with the opportunity to explore the role of a professional announcer through a meet-and-shadow experience with Milwaukee Bucks announcer Marques Johnson. A partnership between Craig Montessori School and One God Ministry (OGM) has allowed Craig students to explore other parts of the world firsthand through a pen pal program with OGM's new school in Ghana, Africa and a scholarship for a graduating Craig Montessori eighth grader.

In addition, strategic partnerships have helped to offset some of the district's financial burden. The administration has secured over \$500,000 through a combination of monetary, in-kind and material donations and sponsorships. These donations and sponsorships have afforded MPS students with backpacks of food, school supplies, winter clothing, and more. Sponsorships have provided scholarships, covered fees for Advanced Placement testing for seniors, underwritten school bus transportation costs for our first Student Job Fair, funded a state-of-the art playground and so much more.

Budget Process and Timeline

In January 2018 the administration proposed, and the MBSD adopted parameters that would guide the development of the 2018–19 Proposed Budget. The parameters are necessarily modified by the resources available, but they help to guide the decisions made during the budget preparation process. The adopted parameters call for the proposed 2018–19 budget to:

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

The Road to \$15 refers to a compensation plan wherein qualifying MPS employees who are earning less than \$15 per hour will receive increases over time to reach \$15 per hour.

Budgeting is the process of setting financial and enrollment goals, forecasting future financial resources and needs, and evaluating progress toward achieving the district’s goals. Detailed budget planning allows MPS to maximize instructional opportunities for children while ensuring prudent use of resources.

The districtwide budget development process is a multi-year collaborative process involving many stakeholders including students, school engagement councils, families, school leaders, learning teams, Central Services personnel and chiefs of every office, task forces, community stakeholders, the superintendent and the MBSD.

The budget preparation process begins each year in August with the review of performance indicators and continues through the beginning of June with the adoption of the budget by the MBSD. In fall the Department of Financial Planning & Budget Services, within the Office of Finance, works with the superintendent’s senior team and with school leaders and program coordinators to make any programmatic and budget changes necessitated by enrollment changes or other developments.

In winter, school and office budget carousels are held with each school leader and office chief. These carousels are hosted by the superintendent, Office of Finance and Office of School Administration and identified progress, challenges, current capacity to address those challenges, and school and office resource needs. All traditional, alternative and instrumentality charter schools participated in the budget carousels. The participants included the school leader, school support teacher and parent coordinator from each school.

The district is using many different vehicles to solicit and act upon feedback from staff and the community. Some of these methods are principal, teacher and student advisory groups that work with the Office of the Superintendent. The District Advisory Council is made up of parent representatives from all schools, and meets monthly with district staff. These sessions provide individuals an opportunity to learn more about and provide feedback on the progress toward the strategic plan, as those efforts form the basis of budget recommendations.

Community feedback is a critical piece needed to help further refine major initiatives that the FY19 budget highlights. At the November 2017 Committee on Strategic Planning and Budget, the following high-leverage strategies to improve student achievement were identified as part of the budget process.

- Transportation
- One instructional calendar
- Initiatives to celebrate students, and schools
- Regional Development Plan/program offerings
- Program placement and alignment

As part of that discussion, the MBSD was interested in garnering a high level of community input. The district began soliciting input via a survey that was distributed in hard copy and pushed out electronically to the community on December 15, 2017. Staff also canvassed the neighborhoods and district events/locations where there are high numbers of individuals and families in attendance. As of March 2018, there were 7,214 responses recorded.

Respondents to the survey mostly identified as parents / guardians of elementary students. These respondents left many comments asking to not have a unified early start calendar. Respondents ranked their program preferences as follows:

1. Science, Technology, Engineering, Art, and Math (STEAM)
2. Advanced Placement/International Baccalaureate (AP/IB)
3. Art Focused & Science, Technology, Engineering, and Math (STEM) were tied

Increased 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.

Each school budget was carefully analyzed by a regional resolution team before the budget went to the school and again once it was returned to ensure adequate classroom size and a standard of care for students. Each school received input on the school budget from staff and parents through their school engagement councils.

In addition, board meetings were used to gather input from the community. These board discussions included budget parameters, five-year forecast, the budget timeline, compensation and benefits, transportation, and the Long-Range Facilities Master Plan. Board meetings were well attended and input was gathered through public testimony. Chart 1.2 depicts the budget timetable.



Chart 1.2 Budget Development 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.
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.

Significant Changes in the Budget

Revenue is not keeping pace with inflation, leaving the district with limited ability to cover increased costs. Meeting the MPS vision is challenging within an environment of stagnant revenues, growing educational options, increased need for quality programming aimed at serving Milwaukee’s often disadvantaged student population.

The district’s total actual revenue for 2018–19 is \$1.2 billion. This is a \$10.9 million decrease compared to the previous year. As part of the biennial state process, the state budget increased the categorical per-pupil aid, but MPS’s gain from that aid is offset by a declining revenue limit. The state budget includes no increase in the per-pupil amount of the revenue limit. It was also frozen for 2016–17 and 2017–18. With no increase in the per pupil amount, technical provisions in the revenue limit formula will result in MPS losing more than \$2.1 million of general operating revenue. Given the district’s recent enrollment trend and the revenue limit multi-year adjustment formula, MPS will need to plan for further revenue losses in 2019–20. The following significant changes in spending will occur in 2018–19:

- An increase in funding for non-instrumentality charter (NIC) schools due to the following changes: an increase in the state per pupil rate for charter schools; the opening of Carmen Middle School South; and, adding eighth grade at Milwaukee Excellence Charter (reflected as purchased services).
- An increase in salaries from a reserve set aside for raises in the 2018–19 proposed budget.
- Decreases in categories such as supplies and other wages, where school leaders and office staff are planning to spend less than the current year due to budget constraints.
- An increase in projected costs of employee benefits. The current year claims data, employee and retiree demographics, and anticipated plan design all add up to the likelihood of increased costs.

Allocation of Human and Financial Resources to Achieve Goals and Objectives

Improving educational outcomes for students means focusing our collective energy in one place: classrooms. The proposed 2018–19 budget reflects that commitment by directing resources to our schools and increasing efficiency to expand the school-based focus at Central Services. One of the core beliefs of the district is that the classroom is the most important place in the district. This proposed budget reflects the district’s continuing commitment to the children we are privileged to serve. Even in tight fiscal times, the 2018–19 proposed budget reflects a commitment to maximizing available resources to provide support to students and schools.

Through an integrated system of school support, supervision and accountability, MPS promotes academic achievement; meaningful student, family and community engagement; and effective and efficient operations. Work across the Offices of Academics, Innovation & Information, and School Administration is aligned to support each school community in improved service to students and families. Other offices and departments have changed their practices to assist schools in problem solving and their individual improvement efforts.

The Office of Innovation & Information supports implementation of teaching and learning best practices. While district and school reform continues to be a vital component of the overall strategic plan, the office provides specific supports to the district’s “Collective Impact” efforts as well as instructional implementation supports and strategies through the Transformation Network, made up of eight instructional zones aligned by school specialty. Each zone is supported by an instructional superintendent or an instructional leadership director accountable for

supporting the overall instructional focus of each school by providing coaching and guidance in executing research-based methods to improve student achievement.

Each regional superintendent leads a regional cross-functional team accountable for supporting operational effectiveness, which includes representatives from the Office of Innovation & Information, Office of Academics and Office of School Administration.



Regional superintendents, along with operations managers, assume general oversight of the day-to-day operational activities of school leaders related to culture and climate and help ensure compliance with the district’s administrative requirements and deadlines.

For our young adults, College and Career Centers, in partnership with the GE Foundation and Great Lakes Higher Education Corporation & Affiliates, are operating in twenty traditional high schools. The College and Career Centers help students and families plan for success now and in the future. Three district Welcome Centers provide additional locations where parents can receive assistance with enrollment, access to their child’s progress, and bilingual and specialized services support.

Our schools feature strong curriculum, tied to the rigorous Common Core State Standards, that prepares students to succeed in college and careers. Funding supports a two-year world language graduation component for high school students. MPS is home to the nation’s largest concentration of students participating in Project Lead the Way, which uses hands-on learning opportunities to expose students to engineering, math, science and technology in middle and high school. MPS also boasts the nation’s largest number of public Montessori schools, many of which lead the district in test score averages.

Financial Component

Revenues and Expenditures for All Funds

Specific financial strategies and plans to support the MBSD’s goals and objectives are described in the budget. The district, as required under Governmental Accounting Standards Board (GASB) pronouncements, uses various fund types to report financial activity for its operating units. MPS administers the following funds: School Operations, School Nutrition Services, Construction, Extension and Categorically Aided Programs funds. Within these funds, expenses are budgeted and recorded in schools, departments and other MPS entities.

The 2018–19 proposed budget is balanced; i.e., the authorized expenditures are equal to projected revenues for the School Operations Fund. The budget projects \$1.2 billion in total revenues and expenditures and the School Operations Fund totaling \$936.6 million. Chart 1.3 provides a financial summary for 2018–19 revenues and expenditures. Please note that charts in millions of dollars are noted (\$M) throughout the budget. In addition, the sums of figures do not always equal the total displayed due to rounding.

Chart 1.3 2018–19 Pro-Forma Budgeted Revenues and Expenditures

2018-19 Pro Forma Budgeted Revenues and Expenditures (\$M)						
	School Operations	School Nutrition	Categorical	Extension	Construction	Total
Revenues	\$936.6	\$54.8	\$152.0	\$27.5	\$2.4	\$1,173.3
Expenditures						
Salaries and Wages	\$409.0	\$13.3	\$74.3	\$11.7	\$0.0	\$508.3
Employee Benefits	214.4	9.3	39.2	3.9	-	266.8
Total Salary and Benefits	\$623.5	\$22.7	\$113.5	\$15.6	\$0.0	\$775.2
Student Transportation	\$63.8	\$0.0	\$0.2	\$0.1	\$0.0	\$64.1
Contracted Services	103.7	1.9	31.1	6.0	-	142.6
Construction Contracts	-	-	-	2.9	2.2	5.1
Interdistrict Student Tuition	42.2	-	-	-	-	42.2
Utilities	19.4	-	-	0.3	-	19.7
Maintenance Contracts	8.2	-	-	0.0	-	8.3
Telephone	2.3	0.0	-	0.0	-	2.4
Postage	1.1	-	0.0	0.1	-	1.2
Other Purchased Services	1.5	0.3	1.3	1.3	-	4.4
Total Purchased Services	\$242.3	\$2.1	\$32.6	\$10.7	\$2.2	\$289.9
Debt Service	\$36.3	\$0.0	\$0.0	\$0.0	\$0.0	\$36.3
Textbooks	\$1.2	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2
Non-Text Books	4.1	-	-	-	-	4.1
Consumable Supplies	11.6	2.4	3.8	0.4	-	18.2
Other Supplies	4.8	25.4	2.2	0.3	-	32.7
Total Supplies	\$21.7	\$27.8	\$6.0	\$0.7	\$0.0	\$56.2
Insurance	\$9.5	\$0.1	\$0.0	\$0.3	\$0.0	\$9.9
Capital Expenses	\$1.6	\$1.8	\$0.0	\$0.1	\$0.2	\$3.7
Building Modifications	0.1	0.3	-	0.1	-	0.5
Total Capital Expenses	\$1.7	\$2.1	\$0.0	\$0.2	\$0.2	\$4.1
Other Accounts	\$1.7	\$0.0	\$5.2	\$0.1	\$0.0	\$7.0
Less Indirect Costs	\$0.0	\$0.0	(\$5.2)	\$0.0	\$0.0	(\$5.2)
Total	\$936.6	\$54.8	\$152.0	\$27.5	\$2.4	\$1,173.3

Chart 1.4 shows the types of expenditures that are budgeted districtwide. Salaries and benefits are 66.1 percent of funds budgeted. The School Operations Fund budget is 0.2 percent less than the previous fiscal year, which creates difficult decisions as the district continues its commitment to invest more resources in the classroom and develop a well qualified workforce.

Chart 1.4 2018–19 Districtwide Expenses

2018–19 Districtwide Expenses (\$M)	
Type	Amount
Salaries	\$484.2
Other Wages	24.1
Employee Benefits	266.8
Purchased Services	289.9
Supplies	56.2
Debt Service	36.3
Capital Expenses	4.1
Other Expenditures	11.7
Total	\$1,173.3

Chart 1.5 Use of School Operations Fund Summary

District Use of School Operations (General & Debt) Fund Summary (\$M)	
Office	Amount
Academics	\$7.2
Accountability & Efficiency	0.9
Board/Board Governance	2.5
Chief of Staff	2.1
Finance	4.4
Human Resources	5.3
Innovation & Information	14.9
Inter-department & Inter-fund	(10.2)
Operations	28.9
Other Accounts	77.2
School Administration	6.5
Schools and School Accounts	796.0
Superintendent	0.9
Total	\$936.6

The majority of the School Operations Fund is spent on schools. Chart 1.5 shows that schools and school accounts are budgeted at \$796 million of the School Operations Fund budget. School accounts include support such as art, music, physical education, librarians, guidance counselors, school nurses, school safety, interscholastic athletics and academics. Other funds, such as School Nutrition which provides free meals to students, also provide direct support to schools. Note: The district charts sometimes display a negative number for budget or prior years' actual expenditures. These reflect internal offsets where costs have been distributed to other areas.

Ensuring that dollars reach the classroom is met with challenges. While great strides have been made in directing resources to classrooms, the district's best efforts to create a standard of care for all students are greatly influenced by funding decisions at the state and federal levels.

For every dollar budgeted in the MPS School Operations Fund, eighty-eight cents is used to educate and support children in Milwaukee, as shown in Chart 1.6. This includes both supplies and personnel but especially the district's largest group of employees—teachers. Seven cents of every dollar in the fund is used to support non-school-based staff and services, while the remaining five cents supports necessary operations expenses such as utilities, insurance, technology licenses and debt repayment.

Chart 1.6 Where Is the Money Spent?



Budget Comparisons for All Funds

Annual budgetary decisions are focused on general operating funds received from state aid, property taxes, federal aid and local sources. Chart 1.7 shows that the majority of general operations funding is from state aids and the local property tax levy, which are capped by the state’s revenue limit.

Chart 1.7 Where Does the Money Come From?

2018–19 Revenue Sources	
Source	Percent
Property Tax Levy /State Equalization/Integration Aids	85.2%
State Other Aids	11.6%
Federal Aids	1.6%
Local Non-Property Tax Revenues	1.6%

Chart 1.8 shows a revenue comparison between the 2018–19 proposed budget and the 2017–18 amended adopted budget for the district’s five funds. The proposed budget has total projected revenues of about \$1.2 billion. Summary notes for each fund follow the chart, and more detailed information for each fund is provided in the financial section.

Chart 1.8 District Revenue Overview

District Revenue Overview: 2018-19 Proposed Budget Compared to 2017-18 Amended Adopted Budget (\$M)						
	Operations	Nutrition	Extension	Construction	Categorical	Total
2017-18 Amended Adopted Budget	\$938.7	\$51.5	\$24.8	\$5.5	\$163.8	\$1,184.2
2018-19 Proposed Budget	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%

The majority of district revenues are capped by the state’s revenue limit regulations in place since 1993. For MPS, the revenue limit for 2018–19 is \$799.4 million, which is \$20.5 million lower than 2017–18. This loss is partially offset by a \$204 increase (from \$450 to \$654) in per pupil categorical aid which will result in an MPS aid increase of \$15.6 million.

Due to the overall loss of about 0.2 percent in the district’s operating fund coupled with rising costs, difficult choices have been made to provide services to children without eroding the district’s limited fund balance. Initiatives that show promise for moving the district forward can be funded only with difficult reductions in other areas.

The School Nutrition Services Fund is an enterprise fund, the fund is managed by the Department of Nutrition Services, which administers the National School Lunch and Breakfast programs in all MPS schools as well as the After-School Snack program, child and adult care food program, Summer Food Services program, and the Fresh Fruits and Vegetables program. As an enterprise fund, the operations are expected to generate sufficient revenue to cover costs. Revenues for the fund include federal and state meal reimbursements and revenue earned from cafeteria sales. The budgeted \$54.8 million in revenue is an increase of almost \$3.3 million due to an anticipated increased federal reimbursement rate for meals served and the applied surplus from the prior year.

The 2018–19 proposed budget for the Extension Fund anticipates revenues and authorizes expenditures totaling \$27.5 million. The revenues include property tax levy and local revenues (including fees for recreation programs). The purpose of the Extension Fund is to support community programs and services outside of the regular curricular and extracurricular programs.

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. The 2018–19 proposed budget for the Construction Fund anticipates revenues and authorizes expenditures of only \$2.4 million. Notably, the district’s use of local tax levy for the Construction Fund will remain low to reserve limited funds for instructional and support services in the operations fund.

The Categorically Aided Programs Fund is used to account for proceeds from federal, state and private grants that fund special projects based on need. MPS uses the term “categorical” funding to refer to all grant resources, and these terms are used interchangeably. These funds must be used according to the funder’s timeline, purpose and rules. The 2018–19 proposed budget for the Categorical Fund assumes total revenue and expenditures of \$152.0 million, which is a decrease of \$11.7 million compared to 2017–18.

Trends, Events and Initiatives

Achievements

The district’s commitment to improvement and reaching the district goals continues to show results including the following:

- The district has increased its score on the Wisconsin DPI District Report Card compared to 2015–16, specifically realizing improvements in the “Student Growth” and “Closing Gaps” areas.
- More MPS high school students are taking Advanced Placement and International Baccalaureate classes. In 2016–17, 21 percent of all MPS high school students (over 4,000) took college-level classes.
- The MPS classes of 2016 and 2017 earned a combined record-setting scholarship total of more than \$112.0 million.
- We are integrating the lessons that we learn from some of our successful programs—GE Schools and Community Schools—to help more schools thrive.
- An aggressive expansion of a culinary arts and hospitality program in four MPS high schools, supported by The Bartolotta Restaurants and other partners, is preparing more students for success in this growing field.
- MPS is the only school district in Wisconsin selected to participate in Turnaround Arts. Four schools were selected for the Kennedy Center initiative that improves student achievement through the arts.
- MPS Drive, our free Universal Driver Education program, is expanding to serve up to 1,400 MPS students with a goal of reaching every eligible MPS student.

MPS continues to aggressively pursue progress and achievement in the three MBSD goal areas. Chart 1.9 details the progress by showing significant trends, events and initiatives.

Chart 1.9 Significant Trends, Events and Initiatives

Examples of Strategic Progress in School Year 2017–18

With nearly three years of full strategic plan implementation, Milwaukee Public Schools (MPS) pursues progress and achievement in its three Board of School Directors' goal areas.

ACADEMIC ACHIEVEMENT INITIATIVES

- Equity Work Under Way:** As a result of our equity policy and framework, the district and community partners are supporting culturally responsive teaching throughout our schools; equity training is now available and under way through MPS departments.
- Professional Development Structures:** Created a structure for monthly, half-day collaborative institutes between school support teachers and principals, providing opportunity for robust, school-based professional development.
- United Nations Schools of International Learning (UNSIL) Implementation:** This program has expanded to 13 MPS schools, with 60 new teachers trained to deliver the curriculum to students in grades 4 through 7, impacting approximately 2,500 students.
- Collective Impact Opportunities:** Secured an \$856,000 grant from Herbert K. Kohl Charities for support of the Milwaukee Parent Institute, Learning Journeys program, and math transition courses.
- Credit Recovery:** Credit recovery course completion is on track to increase +35% over the 2015–16 school year.
- Mindfulness Implementation:** Solid launch of mindfulness programming throughout the district's schools, with 299 school mindfulness team training sessions; 144 school-based staff professional development sessions; and 1,408 in-classroom, parent and student mentoring sessions conducted.
- MPS Drive Expansion:** The program has served 2,762 students since February 2016, with 97% passing the temporary permit test, and 589 students thus far obtaining a probationary license.
- Twilight Centers Success:** Welcomed 130,000+ participants across seven Twilight Centers since program launch in October 2016, giving students in our community a welcoming, safe place to engage in supportive activities.
- Year of the Arts:** In addition to robust arts opportunities and experiences throughout the year, 7000+ students will participate in 166 performances at the All-City Arts Festival at Summerfest May 9–11, 2018.
- Advanced Placement (AP) and International Baccalaureate (IB) Opportunities:** Approximately 4,200 students are taking an AP or IB course this year, representing 21% of our high school students.
- Summer Academy Development:** Increased our 2017 high school Summer Academy student participation from 568 in 2015 to 2,237 in 2016 to 3,330 in 2017.
- Career Readiness Progress:** Successfully presented 42 work readiness sessions at MPS high schools with 1,672 students attending, resulting in over 300 youth apprenticeship applications and a successful districtwide job fair connecting 656 students to 55 employers.



STUDENT, COMMUNITY & FAMILY ENGAGEMENT

- 13 Adopt-a-School Expansion:** Decreased the number of schools without an Adopt-a-School partner from 73 to 49; hosted 44 events highlighting business and community partnerships.
- 14 Parent Leadership:** Increased average attendance of our parent District Advisory Council to 98 participants per month, up from average of 53 in 2015–16 and 76 in 2016–17.
- 15 Family Outreach:** Hosted special education events for 659 families: 230 families at Foro Latino, 259 families at Breakfast with Santa, and 170 families at Celebrating Abilities.
- 16 Community Support:** Secured a \$250,000 partnership with Families & Schools Together, Inc. to increase family engagement at five pilot MPS schools.
- 17 Advisory Group Launch:** Launched the District Immigration Advisory Group, composed of refugee resettlement agencies, before- and after-school care providers, advocacy organizations and MPS departments.
- 18 Enrollment Improvements:** Successfully rolled out three-choice enrollment and kindergarten enrollment exceeding 2016–17 enrollment fair numbers; expanded Parent Portal from 286 accounts to 40,000+ accounts.
- 19 Branding the Future:** Rolled out the new graphics package “Find Your Future,” which now guides numerous campaigns and has been incorporated into 300+ projects.
- 20 Internal Communication Efforts:** Overhauling of internal communications under way, with a review of our primary internal communications processes and an added effort on one-on-one consultations for process improvement.

EFFECTIVE & EFFICIENT OPERATIONS

- 21 Professional Learning:** MPS University expanded offerings with ESL and bilingual licensure as well as project management certification pathways.
- 22 Career Pathways & Compensation:** Identified and established pathways for MPS paraprofessionals to become teachers via partnerships with local education programs; implemented the first year of base pay increases for the “Road to \$15.”
- 23 Recruitment Expansion:** Increased employee recruitment, establishing contacts at historically black colleges & universities, attending national job fairs, and building relationships abroad.
- 24 Facilities Analysis:** Conducted comprehensive public outreach, surveying, and site visits to build the Long-Range Facilities Master Plan, presented to the board April 2018.
- 25 Employee Wellness:** Established an employee wellness steering committee, improved data collection on our employee wellness program, and increased employee assistance program usage from 4.8% to 5.4%.
- 26 Digital Transformation:** To increase collaboration, conduct process improvement, and better support schools, expanded Smartsheet – a collaboration platform – beyond Central Services to our schools.
- 27 Learning Management System:** Conducted 7,000+ hours of training on Infor, our new Human Resources and Finance system, ready to launch in January 2019.
- 28 Strategic Planning:** Published the official MPS strategic plan document, demonstrating progress on outcomes and metrics as a result of a project-based approach to the work.



2017-18 Highlights

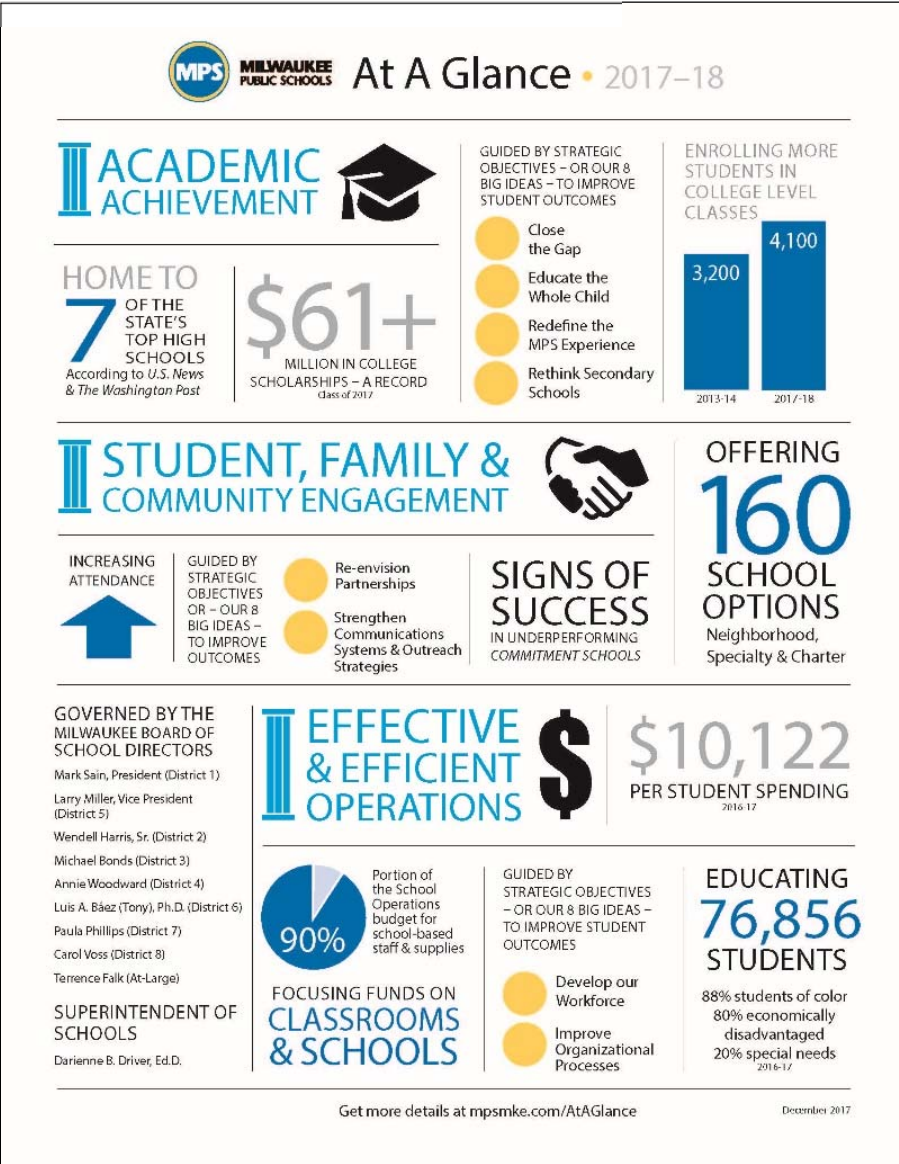
During 2017-18 Milwaukee Public Schools followed an early start calendar for its high schools, middle schools, and some elementary schools. The early start calendar has a number of advantages that promote student success: students have more weeks of instruction prior to national testing dates; the first semester ends in December rather than carrying over after the holiday break; and students have the opportunity to participate in the June Term (J-term) to catch up or get ahead. J-term is a four-week noncompulsory educational experiential program for MPS students on the early start calendar.

The department of Black and Latino Male Achievement was created under the Office of the Superintendent. The national Campaign for Black Male Achievement (CBMA) will support the Department of Black and Latino Male Achievement through a strong partnership. CBMA has selected Milwaukee as one of five priority cities and has worked closely with district and community leaders to identify proven strategies and to coordinate resources to improve academic and life outcomes for boys and men of color. Further support for the department comes from a partnership with the Milwaukee County Office on African American Affairs.

The district piloted two schools to prepare struggling students for graduation and beyond. South Accelerated Academy and Vincent Accelerated Academy are alternative schools designed to serve overage and credit deficient students. Each are half day programs that utilize the Competency Based Curriculum to accelerate graduation opportunities for students.

On September 28, 2017, the MBSD approved the professional service contract with MGT of America Consulting, LLC (MGT) to begin the process of developing a new Long-Range Facilities Master Plan. This plan provides an in-

Chart 1.10 MPS at a Glance



depth review of how MPS buildings support the learning environment and identifies opportunities to further the work toward advancing the district's goals of academic achievement; student, family, and community engagement; and effective and efficient operations. In April MGT presented their findings and recommendations which will be used as a blueprint or road map for long-range strategic planning to address the future facility needs of the district. Recommendations included reducing excess facility capacity due to 11,000 empty seats districtwide.

The arts are powerful and transformative components of every student's learning. In 2017–18 MPS partnered with Cre8MKE to bring arts into focus through the Year of the Arts. Students participated in meaningful, engaging arts experiences in their classrooms, schools and in communities across the city. Opportunities included artists of the month, professional development for teachers, art resources, Year of the Arts Calendar featuring MPS fine arts activities, a media arts showcase and an MPS All-City Arts Festival.

Milwaukee Public Schools students are expanding their understanding and knowledge of global cultures and ways that interrelationships affect our world through a United Nations Schools of International Learning program. In April 2017, MPS elementary and middle school students presented a special program to celebrate cultures and identify the challenges facing countries around the world. Classes worked all year on their projects.

Financial and Demographic Changes

While the district is pleased with the progress of 2017–18, it also recognizes the importance of a realistic approach to challenges that still exist. Milwaukee Public Schools' revenues are tied directly to its enrollment. The highly competitive nature of the K–12 ecosystem in Milwaukee adds to financial challenges. Families living in the City of Milwaukee can choose MPS neighborhood schools, specialty schools or charter schools, but they can also choose non-MPS charter schools, suburban district schools through open enrollment or private schools that are bolstered by the voucher/Choice program.

With all of this in mind, this budget is designed to uphold our commitments to the district's goals while responsibly preparing for the years to follow. Though district operational costs are in line with other urban districts, MBSD must carefully end commitments to initiatives that do not improve student achievement and the superintendent must ensure the use of best practices in delivery of efficient and highly effective services.



Informational Component

Budget Forecast

The district prepares five-year projections by statutory fund as part of the spring budget process for the following fiscal year. Chart 1.11 shows an estimate of revenues and expenditures in the School Operations Fund (general and debt) for each year through 2022–23. Information includes the amended adopted budget for 2017–18; the proposed budget for 2018–19; an early estimate of revenues and expenditures for each year 2019–20, 2020–21, 2021–22, 2022–23; and changes from the proposed 2018–19 budget to the estimated 2022–23 budget.

Chart 1.11 School Operations Fund—Five-Year Projection

School Operations Fund - Five-Year Projection (\$M)							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	FY23 vs FY19
	F.A.	P.B.	Estimated	Estimated	Estimated	Estimated	Inc / (Dec)
Revenues (without applied surplus)	\$938.7	\$936.6	\$924.2	\$912.3	\$912.3	\$912.3	(\$24.3)
Expenditures							
Salaries/Wages	\$404.7	\$409.0	\$417.1	\$425.4	\$433.8	\$442.4	\$33.4
Benefits	223.1	214.4	228.6	243.9	256.6	269.8	55.3
Purchased Services	237.4	242.3	248.1	252.3	256.2	259.8	17.5
Supplies/Materials	25.9	21.7	22.3	22.6	22.9	23.1	1.5
Capital Purchases	2.5	1.7	1.7	1.8	1.8	1.8	0.1
Other Objects	45.1	47.5	47.8	48.2	48.6	49.0	1.6
Total Expenditures	\$938.7	\$936.6	\$965.8	\$994.2	\$1,019.9	\$1,046.0	\$109.4
Final Surplus/ (Deficit)	\$0.0	\$0.0	(\$41.6)	(\$81.9)	(\$107.6)	(\$133.7)	
Cumulative Surplus / (Deficit)	\$11.3	\$11.3	(\$30.2)	(\$112.1)	(\$219.7)	(\$353.4)	

School operations expenditures, projected if operations remain largely the same, are expected to increase by \$109.4 million between 2018–19 and 2022–23. The primary driver of the cost increase is salary increases and medical inflation, which is projected to increase over six percent, compounded annually, over the next five years. The administration is pursuing options and alternatives to stabilize enrollment and contain costs, to ensure MPS avoids the projected deficits if the status quo is maintained.

Student Enrollment Trends and Forecast

Student enrollment is a major factor in determining the state revenue. Lower enrollment, along with legislative action regarding the revenue limits, leads to lower state revenues for the district. In 2018–19 the district is projected to serve 76,035 students in 161 schools. The students are served throughout 97 elementary and K–8 schools, two early childhood centers, five schools serving grades 6–12 or K–12, seven middle schools, fifteen high schools, seventeen non-instrumentality charter schools, five instrumentality charter schools, seven partnership schools and six alternative schools.

It is predicted in 2018–19 that enrollment will increase by 0.7 percent due to expansion in charter schools. The projection for 2018–19 is that open enrollment will decrease by 7.3 percent and Chapter 220 will decrease by 22.7 percent. Both the open enrollment and the Chapter 220 program allow students to reside in one district and attend school in another. Due to a change in law, no new students have been allowed into the Chapter 220 program since 2015–16.

Five years of actual student enrollment history and projections for the next five years are found in Chart 1.12 and are based on the audited Third Friday number reported to the Department of Public Instruction (DPI). The Third Friday number reflects the students who began the school year enrolled in an MPS school and determines a school’s per-pupil allocation. The administration uses demographic data and enrollment trends to develop a system-wide projection of pupil counts. A grade-by-grade breakdown is determined, followed by expected enrollments in the Chapter 220 program, Open Enrollment program, alternative, partnership and non-instrumentality charter schools.

Chart 1.12 Student Enrollment History and Projections

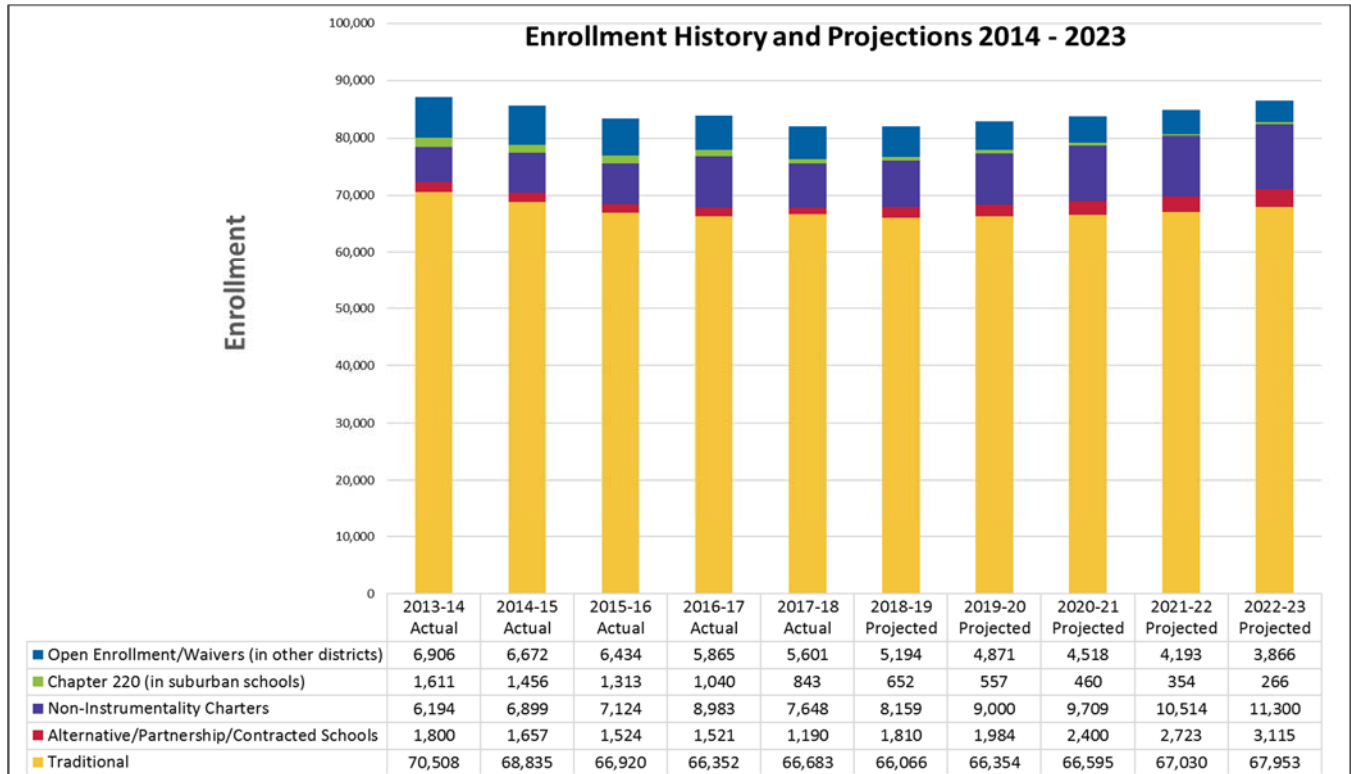
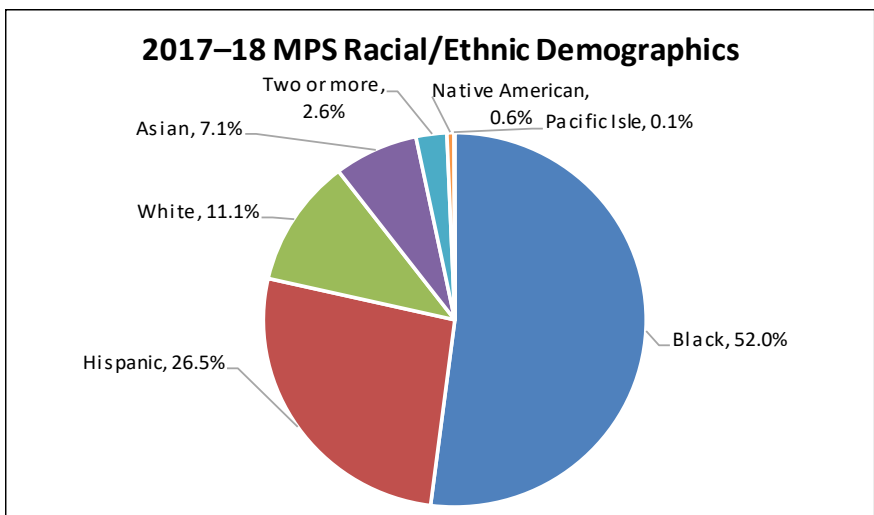


Chart 1.13 Demographics

The students of MPS are racially and ethnically diverse as displayed in Chart 1.13. The majority of the students are African-American or Hispanic. MPS English learners have comprised between 9.8 and 11.1 percent of the district’s enrollment for the past three years. Of all students enrolled in MPS, 20 percent are students with special needs and 80 percent come from economically disadvantaged households.



Tax Base and Rate Trends

The city is required to levy and collect property taxes to support the MPS budget. The property tax levy is the amount of money that will be raised from taxes on City of Milwaukee homes and businesses. The tax bill received by owners of non-tax exempt real estate in the city contains the property tax for six units of government: City of Milwaukee, Milwaukee County, Milwaukee Public Schools, Milwaukee Area Technical College, Milwaukee Metropolitan Sewerage District and the State Forest Fund.

Property tax is calculated by multiplying the property's assessed value by the property tax rate. Assessed valuation is determined by the City of Milwaukee Assessor's Office. Equalized valuation is determined by the State of Wisconsin Department of Revenue. Chart 1.14 details the assessed valuation of taxable property in Milwaukee illustrating the decline from 2013 to 2014 due to declining economic conditions and the increase since 2015.

Chart 1.14 Milwaukee Assessed and Equalized Valuation

Assessed and Equalized Valuation - City of Milwaukee (\$M)			
Assessed Year	Assessed Valuation	Assessed Valuation Inc / (Dec)	Equalized Valuation
2013	\$ 25,034	(288)	\$ 26,076
2014	\$ 25,024	(10)	\$ 26,124
2015	\$ 25,263	238	\$ 25,967
2016	\$ 25,974	711	\$ 27,027
2017	\$ 26,937	963	\$ 26,889

Source: City of Milwaukee Assessor's Office

The aggregate amount of property taxes to be levied for school purposes is determined according to provisions of Chapter 120 of the Wisconsin State Statutes. Property taxes for the district are adopted by the board by early November and are certified to the city for levy and collection. DPI provides districts with an estimate of general school aids and potential tax levy in July of each year. The district's property taxes are levied annually prior to December 31, are administered by the city and are recognized as district revenue in the fiscal year levied.

Chart 1.15 shows a five-year history of the tax levy amounts adopted by the MBSD and five years of the related tax rate. As explained above, the city determines the tax rate—the amount per thousand dollars of assessed property value—that Milwaukee taxpayers will pay toward the MPS budget. The rate amount varies in part because of the changing city-wide assessment, a \$25 billion figure that declined in 2016 (see chart 1.15).

Chart 1.15 Tax Levies and Rates for School Purposes

Tax Levies (\$M) and Rates for School Purposes						
Budget Year	School Operations	Construction	Extension	Total	Tax Rates per Thousand	
2014	272.8	9.6	17.1	299.5	10.51	
2015	275.6	9.6	17.1	302.3	10.66	
2016	273.0	10.6	17.1	300.6	10.20	
2017	260.1	1.1	20.0	281.2	9.33	
2018	248.2	3.9	20.0	272.1	8.52	

Source: 2017 MPS CAFR, MPS Board materials October 2017, City Assessors Office Tax Rates Table
The tax rate results from dividing the levy by total taxable property value.

Personnel Resources Changes

Districtwide personnel costs are projected to be \$775.2 million which at 66.1 percent of the proposed budget, is the district's largest expense. The district distributes employee benefit costs to school and department budgets by charging a set-rate benefit cost. The fringe benefit rate used for school and department budgets increased from 53.3 percent in 2017–18 to 53.8 percent in 2018–19.

The district is committed to maximizing classroom resources and continues to explore all options when it comes to enhancing student instructional support. The largest job categories are teachers and educational assistants who work directly with students. Since most of the cost of the school district is in staff, and revenues have not kept pace with compensation costs, there will be a loss of 125 school-based full-time equivalent positions (FTEs) and 21 non-school-based FTEs. FTEs show how many employees would be required if all employees worked a full-time schedule. Of the 9,443 staff in MPS, 8,377 or 88.7 percent are school-level positions. Teaching positions will decrease by 80 FTEs from the 2017–18 amended adopted budget. Educational assistant positions will decrease by 49 FTEs, right-sizing positions to the available staff. Chart 1.16 provides changes in staff from the 2017–18 amended adopted budget to the 2018–19 proposed budget. Non-school positions have been reduced by 2 percent while school-based positions were reduced by 1.5 percent.

Chart 1.16 MPS Staff Distribution

MPS Staff Distribution 2018–19 Proposed Budget							
Position Type	2017–18 F.A.	2018–19 P.B.	School Position Change	Non- School Change	Total Change	School Positions FY19	Non-School Positions FY19
Certificated Administrators	240	249	3	7	9	36	214
Principals	128	127	-1	0	-1	127	0
Assistant Principals	121	121	-1	0	-1	121	0
Teachers	4,786	4,706	-76	-3	-80	4,594	113
Therapists	45	45	0	0	0	32	13
Social Workers	164	163	1	-2	-1	139	24
Psychologists	144	151	7	0	7	141	10
School Nurses	67	66	-1	0	-1	61	5
Classified Technical & Administrative	412	409	9	-12	-2	39	370
Trades Workers & Foremen	152	144	-2	-6	-8	0	144
Clerical/Secretaries	385	368	-16	-1	-17	275	94
School Bookkeepers	33	28	-5	0	-5	28	0
Children's Health Assist./Nurse Assoc	274	291	15	2	17	289	3
Educational Assistants	1,271	1,222	-52	3	-49	1,207	15
Safety Aides	258	256	-2	0	-2	256	0
Social Worker Assistants	31	30	-1	0	-1	24	6
Building Services Helpers	368	351	-10	-7	-17	335	16
Engineers/Boiler Attendants	245	250	7	-3	4	213	37
Food Service Managers/Trainees	91	92	0	1	1	89	3
Food Service Assist./Assist.-in-Charge	375	374	0	-1	-1	374	0
Totals	9,590	9,443	-125	-21	-147	8,377	1,066

Changes in Debt

MPS does not have authority to issue debt. The City of Milwaukee has authority under Chapters 67 and 119 of Wisconsin Statutes to issue municipal obligations for specific school purposes. All issuance of debt, whether short-term or long-term, is approved by the MBSD. The City of Milwaukee continues to maintain high bond ratings from three major agencies. This, along with favorable reviews of the district's financial management, allows for borrowing at competitive rates that minimize debt service costs.

The par value of all bonds issued in FY17 was \$56,185,000. The bonds issued provided Construction Fund proceeds of \$1.4 million for arts and culinary academies and \$61.2 million in proceeds for energy efficiency projects at schools that will reduce energy consumption and address infrastructure maintenance needs. The related 20-year debt service cost began to come due in 2017–18.

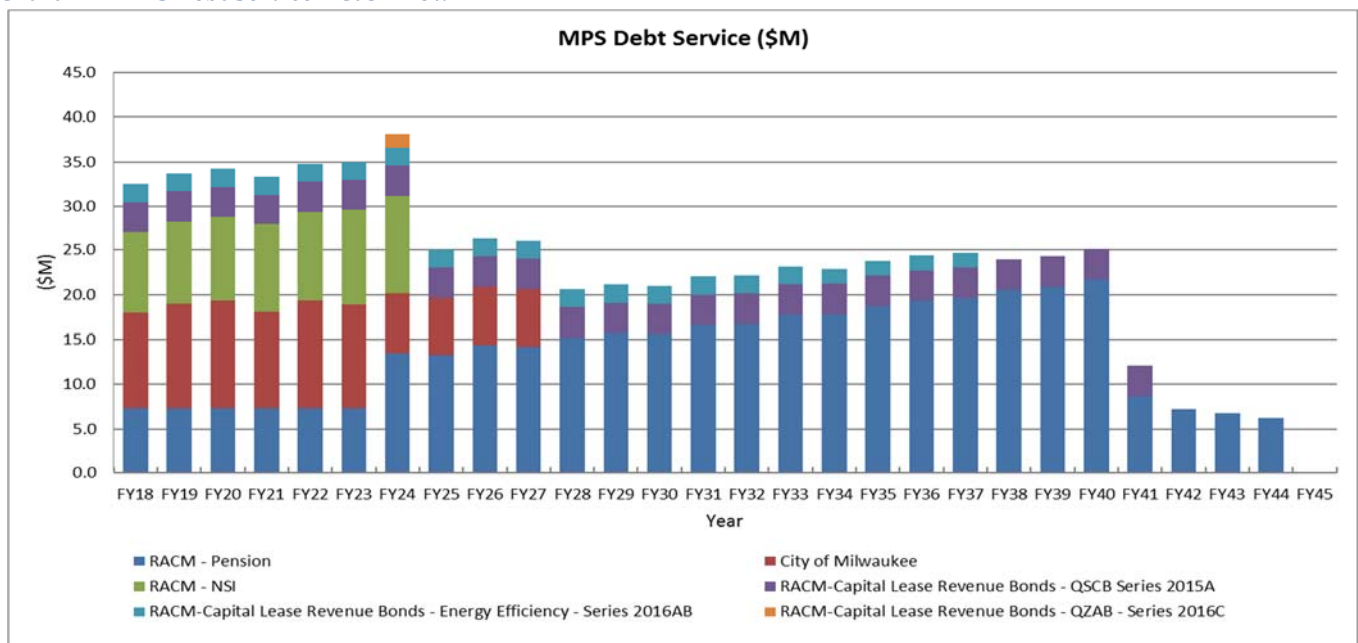
In FY17 the district issued \$29.1 million of refunding revenue bonds to refund \$31.9 million of Neighborhood Schools Initiative (NSI) bonds which were originally financed in 2002 and 2003. The district projects to realize \$3.0 million of net savings over the remaining life of the bonds from the refunding.

Projects chosen to be financed with debt are considered in light of the MPS Strategic Plan. Chart 1.17 provides a summary for the past ten fiscal years of MPS's outstanding debt. Chart 1.18 shows how various existing debt obligations will grow or shrink in future years. For example, 2023–24 is the year MPS is scheduled to retire the Redevelopment Authority of the City of Milwaukee Neighborhood Schools Initiative (RACM-NSI) debt, have lower obligations for funds borrowed directly from the City of Milwaukee and face a significant increase in payments due for pension financing.

Chart 1.17 Outstanding Debt – 10 years

Outstanding Debt	
Fiscal Year	Debt Outstanding (\$M)
2008	\$333.5
2009	328.3
2010	369.3
2011	358.1
2012	349.8
2013	342.2
2014	337.3
2015	367.2
2016	359.3
2017	382.8

Chart 1.18 MPS Debt Service – Cash Flow



Financial Management

The board and administration have adopted policies and procedures that ensure effective and efficient use of the district's financial resources. Authorization, recording and custodial activities are performed in accordance with legal and regulatory requirements and are annually reviewed by an external auditor. MPS also maintains a robust internal audit function that reports directly to the Milwaukee Board of School Directors and is dedicated to performance and financial auditing activities in the district.

Summary

Stable revenues are not enough to sustain the district's operations as they are today. Modest inflationary pressures require growing revenues. The district also faces more significant inflationary pressure in medical costs and other employee benefits. Planning for 2018–19 has required careful reduction efforts to effectively support the strategic plan while maintaining the fiscal health of the district.

The 2018–19 proposed budget reflects an overall reduction in spending of \$10.9 million, or 0.9 percent, from the 2017–2018 amended adopted budget. Projected revenues in the general operations budget are decreased 0.2 percent compared to 2017–18.

The total 2018–19 proposed budget—which includes grant funding and funding for Milwaukee Recreation—is \$1,173,324,713, down from \$1,184,236,760 in 2017–18.

MPS is proud that the 2018–19 Proposed Budget continues to support efforts that further sharpen the district's focus on the classroom while moving forward with the strategic plan that will improve student outcomes. The 2018–19 budget focuses resources to support our most precious resource—MPS students. In doing so, we place significant emphasis on supporting staff to support students, providing resources for professional development training, opportunities for increased collaboration and access to real-time, actionable data.

Despite continued budget challenges, the proposed budget provides staff and students with every opportunity possible and within our current means to achieve success in their MPS journey. This budget is a plan to win—in partnerships, in operations and most importantly, in academic achievement.

Accessing the Budget

Feedback to support the development of the annual budget is gathered throughout the year from school governance councils, district work groups, social media, community meetings, community listening sessions and online surveys.

Online versions of the 2018–19 Proposed Budget are posted on the district's website under the *MPS > District > About MPS > Offices & Departments > Office of Finance > Financial Planning and Budget Services* path at <http://mpsmke.com/Budget>. For more information about the 2018–19 Proposed Budget, please contact the MPS Office of Finance at (414) 475-8526 or via email at budget@milwaukee.k12.wi.us.