



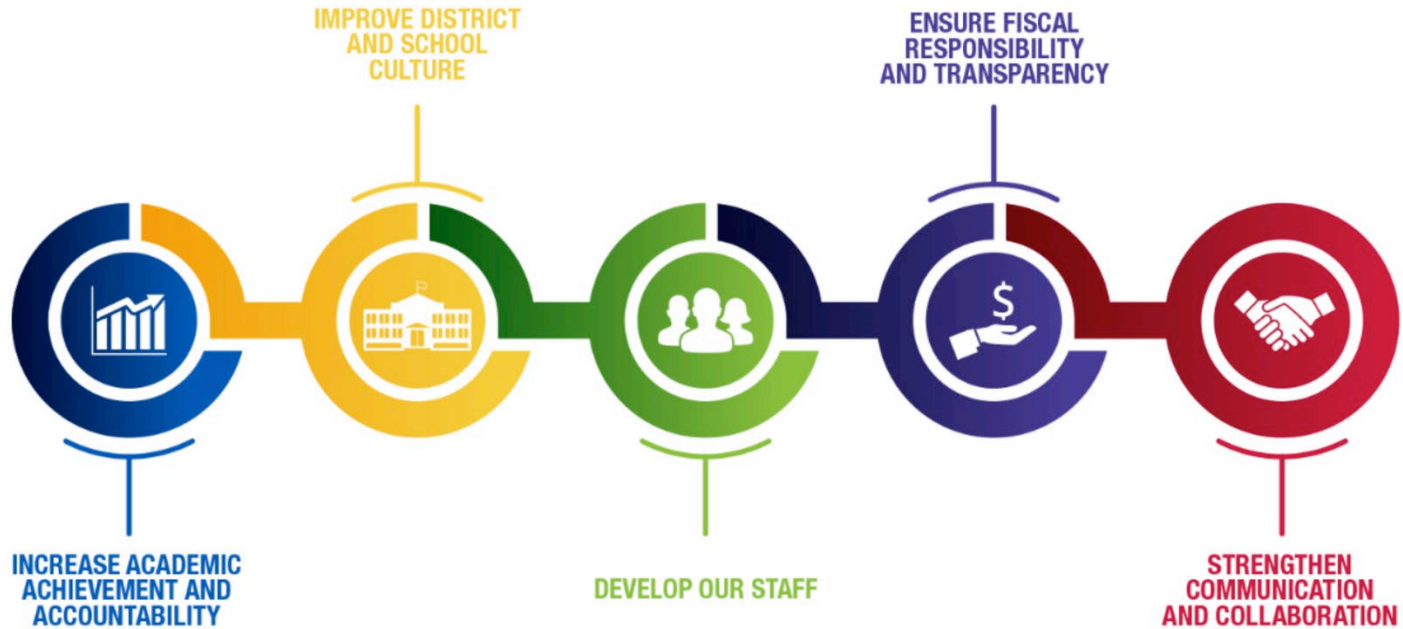
**MILWAUKEE
PUBLIC SCHOOLS**

Referendum Proposal

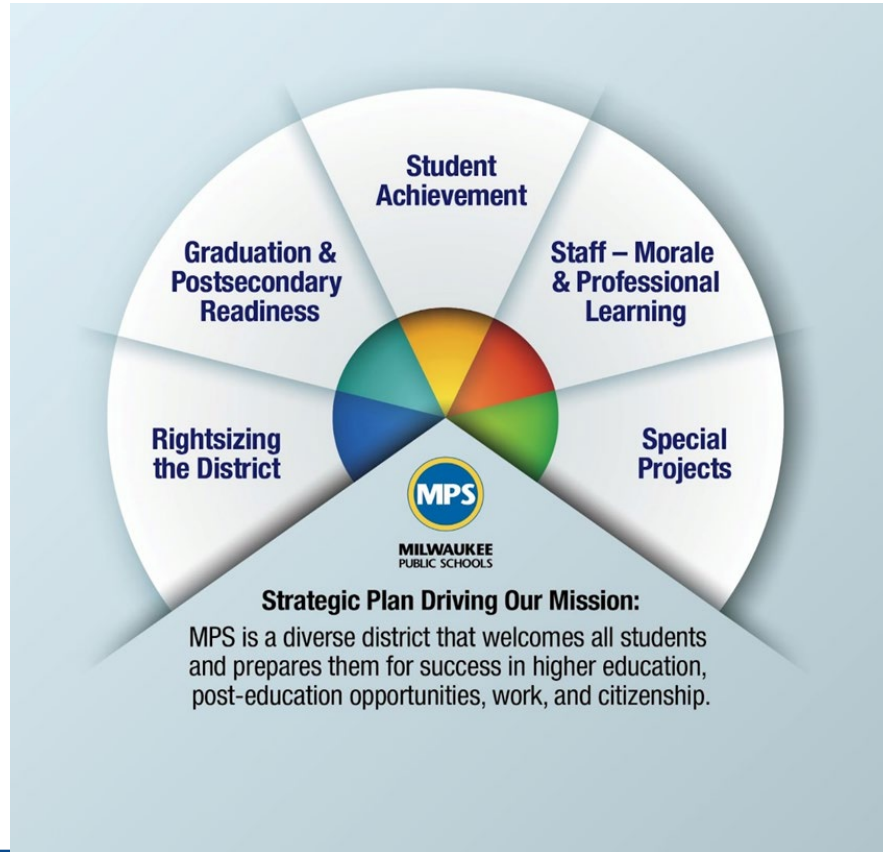
January 2024

Dr. Keith P. Posley
Superintendent

Five Priorities for Success



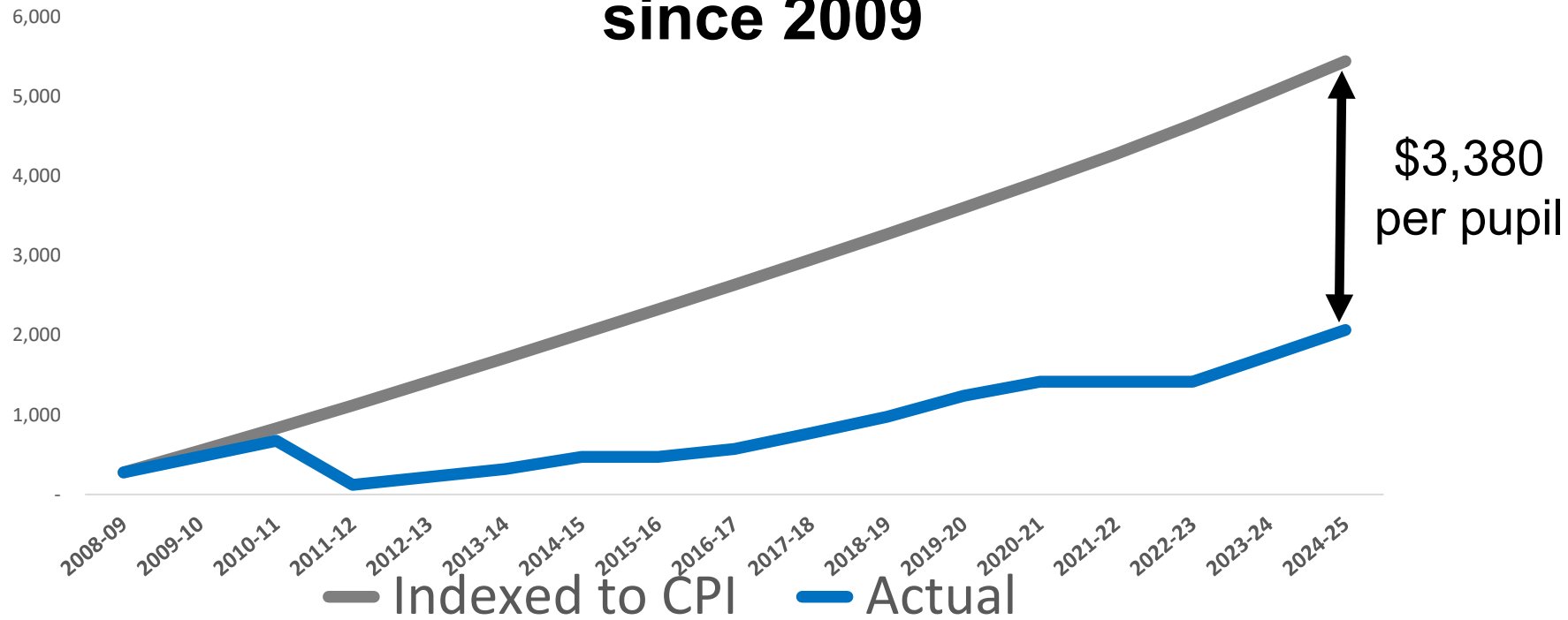
MPS Strategic Plan



Presentation Outline

- The Milwaukee Board of School Directors has directed the MPS Administration to present a referendum proposal
- The need to exceed the State imposed Revenue Limit
- Impacts if there is no increase in revenue
- Referendum funding scenarios

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



School Funding vs. Inflation

If funding had kept pace with inflation:

- MPS would have access to more than **\$210,000,000** more per year*

If the state provided a 60% reimbursement rate for students with disabilities, per their recommendation:

- MPS would have access to approximately **\$55 million** more in basic support each year*

*Estimate based on LFB's \$3378.44 calculation and 67,577 members, per DPI's 2023-24 revenue limit worksheet

District Budget Shortfall

Instead of \$210 million in additional funds per year, MPS is facing a budget shortfall for fiscal year 2025 of **at least \$200 million.**

Drivers of Financial Challenges

- Revenue limits
- Inflation
- Lack of special education funding
- Teacher and staff shortages
 - Need for competitive salaries
 - Need for competitive benefits
- Cost to maintain aging facilities
- Daily transportation of approximately 40,000 students

5-Year Budget Projections Presented at January 2023 Board Meeting

School Operations (In Millions)							
	FY23	FY24	FY25	FY26	FY27	FY28	Change FY28 vs FY23
(In Millions)	Adopted	est	est	est	est	est	
Revenues	\$1046.5	\$1032.9	\$1020.9	\$1008.9	\$996.9	\$984.9	(\$61.6)
Expenditures							
Salaries/Other Wages	\$467.8	\$496.9	\$517.4	\$538.7	\$557.7	\$577.9	\$110.1
Benefits							
Medical/Vision Insurance-Active	\$126.8	\$151.4	\$157.4	\$163.6	\$170.2	\$177.0	\$50.2
Employee Contribution-Active	(\$13.9)	(\$14.7)	(\$15.3)	(\$15.9)	(\$16.5)	(\$17.1)	(\$3.3)
Medical-Retiree (no Vision)	\$55.3	\$53.9	\$55.9	\$57.8	\$58.8	\$60.2	\$4.8
Employee Contribution-Retiree	(\$0.9)	(\$0.9)	(\$1.0)	(\$1.2)	(\$1.4)	(\$1.7)	(\$0.8)
Net Medical/Vision	\$167.4	\$189.7	\$197.0	\$204.4	\$211.1	\$218.4	\$51.0
Other Benefits	\$68.5	\$64.3	\$77.0	\$79.8	\$82.9	\$86.3	\$17.7
Total Benefits	\$235.9	\$254.0	\$274.0	\$284.2	\$294.0	\$304.6	\$68.7
Purchased Services							
Contracted Schools Charters	\$79.8	\$87.4	\$90.4	\$91.8	\$94.0	\$95.8	\$16.0
Open Enrollment -Outbound	\$42.9	\$37.5	\$36.9	\$36.6	\$36.2	\$35.3	(\$7.6)
Pupil Transportation	\$66.0	\$67.4	\$68.7	\$70.1	\$71.5	\$72.9	\$6.9
Other Purchased Svcs.-Includes Utilities	\$53.6	\$58.2	\$59.7	\$61.3	\$62.6	\$63.8	\$10.3
Total Purchased Services	\$242.3	\$250.5	\$255.8	\$259.7	\$264.2	\$267.9	\$25.6
Supplies/Materials	\$53.2	\$49.9	\$49.0	\$50.1	\$42.4	\$45.2	(\$8.0)
Capital Purchases	\$3.4	\$3.6	\$3.7	\$3.8	\$3.9	\$4.0	\$0.6
Debt Service	\$37.2	\$29.7	\$37.3	\$27.8	\$27.7	\$29.2	(\$8.0)
Insurances	\$8.0	\$8.8	\$9.2	\$9.6	\$10.0	\$10.4	\$2.4
Other	(\$1.3)	(\$1.9)	(\$2.0)	(\$2.0)	(\$2.1)	(\$2.3)	(\$1.0)
Total Expenditures	\$1046.5	\$1091.6	\$1144.5	\$1171.9	\$1197.8	\$1237.0	\$190.4
Balance Before Internal Adjustments	(\$0.0)	(\$58.7)	(\$123.5)	(\$162.9)	(\$200.8)	(\$252.0)	
Internal Adjustments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
Cumulative Surplus (Deficit)	(\$0.0)	(\$58.7)	(\$182.2)	(\$345.1)	(\$546.0)	(\$798.0)	

Budget Savings Measures

- Invest 94% of taxpayer dollars directly into classrooms
 - In 2019 diverted central office funds back to schools
- Minimize borrowing and aggressively repaying debt
- Shared services – partner with community organizations to maximize utilization of taxpayer dollars
- Maintain fiscally responsible practices to retain high bond rating, therefore reducing borrowing costs and debt burden

Fiscal Year 2024–25 Revenues

Wisconsin school districts have limited options to increase revenue

- **The vast majority of funding comes from state aid and property tax levy**
 - Revenue limit is expected to decrease up to \$5 million in FY 25
 - This is related to the state's complex revenue limit formula
- **Enrollment**
 - MPS enrollment has stabilized. Even increased enrollment may not increase revenue due to state funding formulas
 - Increasing enrollment is challenging due to demographic changes
- **Referendum**
 - Since 1994, 82% of Wisconsin school districts have asked voters to exceed state-imposed revenue limits with referenda*
 - 2022 was the highest year for referenda in Wisconsin history, 80% passed
 - Many districts are experiencing budget shortfalls and are currently considering school closures, referenda, or both.

*Source: K-12 On the Ballot: Using Referenda to Fund Public Schools

Fiscal Year 2024–25 Expenditure

Challenges and opportunities for reducing expenditures

- Reduce funding to schools
- Eliminate districtwide specialty programs
- Reduce mental health supports to students
- Delay replacement cycles for repairs, educational materials, or technology
- Eliminate positions / layoffs
- Freeze salaries
- Increase employee cost for benefits
- Consolidate schools
- Close schools
- Reduce transportation
- Increase funding to MPS

Referendum Scenario 1

4-year Recurring Referendum: \$150 million first year, \$262 million total						Scenario 1
	Current Year	Budget Year	Forecast			
	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029
Surplus (Deficit)	\$24,000,002	\$59,451,388	(\$6,538,820)	\$28,346,779	\$30,393,034	\$14,593,278
Fund Balance	\$3,049,424	\$62,500,811	\$55,961,991	\$84,308,771	\$114,701,804	\$129,295,082
Recurring Referendum \$	\$3,000,000	\$150,000,000	\$51,000,000	\$47,000,000	\$14,000,000	\$0
Total School-Based Tax Levy	\$320,155,979	\$427,569,788	\$437,475,877	\$447,351,784	\$457,152,395	\$451,391,007
Mill Rate (per \$1,000 EQ Value)	\$7.94	\$10.35	\$10.33	\$10.30	\$10.27	\$9.89
Overall Tax Increase (Year over Year)		\$107,413,809	\$9,906,089	\$9,875,907	\$9,800,611	(\$5,761,388)
Increase in Mill Rate (Year over Year)		\$2.41	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.38)
Increased cost per \$100,000 home		\$241	(\$2)	(\$2)	(\$3)	(\$38)

Referendum Scenario 2

4-year Recurring Referendum: \$140 million first year, \$252 million total						Scenario 2
	Current Year	Budget Year	Forecast			
	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029
Surplus (Deficit)	\$24,000,002	\$49,451,388	(\$16,538,446)	\$18,428,831	\$20,580,146	\$4,900,286
Fund Balance	\$3,049,424	\$52,500,811	\$35,962,365	\$54,391,197	\$74,971,342	\$79,871,628
Recurring Referendum \$	\$3,000,000	\$140,000,000	\$51,000,000	\$47,000,000	\$14,000,000	\$0
Total School-Based Tax Levy	\$320,155,979	\$417,569,788	\$427,476,251	\$437,433,836	\$447,339,507	\$441,698,015
Mill Rate (per \$1,000 EQ Value)	\$7.94	\$10.10	\$10.09	\$10.07	\$10.05	\$9.68
Overall Tax Increase (Year over Year)		\$97,413,809	\$9,906,463	\$9,957,585	\$9,905,671	(\$5,641,492)
Increase in Mill Rate (Year over Year)		\$2.16	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.37)
Increased cost per \$100,000 home		\$216	(\$1)	(\$2)	(\$2)	(\$37)

Referendum Scenario 3

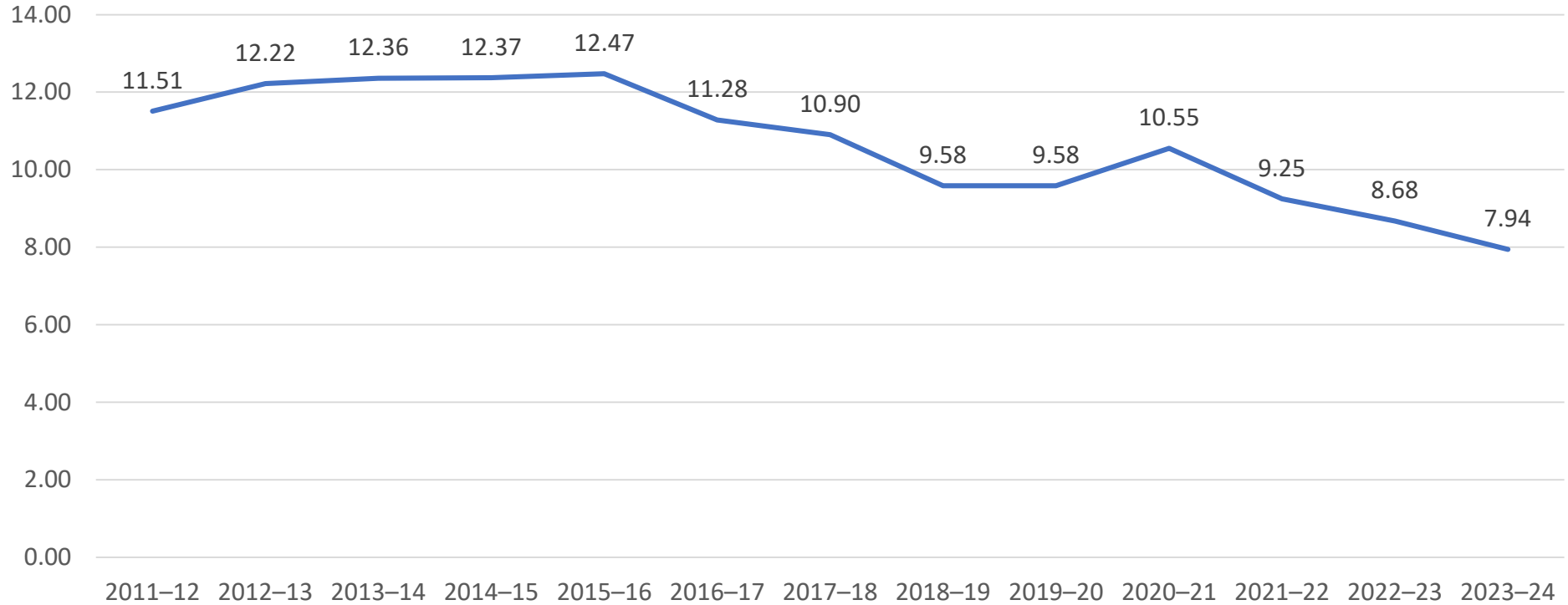
4-year Recurring Referendum: \$132 million first year, \$244 million total						Scenario 3
	Current Year	Budget Year	Forecast			
	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029
Surplus (Deficit)	\$24,000,002	\$41,451,388	(\$24,538,414)	\$10,494,209	\$12,729,573	(\$2,854,367)
Fund Balance	\$3,049,424	\$44,500,811	\$19,962,397	\$30,456,607	\$43,186,179	\$40,331,812
Recurring Referendum \$	\$3,000,000	\$132,000,000	\$51,000,000	\$47,000,000	\$14,000,000	\$0
Total School-Based Tax Levy	\$320,155,979	\$409,569,788	\$419,476,283	\$429,499,214	\$439,488,934	\$433,943,362
Mill Rate (per \$1,000 EQ Value)	\$7.94	\$9.91	\$9.90	\$9.89	\$9.87	\$9.51
Overall Tax Increase (Year over Year)		\$89,413,809	\$9,906,495	\$10,022,931	\$9,989,720	(\$5,545,572)
Increase in Mill Rate (Year over Year)		\$1.97	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.36)
Increased cost per \$100,000 home		\$197	(\$1)	(\$1)	(\$2)	(\$36)

Tax Implication per \$100,000 Home Value

Year One Estimated Tax Levy Impact to \$100,000 Home Value		
Scenario (Option)	First Year Referendum Amount	Estimated Tax Increase
Scenario 1	\$150 million first year	\$241
Scenario 2	\$140 million first year	\$216
Scenario 3	\$132 million first year	\$197

Historical Levy Rate

Levy Rate (in mils)



Survey Results

Survey Respondents

4,723 respondents to date

Survey Results

70% responded to put a referendum question on the ballot for voters in April 2024



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Questions?



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Thank You

Arabic: شكر
Hindi: धन्यवाद
Japanese: ありがとう
Korean: 감사합니다
Sanskrit: नमो
Tamil: நன்றி
Vietnamese: cảm ơn bạn

Albanian: Faleminderit
Armenian: Բախումբ
Azerbaijani: Təşəkkür
Bosnian: Hvala
Bulgarian: Благодаря
Catalan: Gràcies
Cebuano: Magpasabot
Chinese: 谢谢
Czech: Děkuji
Danish: Tak
Dutch: Dank u
English: Thank you
Finnish: Kiitos
French: Merci
German: Danke
Greek: Ευχαριστώ
Hebrew: תודה
Hmong: Txoj xoj
Hungarian: Köszönöm
Indonesian: Terima kasih
Italian: Grazie
Japanese: ありがとう
Kannada: ಧನ್ಯವಾದಗಳು
Kazakh: Алғыс
Korean: 감사합니다
Kyrgyz: Ташаккерем
Lithuanian: Ačiū
Macedonian: Благодарен
Malay: Terima kasih
Malayalam: നന്ദി
Marathi: धन्यवाद
Mongolian: Талархна
Nepali: धन्यवाद
Norwegian: Takk
Persian: تشکر
Polish: Dziękuję
Portuguese: Obrigado
Romanian: Mulțumesc
Russian: Спасибо
Slovak: Ďakujem
Slovenian: Hvala
Spanish: Gracias
Swedish: Tack
Tajik: Дархона
Tamil: நன்றி
Telugu: ధన్యవాదం
Thai: ขอบคุณ
Turkish: Teşekkürler
Ukrainian: Спасибі
Urdu: شکریہ
Vietnamese: cảm ơn bạn
Welsh: Diolch i chi
Yiddish: דאַנק
Zulu: Njisis Tuke