



**MILWAUKEE
PUBLIC SCHOOLS**

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Dear Members of the Milwaukee Board of School Directors,

We are pleased to share the Superintendent's Proposed Budget for fiscal year July 1, 2021–June 30, 2022 for your consideration. The \$1.3 billion budget will allow the district to focus essential investments in the schools to ensure that students have the educational opportunities they need to be successful. This budget represents the collective efforts of the administration to support the district's vision to provide an equitable educational environment that is child-centered, supports achievement, and respects and embraces diversity.

Even during these unprecedented times of the COVID-19 pandemic, the focus has been on providing students, staff and families the resources and support needed whether students are learning virtually from home or in-person in the classroom.

The administration approaches the budget process as an opportunity to improve decision-making and demonstrate its commitment to achieving goals established by the Milwaukee Board of School Directors, namely:

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

To achieve these goals, the Five Priorities for Success serve as a strategy to increase academic achievement and accountability, improve district and school culture, develop our staff, ensure fiscal responsibility and transparency, and strengthen communication and collaboration.

Financial Outlook

2020–21 has been a year of much change for Milwaukee Public Schools (MPS); a year like no other. It is the first year that MPS opened by providing districtwide virtual learning to help mitigate COVID-19 transmission. MPS has put in great effort to ensure students maintain access to high quality learning during this time. Educators have taken part in professional development to facilitate online learning and have shared creative ideas to keep students engaged. Staff have worked diligently to ensure that every student has access to education and can participate fully.

This is the first year to implement the strategies approved for the use of the referendum that was overwhelmingly approved last spring. While MPS did not imagine implementing the strategies while individual worked and learned from home, the funding came at a perfect time to provide extra support for students such as:

- Providing social emotional learning and supportive services
- Engaging students with library media, art, music and physical education

Projected Revenue

\$1.3 billion

School Operations

91¢ of every dollar is dedicated to educating and supporting students

Enrollment

Projected to serve 71,325 students in 152 schools

Employees

89% of MPS's 9,849 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

- Providing culturally relevant curriculum, materials and professional development
- Expanding advanced academic opportunities including ethnic studies and gifted and talented
- Enhancing career and technical education opportunities

Through the recurring referendum, MPS received \$57 million in fiscal year 2021 (FY21) and will receive an additional \$20 million in FY22, an additional \$7 million in FY23 and \$3 million in FY24. The total referendum will be \$87 million at the end of the phase-in and will continue as an increase to the revenue limit.

The referendum has given some much needed relief from a revenue limit formula that has constrained opportunities for students. The revenue limit per pupil allocation has remained relatively flat since the 2010–11 school year. The uncertainty of the pandemic adds to future budget concerns. While the federal government has allocated funding to help school districts through the pandemic the funding will be short lived and therefore difficult to achieve a sustaining impact. Strategic decisions will need to be made on the use of the federal funding. Due to the timing of the receipt of the allocations the federal rescue plan funding is not reflected in this budget.

The governor’s proposed biennial State of Wisconsin budget, which has not been approved yet, includes a per-member increase to each district’s revenue limit equal to \$200 in 2021–22 and an additional \$204 in 2022–23. The proposed increase would help rectify the relatively flat maximum revenue per pupil since the 2010–11 school year: \$10,013 compared to an estimated \$10,676 in 2021–22. Continued increase of the revenue limit is necessary to make up for years of a lack of an inflationary index attached to the funding. In other words, the school district funding did not keep up with increased costs. Even a one percent increase to the per pupil revenue limit would have added about \$40 million to the budget each year since the 2010–11 school year.

In addition, there is a need for increased reimbursement for the cost of special education services. The district provides specialized services to meet the educational needs of students. However, when special education expenses are reimbursed at a quarter of the costs, it means that other educational opportunities, intended to meet the needs of all students, must be reduced. Milwaukee Public Schools should not be put in this dilemma.

The district continues to advocate for equitable, predictable, and sustainable funding. This is very important at a time when the funding formula at the state level does not allow for increasing the district’s fund balance without impacting state aid and with the loss of integration aid in fiscal year 2022–23. The success of the recent referendum is an encouraging first step. It allows MPS to exceed the revenue limit and align the resources that our students need to optimize their potential.

Projected 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 2021–22 enrollment in the 152 MPS schools is projected at 71,325 and is consistent with the current year’s enrollment. Although MPS has the largest enrollment in Wisconsin, the district, through the state funding formula, is assigned a low per-member revenue limit as compared to neighboring districts.



Revenue Overview

The district uses five funds to report financial activity. The five are the following funds:

- School Operations Fund is used for the district’s general operating funds
- School Nutrition Services Fund provides for the meal programs

- Construction Fund is used for remodeling, construction, acquisition of facilities
- Extension Fund is used for community programs and services; recreation
- Categorically Aided Programs Funds include federal, state and private grants.

Chart T.1 shows a revenue comparison between the 2020–21 Amended Adopted Budget and the 2021–22 Superintendent’s Proposed Budget allocated to the district’s fund designations.

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

Fund Category	2020–21 Amended Adopted Budget	2021–22 Proposed Budget	Year-to-Year Difference	Year-to-Year % Difference
Operations	\$1,006.9	\$1,034.7	\$27.7	2.8%
Nutrition	55.6	56.5	0.9	1.6%
Construction	5.8	4.0	(1.7)	(29.7%)
Extension	34.7	34.8	0.1	0.4%
Categorical	240.3	175.7	(64.7)	(26.9%)
Total All Funds	\$1,343.4	\$1,305.7	(\$37.6)	(2.8%)

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

The five funds in total have projected revenues of \$1,305,733,833. The overall 2021–22 projected budget is expected to decrease by 2.8% compared to 2020–21. This change is mainly due to a decrease in projected categorical funds accounted for so far in the coming year. Due to timing of allocations, the Coronavirus Response and Relief Supplemental Appropriations Act (ESSER II) and the American Rescue Plan Act (ESSER III) are not part of this budget and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, ESSER I) was included in the 2020–21 budget.

The School Operations Fund has increased mainly due to the second year of the referendum which provides the district \$20 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; the areas include the following:

- Early childhood/class size
- Attracting and retaining certified educators
- Professional support staff
- Library media, visual arts, music, and physical education
- Advanced academic programs
- Career and technical education

Chart T.2 Referendum Funds

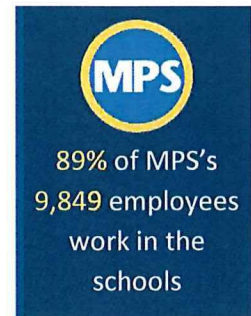
Use of Referendum Funds	
Early childhood class size	\$4,403,590
\$36,011,128	Attracting and retaining certified educators
Supportive services (school counselors, psychologists, social workers, and nurses)	\$8,325,031
\$11,847,546	Library media, visual arts, music, and physical education
Advanced academic programs	\$14,705,051
\$1,707,654	Career and technical education

Budget Overview

The proposed budget is built on estimates of the state funding formula and the additional recurring revenue of \$77.0 million allowed by the referendum in the second of a four-year phase-in period. Budget parameters were developed in collaboration with and approval of the Milwaukee Board of School Directors that guided the development of the proposed budget. MPS is committed to developing a budget that reflects a commitment to fair resources, quality and socially transformative learning, a supportive environment for employees, and an equitable education system for all, with the following parameters as guidance:

1. Ensure that there are sufficient resources, including textbook adoption, to provide high-quality classroom instruction at the Tier 1 level
2. Prioritize school budgets by adjusting and repurposing educational programming and departmental budgets
3. Implement the salary schedules with possible cost-of-living increase
4. Consider employee benefit modifications for eligible employees to identify cost savings and increase efficiencies
5. Explore operating efficiencies, including those related to transportation
6. Implement a multi-tiered mental health approach to promote students' mental health and social-emotional learning
7. Strengthen a well-rounded educational experience by increasing the allocation in areas of school library, art, music, and physical education
8. Provide flexibility to meet standards to safeguard health, safety, and educational needs during the COVID-19 pandemic
9. Restore revenue to the Construction Fund to address deferred maintenance
10. Prepare a balanced budget that is based on state law and maximizes the revenue limit

MPS is proud to serve the students entrusted in our care. The budget is a testament to this importance. For every dollar budgeted in the MPS School Operations Fund, ninety-one cents are used to educate and support children in Milwaukee. This increase, compared to ninety cents in 2019–20 and eighty-eight cents in 2018–19, includes both supplies and personnel but especially the district's largest group of employees: teachers. Six cents of every dollar in the fund is used to support non-school-based staff and services that support schools, while the remaining three cents supports necessary operations expenses such as insurance and debt repayment. 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.




The proposed budget reflects the commitment to provide the best possible learning opportunities for all MPS children. This is evidenced by the following examples of additional resource allocations in these critical areas:

- Continuing our commitment to make funding schools the priority
- Providing more teachers to lower class sizes in the youngest grades
- Expanding or enhancing educational programming such as Montessori, bilingual and ethnic studies
- Attracting and retaining staff through employee salary schedules
- Expanding opportunities in library media, music, art, and physical education

The budget is used as a planning and decision-making guide and as the basis for financial management and accountability. Prioritizing fiscal resources in schools reflects the district's unwavering commitment to eliminate the disparities in educational opportunities and outcomes that exist among our students today. The annual budget process affords opportunities for collaboration and public input. We look forward to feedback and discussion on the proposed budget from the Board and the community as we work together to improve opportunities for our students.

Respectfully,


Dr. Keith P. Posley
Superintendent of Schools


Martha Kreitzman
Chief Financial Officer