



Dear Members of the Milwaukee Board of School Directors:

We are pleased to submit the Superintendent’s Proposed Budget for the fiscal year July 1, 2024–June 30, 2025, for your consideration. This \$1.47 billion proposed budget represents an investment in the Milwaukee’s schools, staff, and students. It protects educational services despite significant revenue constraints and inflationary pressures. The prudent use of limited public funds, as proposed, empowers Milwaukee Public Schools to maximize student instructional opportunities while ensuring equitable and effective use of resources.

The detailed budget planning conducted includes setting financial and enrollment goals, forecasting future financial resources and needs, and allocating resources toward achieving the following Milwaukee Board of School Directors goals:

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

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

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

Financial Outlook

In the 2024–25 proposed budget, the administration and MBSD, with the help of Milwaukee’s voters, overcame and corrected a projected \$200 million budget shortfall despite the challenges created by the combination of historic inflation, the end of the federally funded Elementary and Secondary School Emergency Relief funds, and state revenue limits. This proposed budget plans for the use of critical funding that was approved by voters on April 2, 2024. This generous support of our students will stabilize the district’s financial outlook while preserving educational services for students.

Every two years, Wisconsin adopts a state budget. It runs from the middle of one odd-numbered year to the middle of the next. A state limit in place since 1993 continues to cap the district’s ability to increase revenues. In the previous biennial budget, the state did not increase the base per-pupil amount of the revenue limit — meaning the district’s purchasing power has not kept pace with inflation since the Great Recession of 2007–09.

Projected Revenue

\$1.5 billion

School Operations

95¢ of every dollar is dedicated to educating and supporting students

Enrollment Projection

Serving over 62,000 students in 156 schools

Employees

83% of MPS’s 9,590 employees work in the schools

Audit Opinion

Unmodified (clean) audit opinions

Through the biennial budget process, the Governor proposed an increase in the per-pupil revenue limit of \$350 in the first year and an additional \$650 in the second year. Unfortunately, this provision was not included in the state's biannual budget. A steady and reliable increase in the revenue limit is necessary for school district funding to keep up with the increased costs of providing for a student's education. When analyzing information across the country by aligning student achievement with school funding data, unsurprisingly, it reveals that funding matters when it comes to students' academic success.

In Wisconsin, state funding is granted to school districts for each student they are responsible for serving. The state's 2023 biennial budget increased per pupil funding for schools by \$325. While this increase in state funding is beneficial, it was not enough to protect the district's educational services from inflation. Like the average American's budget at home, historic inflation means the district must increase revenue to purchase the same amount of goods and services. To preserve services for students, the administration and MBSD asked Milwaukee voters to increase the local property tax levy limit in spring 2024. Thanks to residents' support, the referendum passed, and Milwaukee's students will benefit from \$252 million in additional funding to preserve educational services. The 2024 referendum will be phased in over four years.

The district provides specialized services to meet the educational needs of students. In the proposed budget, over \$205 million is allocated for special education funding. When special education expenses are reimbursed at only a third of the costs. This means funding intended to meet the needs of all students must be used to pay for the higher cost of educating students with special needs. The governor proposed an increase in special education services reimbursement from almost 30 percent to 60 percent. The proposed increase would have doubled the reimbursement that MPS currently receives. Unfortunately, this provision was not included in the state's biennial budget.

Staffing challenges significantly impact any organization's financial outlook and ability to provide services. Employee shortages continue to persist across the nation generally, and across educational professions specifically. Like most schools, MPS also faces staff shortages, including teachers, para professionals, food service staff, and building services staff. To address the shortages, the district has taken innovative steps to increase the recruitment and retention of employees. The district has expanded recruitment to include more local, national, and international events, with an emphasis on building a more diverse workforce. The district continues to create pathways for employees to grow their careers in the district and fill vacancies in our areas of highest need.

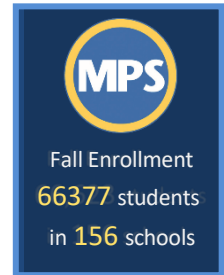
Thanks to the recurring 2020 referendum, MPS receives an additional \$87 million per year, and this funding will continue as a permanent increase to the revenue limit. Even this increase that the referendum has afforded the district, however, is being overtaken by inflationary increases and a lack of regular revenue limit increases provided by the state. This is why school districts across the state have found the need in recent years to partially fund their district by regularly requesting a referendum from the local taxpayers.

Even with the constraints of state funding, the proposed budget has held to our commitment to the community to set aside \$87.0 million in the budget to fund the approved 2020 referendum activities that follow:

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

Fall Enrollment

Static state revenues are further influenced by declining student enrollment. The declining birth rate and the highly competitive nature of the K–12 environment in Milwaukee add to the urgency to retain and increase student enrollment. The 2024–25 fall enrollment in the 156 MPS schools is forecasted to be 66,377. Although MPS has the largest enrollment in Wisconsin, while serving the largest population of students with special needs, English learners, and students living in poverty in Wisconsin, the district, through the state funding formula, is not assigned a proportionate per-pupil revenue limit or other reimbursement sources.



Revenue Overview

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

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

Chart T.1 shows a revenue comparison between the 2023–24 Amended Adopted Budget and the 2024–25 proposed budget allocated to the district’s fund designations.

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

District Revenue Overview: 2024-25 Preliminary Budget Compared to 2023-24 Amended Adopted Budget (\$M)						
	Operations	Nutrition	Extension	Construction	Categorical	Total
2023-24 Amended Adopted Budget	\$1,047.3	\$57.7	\$114.4	\$7.1	\$381.3	\$1,607.8
2024-25 Proposed Budget	1,166.7	60.1	37.6	19.1	186.9	1,470.5
Year-to-Year Increase/(Decrease)	\$119.4	\$2.4	(\$76.8)	\$11.9	(\$194.3)	(\$137.4)
	11.4%	4.1%	-67.1%	169.0%	-51.0%	-8.5%

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

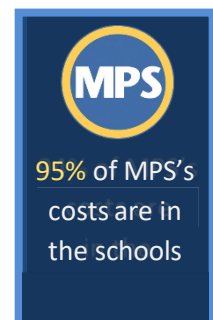
Budget Overview

The proposed budget is balanced, meaning that the expected revenues equal the expected expenditures. The budget is built on estimates of the state funding formula and the additional recurring revenue of \$87.0 million allowed by the 2020 referendum in the four-year phase-in period. The services funded by the 2020 referendum were threatened by historic inflation. Thanks to the support of Milwaukee voters and their approval of a recurring referendum in spring of 2024, however, students will continue to benefit from those opportunities to learn. The 2024 referendum increases the local property tax revenue limit by \$140 million in the 2024–25 school year, and phases in additional funding annually up to \$252 million in school year 2027–28. Budget parameters were developed in collaboration with and approval of the Milwaukee Board of School Directors, which guided the development of the budget.

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

1. Allocate equitable educational resources and well-prepared staff to improve students' access to high-quality instruction.
2. Allocate resources to improve academic achievement in all areas, including fine arts, music, physical education, career and technical education, and world languages.
3. Reallocate resources to boost academic achievement, particularly through small group instruction in literacy/English language arts and literacy/mathematics.
4. Address staffing needs to ensure adequate resources are in place for school-based programs.
5. Prioritize school budgets by adjusting and repurposing educational programming and departmental budgets.
6. Allocate resources to support school libraries, art, music, and physical education.
7. Foster a positive school environment that promotes a sense of belonging, cultural responsiveness, and access to social-emotional learning and mental health support.
8. Develop a professional development schedule that is aligned with the needs of administrators, teachers, paraprofessionals, and other staff.
9. Implement strategies for staff recruitment and retention, addressing findings from the compensation study.
10. Implement salary schedules with a potential cost-of-living increase.
11. Consider modifications to employee benefits for eligible staff to identify cost savings and increase efficiencies.
12. Explore operational efficiencies related to district functions, including payroll, professional development, hiring processes, and temporary housing for international teachers.
13. Expand the number of site-based production kitchens.
14. Continue implementation of a kitchen-equipment replacement schedule based on an inventory aging report.
15. Expand internship and apprenticeship options for students by increasing business partnerships, retaining current partnerships, and leveraging internal opportunities within MPS.
16. Address deferred maintenance and future construction needs by restoring revenue to the Construction Fund and the Long-Term Capital Improvement Trust.
17. Ensure school membership adequately reflects building capacity and staff needs.
18. Increase the fund balance to promote long-term stability and flexibility in the School Operation Fund, practicing sound financial management.
19. Develop a balanced budget compliant with state law while maximizing the revenue limit.

MPS is proud to serve the students entrusted to our care. The budget is a testament to this importance. For every dollar budgeted in the MPS School Operations Fund in 2024–25, 95 cents are used to directly educate and support children in Milwaukee. The administration and MBSD are dedicated to ensuring public funding directly benefit students, and have continued to increase this amount from 92 cents of every dollar in 2021–22 and 88 cents in 2018–19; it includes supplies and personnel but especially the district's largest group of employees: teachers. The budget guides district and school staff in using resources in a strategic, responsible, and transparent way to ensure rigorous and equitable learning experiences for all students.

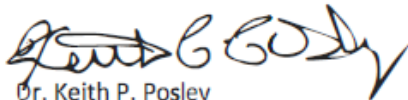


In prior years, the district benefited from federal ESSER funding to overcome with the impacts of the COVID-19 pandemic. Again, thanks to the support of Milwaukee voters and the referendum approved in 2024, the budget for school year 2024–25 maintains funding for:

- Continuing work with the Ambitious Instruction framework
- Programming diverse core and extracurricular offerings
- Providing mental health supportive services
- Increasing funding to the Construction Fund
- Attracting and retaining staff through employee salary schedules and cost-of-living increases
- Increasing library media, music, art, and physical education in schools
- Providing student-friendly, nutritious meals that meet USDA requirements

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

Respectfully,



Dr. Keith P. Posley
Superintendent of Schools



Martha Kreitzman
Chief Financial Officer
