

(ATTACHMENT 1) 2020-21 (FY21) Proposed Fall Budget Adjustments

The following summary is presented to assist the Milwaukee Board of School Directors (Board) during its consideration and final approval of the 2020-21 (FY21) School Operations, Construction and Extension Fund budgets. The changes listed below are adjustments to the budget adopted in May based on current data and district priorities.

Enrollment

From fall 2019 to fall 2020, Milwaukee Public Schools' (MPS) enrollment decreased primarily due to a decrease in MPS traditional and instrumentality charter school enrollment. The number of students attending MPS schools decreased by 3.8% to 71,771. Most of the enrollment decrease was at the early childhood grades. Outgoing open enrollment numbers dropped by 2.4% and outgoing Chapter 220 numbers dropped by 20.3%. The Chapter 220 program closed to new students in FY16, resulting in the expected reduction in enrollment.

Milwaukee Parental Choice Program (MPCP) enrollment is expected to decrease from 28,978 in the 2019-20 (FY20) school year to approximately 28,583 in FY21. In FY21, 131 private schools indicated their intent to participate in MPCP according to the Wisconsin Department of Public Instruction (DPI).

Chart 1 shows a summary of the third Friday enrollment changes by category from fiscal year (FY) 20 to fiscal year 21. Enrollment is listed as a headcount and not as full-time equivalent (FTE) which is used for calculating enrollment revenue.

Chart 1: Student Enrollment by Category

Enrollment Summary				
Enrollment Category	FY20 Third Friday Enrollment	FY21 Third Friday Enrollment	FY20 to FY21 Difference	FY20 to FY21 % Difference
MPS Traditional & Instrumentality Charter Schools	65,126	62,486	-2,640	-4.05%
Alternative/Partnerships/Other Sites	1,180	986	-194	-16.44%
Non-instrumentality Charter Schools	8,327	8,299	-28	-0.34%
Subtotal	74,633	71,771	-2,862	-3.83%
Chapter 220 in Suburbs	536	427	-109	-20.34%
Open Enrollment in Suburbs	5,251	5,127	-124	-2.36%
Total	80,420	77,325	-3,095	-3.85%

Note: Original enrollment submission to DPI on October 2, 2020.

Revenue Changes

Chart 2 shows a summary of the School Operations Fund changes by source and type from the budget adopted by the Board in May 2020. The property tax levy and the Equalization and Integration Aids are not individually listed in the 2020-21 Proposed Budget (P.B.) as the district estimates the total amount in the spring and then receives actual numbers from DPI in the fall.

Chart 2: School Operations Fund – Revenues by Source Changes

School Operations Fund - Revenues by Source				
Description	2020-21 P.B. (Spring)	2020-21 F.A. (Fall)	Inc / (Dec)	
Property Tax Levy, Equalization and Integration Aids				
Property Tax Levy		276,113,936		
General Equalization Aid		572,826,509		
Integration Aid	854,112,690	33,503,960		2,374,705
Poverty Aid		5,018,688		
Computer Aid		8,806,227		
Deduction for Choice/Charter		(39,781,925)		
Subtotal	\$ 854,112,690	\$ 856,487,395	\$	2,374,705
State Handicapped Aids				
Handicapped Aids	48,000,000	48,444,109		444,109
Subtotal	\$ 48,000,000	\$ 48,444,109		444,109
Other State Aids				
Transportation Aid	2,664,700	2,664,700		-
Library Aid	4,100,000	4,100,000		-
Bilingual Aid	1,700,000	1,700,000		-
Tuition from State	500,000	500,000		-
General State Aid	55,441,498	55,083,112		(358,386)
Other State Per-Pupil	3,844,545	3,844,545		-
Subtotal	\$ 68,250,743	\$ 67,892,357	\$	(358,386)
Federal Aids				
Federal Reimbursement - QSCB	3,750,095	3,750,095		-
Indirect Cost Aids	6,231,000	6,786,912		555,912
Medicaid Reimbursements	6,400,000	6,100,000		(300,000)
Subtotal	\$ 16,381,095	\$ 16,637,007	\$	255,912
Local Revenues				
TIF and other City related	329,940	329,940		-
Student Programs Reimbursment	260,000	260,000		-
Tuition	13,018,231	13,018,231		-
Interest Earned	350,276	350,276		-
Rental	2,714,752	2,714,752		-
Refunds/Ins. proceeds	468,077	468,077		-
Miscellaneous	311,915	311,915		-
Subtotal	\$ 17,453,191	\$ 17,453,191	\$	-
Carryover				-
Total	\$ 1,004,197,719	\$ 1,006,914,059	\$	2,716,340

Revenue Limit

The FY21 revenue limit is based on prior year revenues, expenditures and three-year enrollment trends including the current third Friday enrollment. The revised revenue limit governing the School Operations and Construction funds is \$861.1 million, an increase of \$59.0 million from the FY20 October revenue limit.

The State budget for the 2020 to 2021 biennium includes an increase in the base per-pupil amount of the revenue limit of \$179 in FY21. For MPS, the base per-pupil amount is now \$10,476 compared to \$10,297 per pupil in FY20. Since Over recent years the district has continued to experience a declining revenue limit, however, the revenue limit has increased this year as a result of a successful referendum bid by the District. Also included is revenue limit authority for special education vouchers and debt related to energy efficiency projects. These increases are designated for specific costs which the district is obligated to pay.

The School Operations portion of the revised revenue limit is \$1,499,897 more than the amount adopted in May 2020. Chart 3 shows a summary of the revised revenue limit.

Chart 3: School Operations Revised Revenue Limit

Revenue Limit		
FY21 Adopted Budget	May 2020	\$859,623,964
FY21 Fall Adjustment	October 2020	\$1,499,897
FY21 Amended Adopted Budget	October 2020	\$861,123,861

State Aids

State equalization and integration aids of \$566.5 million for FY21, after non-MPS charter and MPCP deductions, were certified in October 2020. This is an increase of \$15.9 million, or 2.9%, from the \$550.6 million certified for FY20. Chart 4 shows a summary of the state equalization and integration aid changes from the FY20 October certified amount.

Chart 4: Equalization and Integration Aids

Equalization and Integration Aids			
FY20 October Certified	Final FY21 Certified	FY20 to FY21 Difference	FY20 to FY21 % Difference
\$550,599,284	\$566,548,544	\$15,949,260	2.9%

Property Tax Levy

Based on the budget adopted by the Board in May 2020 and the adjustments listed in this Board item, the MPS all-fund tax levy for FY21 increased by \$45.1 million, or 17.2%, from the amount levied for FY20.

The \$30.0 million of MPCP costs represents about 9.8% of the revised all-fund tax levy for FY21. The Board is compelled to levy 12.8% of MPCP costs, down from 16.0% in FY20. The reduction is due to legislative action and the portion of MPCP costs borne by the district is scheduled to decline for four more years until the MPCP program is fully funded by the State in FY25. The net cost for FY21 of \$30.0 million includes offsets of \$15.5 million paid to the City of Milwaukee by the State and \$5.0 million in high-poverty aid that the district is required to use to offset the MPCP levy.

The Extension Fund levy will continue to provide funds for MPS C.A.R.E.S., playfield updates and establish a sustainable revenue source for future recreation programming. Chart 5 shows a summary of the tax levy changes by fund when comparing FY20 to FY21.

Chart 5: All-Fund Tax Levy

All-Fund Tax Levy				
Fund Category	FY20 (October)	FY21 (October)	FY20 to FY21 Difference	FY20 to FY21 % Difference
Operations	\$ 236,151,371	\$ 276,113,936	\$ 39,962,565	16.9%
Construction	\$ 1,511,274	\$ 4,636,466	\$ 3,125,192	206.8%
Extension	\$ 25,225,000	\$ 27,225,000	\$ 2,000,000	7.9%
Total Statutory Funds	\$ 262,887,645	\$ 307,975,402	\$ 45,087,757	17.2%

Revenue and Expenditure Changes

Charts below show all changes to planned budgets by project. The district maintains a balanced budget as required by state law.

The Administration is confident that the proposed amended FY21 budget is responsible and responsive to the district’s five priorities, supporting the Board’s three goals of academic achievement; student, family and community engagement; and effective and efficient operations.

School Operations Fund

The School Operations Fund provides resources for the majority of district operations including debt. Chart 6 shows a summary of the expenditure changes to the School Operations Fund by project.

Chart 6: School Operations Fund Expenditure Changes

Expenditure Changes		
Schools and School Accounts		Amount
S1	MPS Traditional and Instrumentality Charter Schools <i>Enrollment adjustments</i>	(\$6,763,164)
S2	Supplemental Schools <i>Adjustments to support schools in need</i>	\$1,188,994
S3	Central School Office <i>Changes to allocations based on actual enrollment</i>	(\$378,182)
S4	School Counselors <i>Optional services purchased by schools</i>	\$94,039
S5	Instrumental Music <i>Additional traveling music services purchased by schools</i>	\$77,440
S6	School Safety Operations <i>Moving the SRO funds to Staff Development for Restorative Practice (\$184,774)</i>	(\$40,034)
S7	School Special Funds <i>Salary schedules and school projects</i>	\$1,300,000
S8	School Specialized Services <i>Enrollment adjustments</i>	(\$1,733,486)
S9	Alternative Schools <i>Moving funds from the agency program to the Success Center</i>	\$300,000

S11	Agency Program – Non-MPS <i>Moving funds from the agency program to the Success Center</i>	(\$300,000)
S12	Interscholastic Athletics <i>Provide swim lessons to MPS students</i>	\$10,000
School and School Accounts Subtotal		(\$6,244,393)

Office Accounts		Amount
S12	Office of School Administration <i>Increase substitute engineers for schools</i>	\$874,808
S13	Office of Finance <i>Moving positions between Financial Planning & Budget Services and Grants Development & Planning Services</i>	(\$137,587)
S14	Office of Finance <i>Moving positions between Financial Planning & Budget Services and Grants Development & Planning Services</i>	\$137,587
S15	Office of Communications & School Performance <i>Increase Technology Department to meet increased needs</i>	\$1,882,888
Office Accounts Subtotal		\$2,757,696

Other Accounts		Amount
S16	Optional Services <i>Changes in optional service choices of schools</i>	(\$211,525)
S17	Special and Contingent Funds <i>Reduction of vacancy adjustment</i>	\$4,664,562
S18	Utilities- Facilities <i>Increase due to COVID</i>	\$1,750,000
Other Accounts Subtotal		\$6,203,037

School Operations Fund Expenditure Changes Total		\$2,716,340
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Construction Fund

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.

Chart 7: Construction Fund Revenue Changes

Revenue Changes		
Construction Fund Account		Amount
C1	Tax Levy Change <i>Moving funds to Restore positions in School Operations</i>	(\$874,808)
Construction Fund Revenue Changes Total		(\$874,808)

Chart 8: Construction Fund Revenue Changes

Expenditure Changes		
Construction Fund Account		Amount
C2	Major Maintenance <i>Reducing Major Maintenance funds</i>	(\$874,808)
Construction Fund Expenditure Changes Total		(\$874,808)

Extension Fund

The Extension Fund is used to record financial transactions related to recreational activities and is jointly managed by the Office of Communications and School Performance, Office of Finance and Office of Academics. Chart 9 shows a summary of the revenue changes to the Extension Fund and Chart 10 shows a summary of the expenditure changes.

Chart 9: Extension Fund Revenue Changes

Revenue Changes		
Extension Fund Account		Amount
E1	Tax Levy Change <i>ADA updates to improve accessibility and playfield renovations</i>	\$2,000,000
Extension Fund Revenue Changes Total		\$2,000,000

Chart 10: Extension Fund Expenditure Changes

Expenditure Changes		
Extension Fund Account		Amount
E2	Recreation Facility Improvements <i>ADA updates to improve accessibility and playfield renovations</i>	\$1,872,415
E3	Facilities - Recreation <i>Costs to maintain recreation facilities</i>	\$127,585
Extension Fund Expenditure Changes Total		\$2,000,000

School Nutrition Services Fund

The School Nutrition Services Fund is an enterprise fund, which accounts for the breakfast, lunch and other meal programs operated by the district for students. The fund is managed by the Department of Nutrition Services within the Office of Finance. Chart 11 shows a summary of the revenue changes to the School Nutrition Fund.

Chart 11: School Nutrition Fund Revenue Changes

Revenue Changes		
School Nutrition Fund Account		Amount
N1	Federal Aid <i>Federal Reimbursement for meals served</i>	(\$5,259,781)
N2	Applied Surplus <i>Use of Fund Balance</i>	\$5,259,781
School Nutrition Fund Revenue Changes Total		\$0

There are no changes to the School Nutrition Services Fund expenditures at this time.

Position Changes

The following charts identify position changes by fund. Office and department position changes in the budget require Board approval for position authority. Chart 12 shows the position changes in the School Operations and Categorical Funds, Chart 13 shows the position changes in the Extension Fund. There are no positions in the Construction Fund.

Chart 12: School Operations and Categorical Fund Position Changes

Office Position Changes	FTE Positions	School Operations	Categorical Funds
(Includes Salaries Only)			
Referendum			
Music Specialists	1.00	\$74,000	
Manager II- Bilingual/Multicultural Ed	1.00	\$117,726	
Curriculum Specialist	1.00	\$83,416	
Teacher ESL	(3.00)	(\$194,406)	
Teacher- Bilingual	(0.10)	(\$6,480)	
Manager I – Financial Planning & Budget	1.00	\$80,000	
Financial Planning & Budget Coordinator III	(1.00)	(\$80,000)	
Office of Academics			
Manager II- Bilingual/Multicultural Ed	(1.00)		(\$117,726)
Curriculum Specialist	(1.00)		(\$83,416)
Teacher ESL	3.00		\$194,406
Teacher- Bilingual	0.10		\$6,480
Teacher Mentors-Mentor Teacher Program	6.00		\$488,728
Office of Board Governance			
Administrative Assistant I	1.00	\$43,238	
Secretary III	(1.00)	(\$43,238)	
Office of Communications & School Performance			
Instructional Technology Coach	5.00	\$375,000	
IT Service Technician	6.00	\$314,400	
IT Network Service Technician	2.00	\$117,200	
Tech Support Analyst	2.00	\$134,600	
Supervisor - School Tech Support	1.00	\$82,000	
Systems Administrator - Network	1.00	\$76,400	
Systems Administrator - Cybersecurity	1.00	\$76,400	
Office of Finance			
Manager I -Grants Development	1.00	\$89,750	
Financial Planning & Budget Coordinator III	(1.00)	(\$28,981)	(\$43,472)
Financial Planning & Budget Analyst I	0.00	(\$12,413)	\$12,413
To Be Determined – Financial Planning	(1.00)	(\$101,831)	
Planning Assistant	1.00	\$53,000	
Office of School Administration			
Engineer I- Buildings	10.00	\$502,900	
Business Analyst III	1.00	\$ 67,751	
School Operations and Categorical Fund Totals	36.00	\$1,820,432	\$457,413

Chart 13: Extension Fund Position Changes

Office-Position Changes	FTE Positions	Amount
(Includes Salary Only)		
Office of Finance		
Recreation District Coordinator II - Sites	1.00	\$95,000
Extension Fund Total	1.00	\$95,000

Summary of Net Expenditure Change Amounts

Chart 14 shows the statutory and Categorical Funds summary of the changes by fund category from the FY21 Proposed Budget in May to the FY21 Amended Adopted Budget in October.

Chart 14: Net Expenditure Changes

Net Expenditure Changes			
Fund Category	FY21 (May)	Change FY21 (October)	FY21 Amended Adopted Budget Totals
Operations	\$1,059,841,084	\$2,716,340	\$1,062,557,424
Construction	\$6,637,203	(\$874,808)	\$5,762,395
Extension	\$32,708,590	\$2,000,000	\$34,708,590
Total Statutory Funds	\$1,099,186,877	\$3,841,532	\$1,103,028,409
Categorical	\$177,283,496	\$63,048,877	\$240,332,373
Total All Funds	\$1,276,470,373	\$66,890,409	\$1,343,360,782

Excluding categorical grants, the three statutory funds will total \$1,103,028,409 in FY21. This is an increase of \$3,841,532, a 0.4% increase over the budgeted total that was adopted in May 2020.

The district’s current projections for categorical grants (less indirect costs) are \$240.3 million. Categorical funding has increased by approximately \$63.0 million which is partially related to receiving \$51.9 million from the CARES Act which was passed by the federal government as a response to the COVID-19 pandemic.

Summary

Chart 15 shows the statutory funds and Categorical Fund summary of the changes between the FY20 and FY21 Amended Adopted Budgets.

Chart 15: All-Fund Totals Summary

All-Fund Totals Summary				
Fund Category	FY20 (October)	FY21 (October)	FY20 to FY21 Difference	FY20 to FY21 % Difference
Operations	\$1,002,787,560	\$1,062,557,424	\$59,769,864	6.0%
Construction	\$2,637,203	\$5,762,395	\$3,125,192	118.5%
Extension	\$32,708,590	\$34,708,590	\$2,000,000	6.1%
Total Statutory Funds	\$1,038,133,353	\$1,103,028,409	\$64,895,056	6.25%
Categorical	\$178,236,411	\$240,332,373	\$62,095,962	34.84%
Total All Funds	\$1,216,369,764	\$1,343,360,782	\$126,991,018	10.44%

Approval of these proposed changes will result in a total budget, including estimated categorical grants, of \$1,343,360,782 based upon current law and revenue limit calculations.