

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

Milwaukee Public Schools is in financial crisis as it strives to provide educational opportunities in a very competitive marketplace.

Good things are happening in the classrooms; bad things are happening on the balance sheet. This budget does everything possible to cope with the balance sheet while protecting the classrooms.

FY11 is the year the dire predictions about finances become realities affecting teachers, students and families. The District will eliminate a total of 684 jobs at all levels -- 6.4% of the workforce -- and layoffs are a certainty. Education programs and day-to-day operations will be affected.

The proposed \$1.3 billion budget is down 2.5% from FY10. The proposed budget cuts the Operations Fund -- the one that pays most day-to-day expenses -- by \$10.1 million. It reserves up to \$1 million for outplacement services and retraining for employees who lose their jobs.

Grant -- or categorical -- funding is projected to increase by \$4 million, or 1.5%. It should be noted that the Administration's spring grant projections are conservative. The categorical budget also includes \$11.9 million of \$40 million expected from the US Department of Education to assist 47 persistently low-achieving schools over the next three years. Fifteen of the schools require the most prescriptive forms of intervention, meaning the District is quite restricted in how it can use the money.

The proposed Construction Fund is down \$27 million, or 45%. The Construction Fund in FY10 included \$48 million in one-time, interest-free or low-interest bonding authority authorized under the American Recovery and Reinvestment Act. For FY11, the bonding request is \$15.6 million, a decrease of \$32.4 million. The portion of the proposed Construction Fund that is supported by the tax levy increases by \$6.9 million to restore it to historical levels after a one-year decline.

FY11 Proposed Budgets

Budget	FY10	FY11	\$ Change	% Change
Operations	\$999,709,312	\$989,628,757	(\$10,080,555)	(1.01%)
Extension	\$13,155,240	\$13,155,240	\$0	0.00%
Construction	\$59,954,297	\$32,977,342	(\$26,976,955)	(45.00%)
Categorical	\$274,516,431	\$278,518,084	\$4,001,653	1.46%
Total	\$1,347,335,280	\$1,314,279,423	(\$33,055,857)	(2.45%)

The Administration does not yet have enough information to project a tax levy for FY11.

Proposed Tax Levies for FY11

Levy	FY10	FY11	\$ Change	% Change
Operations*	\$276,532,087	NA*	NA	NA
Extension	\$10,226,234	\$10,226,234	0	0.0%
Construction	\$9,074,793	\$15,998,342	\$6,923,549	76.3%
Total	\$295,833,114	NA	NA	NA

*Will include estimated \$51 million for Milwaukee Parental Choice Program.

The District must control costs. As the Administration has said repeatedly, it is imperative that fringe benefit costs be reduced. The 74.2% fringe benefit rate projected for FY11 is unsustainable. If the rate

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

remained at 68.7%, the already extraordinarily high FY10 rate, MPS would spend about \$28 million less on fringe benefits in FY11 than is now budgeted. That is money that could be used to staff classrooms with more teachers, with more supplies and more support. That money, as it is now budgeted, is opportunity lost.

The consequences of revenue shortfalls and the District's inability to control fringe benefit costs can be seen in the staffing decisions schools and administrators were forced to make. The proposed budget cuts 260.5 teaching positions, or 4.5% of the teaching staff. While that is the largest force reduction in any category, other employee groups will take proportionally larger cuts. The full-time equivalent (FTE) of general educational assistants, for example, would decline by 87, or 32.7%; there would be 22.9 fewer assistant principals, a decline of 16.7%; the number of technical and administrative workers would drop by 37.3, or 12.7%; and there would be 95.5 fewer FTE of paraprofessionals, a drop of 10.1%. Every job category will be cut.

Position Type	FY10	FY11	Change	Change
Certificated Administrators	272.53	265.73	(6.80)	(2.50%)
Principals	136.70	131.50	(5.20)	(3.80%)
Assistant Principals	137.00	114.10	(22.90)	(16.72%)
Teachers/Therapists	5,776.87	5,516.34	(260.53)	(4.51%)
Social Workers	171.25	166.00	(5.25)	(3.07%)
Psychologists	162.95	159.00	(3.95)	(2.42%)
School Nurses	75.94	74.06	(1.88)	(2.48%)
Classified Technical & Administrative	294.77	257.43	(37.34)	(12.67%)
Trades Workers & Foremen	169.00	143.00	(26.00)	(15.38%)
Clerical/Secretaries	509.62	468.25	(41.37)	(8.12%)
School Bookkeepers	18.59	18.10	(0.49)	(2.64%)
Handic. Child Ass't / Nurse Assoc./Deaf Interpreters	296.92	293.22	(3.70)	(1.25%)
General Educational Assistant	266.21	179.21	(87.00)	(32.68%)
Paraprofessionals	950.53	855.01	(95.52)	(10.05%)
Safety Assistants	239.00	229.00	(10.00)	(4.18%)
Social Work Assistants	36.12	34.59	(1.53)	(4.24%)
Building Service Helpers	377.87	364.68	(13.19)	(3.49%)
Engineers / Boiler Attendants	258.00	247.00	(11.00)	(4.26%)
Food Service Manager / Trainee	107.83	98.13	(9.70)	(9.00%)
Food Service Assistant / Asst-in-Charge	382.09	343.31	(38.78)	(10.15%)
TOTALS	10,639.79	9,957.66	(682.1)	(6.41%)

Unlike previous years, the staffing reductions are not similar to the projected decline in enrollment. FY11 enrollment is projected to decline 2.1% -- staffing cuts are, proportionately, three times larger.

As difficult as FY11 promises to be, FY12 promises to be even tougher. It is the year the District confronts a "funding cliff" as the \$47.8 million per year in federal stimulus funding ends for Title I and IDEA. The state, in dealing with its own financial problems, used federal stimulus funding to fill holes in its equalization aid budget. It is not at all clear what the state's revenue picture will be in FY12 or whether it will be able or willing to maintain current aid levels.

As the District confronts a harsher economic reality and works to improve student achievement, the Administration, the School Board and the larger community need to decide what exactly they want MPS to

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

be. Can the District continue to fill the roles of an employment agency, a social services institution and a K-12 school District? Can it continue to fill the gaps that exist when other government agencies abandon their obligations to provide services to the poor?

Poverty and its many, many burdens weigh on the Milwaukee Public Schools and its students. To deny this, as some commentators and politicians choose to do, is simply to deny reality. Poverty, however, cannot be an excuse. Milwaukee Public Schools must improve the educational outcomes of its students. This budget continues to support student achievement and District priorities.

The District is in the process of selecting a districtwide pre-school to grade eight reading curriculum, expected to cost more than \$6 million, for FY11. For the first time in years, the same books and materials will be used in classrooms across the District, allowing for a consistent curriculum for the District's highly mobile student population. The reading program will be aligned to the comprehensive literacy plan, which will be implemented in FY11. The plan outlines recommendations for daily reading and writing instruction at each grade level. Its main purpose is to ensure that all students have access to well-designed, intellectually challenging, and culturally relevant literacy education that is consistently high-quality from classroom to classroom, grade to grade and school to school. A large portion of the Department of Educational Services' professional development budget will be devoted to implementation of the literacy plan.

The successful math initiative will continue in FY11. Its \$13.4 million budget includes \$9.65 million from a state grant; \$1 million in federal school improvement money; and \$2.7 million in District funds.

The \$1.2 million Partnership for the Arts will continue in FY11. The partnership, which requires a dollar for dollar match from non-MPS partners, has provided arts funding and arts opportunities to children throughout the city.

The budget also includes money to expand early childhood programming to six more sites -- Sherman, Garden Homes, Forest Home, Maple Tree, Thirty-fifth Street and Kluge schools -- to serve an estimated 120 children. The \$1.2 million budget will support a total of 12 sites.

Investing in children early, during the preschool years, is crucial. Learning is cumulative, and children develop skills during their early years that improve their capacity to learn.

This program also makes the District competitive by recruiting children early, retaining them and increasing overall enrollment for the District and individual schools.

Milwaukee is a very competitive educational environment -- the budget reserves \$1 million to make MPS more competitive in attracting high-quality charters who might otherwise choose another chartering agency. The money could be used to pay for things like longer school days or developing additional virtual schools. A new virtual school --- Milwaukee Community Cyber School, a non-instrumentality charter for up to 100 high school students in the first year, will open for the 2010-2011 school year.

This budget also reserves \$2.8 million centrally to fund art, music, physical education and career and technical education in District schools. This program, Talent Development Fund II, is similar to the District's existing Talent Development Fund program, with two crucial differences -- the new version includes physical education and the fund may be used to pay for staffing. Curriculum specialists will work with schools to determine their needs.

The ninth grade initiative begun in FY10 is funded at \$2 million for FY11. The initiative provides funding for students to be better prepared for Advanced Placement classes beginning in ninth grade and provides a ninth grade summer orientation program and study skills curriculum. It includes post-secondary school preparation support beginning in ninth grade. A service learning component is added for FY11.

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

About \$2.7 million in stimulus funding will be targeted at increasing parent involvement. The District will continue building on the success of two projects -- one that targeted parents with preschool children and the other that focused on parent involvement in school-based activities -- by combining these services to provide a continuum of parent engagement throughout the early childhood years. This initiative will be implemented at 35 low-achieving elementary schools.

Parental involvement is important in the higher grades as well, so parents or guardians of high school students will have multiple opportunities for engagement and family literacy training.

The District is having great results in attracting parents to serve on school governance councils and on the District Advisory Council that invites parent representatives from all schools at all levels to discuss matters of mutual concern or interest, promote parental involvement and help spread the word about districtwide initiatives. The ARRA parent involvement programs should stimulate further successes.

The District will continue to fund breakfast programs, including the free-breakfast-in-the-classroom program available to schools that collect 95% of completed meal benefit applications. Funding for the program will come entirely through school nutrition revenue, as the program no longer requires the \$1.7 million subsidy from other funds the District previously provided.

The pre-portioned lunch program continues to expand. A total of 17 sites will be part of the program by the end of FY10 and additional sites will be added in FY11.

The report "Toward a Stronger Milwaukee Public Schools" (April 2009), prepared by McKinsey & Co. at the request of Mayor Barrett and Governor Doyle, estimated that moving to a pre-portioned system could save MPS more than \$2.8 million annually, depending how quickly it is implemented. The District's ability to implement the system, though, is limited by inadequate production, refrigeration and frozen food storage space. The proposed budget includes \$9.8 million in bond proceeds to fund the conversion of an existing MPS property to a central food production facility able to produce up to 40,000 pre-portioned meals per day. The bonds would be repaid through cost savings.

A small increase in school lunch prices is proposed for FY11, a recommendation also contained in the Barrett / Doyle report.

The proposed lunch prices are shown in the chart below.

	FY10	FY11
Student Elementary	1.65	1.75
Student Secondary	1.80	2.00
Reduced Elementary & Secondary	0.40	0.40 (USDA mandate)
Adult	2.75	3.00

School Nutrition Services in FY11 also will:

- establish a districtwide menu committee to seek input for menu modifications to meet the Institute of Medicine's recommendations and appeal to students;
- implement a purchasing preference for food, supply and chemical items that are grown and/or processed within a 250-mile radius of Milwaukee providing cost is equal to or lesser than the current product being used and, where appropriate, student acceptability is favorable;
- change the formula for flavored milk to reduce the carbohydrate content and eliminate high fructose corn syrup as the sweetener;
- offer bread products, including pizza crust, that will be at least 51% whole grain; and
- expand the dinner program to include all 53 Community Learning Centers.

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

A new Student Support Center will open in January 2011 to serve an average of 125 students in grades six through twelve with serious behavior and academic problems. The center will provide students with behavioral intervention options and strong academic supports. The second goal is to reduce the effects of mobility -- students will return to their "home" schools after successfully completing SSC programming.

The FY11 proposed budget for the center is \$750,000.

Creative option seats (COS), meanwhile, which in previous years provided alternative school settings to students who have significant unproductive educational patterns, are discontinued in FY11.

The District will expand programs designed to reduce discipline problems and the resulting suspensions and expulsions. As many as 70 schools will adopt the Positive Behavioral Interventions and Supports (PBIS) program in FY11, raising the total districtwide to 100. PBIS is a joint effort between Milwaukee Public Schools' Department of Parent and Student Services and the Milwaukee Teachers' Education Association to reduce classroom disruptions and student suspensions through a schoolwide systematic tiered intervention approach. Data shows schools that implement PBIS see decreases in disruptions and suspensions and increases in student achievement. The FY11 budget also provides \$2.4 million to preserve all positions and programs in the safety supplement, which funds the school safety response teams as well as mental health Mobile Urgent Treatment Teams and safety-related equipment. The programs are having positive impacts in the schools.

An additional 11 safety assistants will be funded centrally at a cost of \$479,050 to help compensate for safeties eliminated by schools in their own difficult budget deliberations. Centralizing the safeties gives the District more flexibility in their assignments so they can be dispatched to where they are needed most.

The budget continues to fund school resource officers at six high schools and the Center for Neighborhood Enterprise's Violence-Free Zone Safe School program at eight high schools.

The City of Milwaukee shares the costs of the school resource officers; the Center for Neighborhood Enterprise raises funds to help pay for the Violence-Free Zone program. These vital partnerships help keep MPS students safe.

The important work of teaching and learning will continue in MPS in FY11.

Staff, students and families will notice differences, though. This budget includes significant cuts. They were made only after careful consideration of the largely unattractive options. They were made reluctantly because of the pain they will inflict on the people involved and because the entire District will be affected.

Teacher cuts mean there will be some larger class sizes, fewer specialty teachers and less support for students.

Reducing the trades workforce means there will be no plaster repairs and no non-essential painting. The Facilities and Maintenance Services division will respond to glass repair calls only if they are emergencies; and the one remaining insulator will respond only to emergencies such as burn protection.

The Division of Technology is proposing to eliminate 19 technical and two supervisor positions and have the work absorbed at no additional cost, by technicians already under contract to do more complex work.

The District must look for efficiencies everywhere. Some areas are already finding them. The cost of transporting special education students is projected to drop more than \$700,000 due to efforts to assign students closer to their homes so that more students can be assigned to each route without compromising service. The cost of private school transportation is down \$900,000 in FY11 due to a change in the state law that requires the District to pay parents who transport their children to private school. The District can now pay per household rather than by individual student.

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

The Administration is examining the impact of a bill adopted by the Legislature that would allow an 18:1 student – teacher ratio in individual SAGE classrooms that now have a 15:1 ratio. The new law takes effect for the FY11 school year. The FY11 budget was developed assuming the 15:1 figures and even with the investment of an additional \$7.2 million and school closures in FY11, the District could only fully supplement SAGE funds for schools with a free and reduced-price lunch count above 50%. In FY11 there are 77 SAGE schools, down six from FY10. Three of the six are closing and the other three were forced to drop SAGE due to fiscal constraints.

There will be fewer schools in the District in FY11 than there were in FY10. Those that will close at the end of FY10 include Dr. Arthur A. Fletcher Elementary School; Ronald E. McNair Academy; Twenty-seventh Street K-8 School; Northern Star; W.E.B. DuBois High School; Foster and Williams Visual Arts and Communication High School; and Milwaukee Learning Laboratory and Institute. Washington High School of Law, Education and Public Service will merge with Washington High School of Expeditionary Learning Outward Bound to become Washington High School.

The \$7.1 million the District will save in FY11 due to school closings over four years will be used to enhance the budgets of the schools remaining.

Purchasing will continue to implement changes -- some of them recommended in the Barrett/Doyle report - including issuing more competitively bid blanket contracts. An estimated 70 blanket contracts will be in place by the end of FY10. MPS also enacted a new policy to reduce vendor freight charges. A random sampling of 40 invoices paid in a single day showed the District saved \$3,338 in shipping costs as a result.

The District will make additional efforts in FY11 to reduce utility costs and encourage students and staff to consume wisely. The budget includes \$5.8 million in ARRA bond proceeds for large-scale energy savings project. These bonds will be repaid through energy savings over a maximum of 15 years.

Individual staff members will be encouraged to follow through on smaller efforts like recycling and turning off lights and computers that can add up to significant savings. The utilities' budget funds half the cost of an analyst who will coordinate those efforts.

MPS also remains committed to rigorous research and performance management to ensure that programs the District funds are having the desired impacts. For schools, EdStat, a continuous improvement process of collaborative analysis, operates within systems of support clusters to increase accountability of central administrators for school and District performance. For central services leaders, the similar PlanStat process serves the same accountability purpose for departments.

The division of Research and Assessment also will complete five independent research projects, including evaluations of work related to high school transitions, parental involvement, early childhood curriculum, mentoring programs for new teachers and after-school tutoring.

Milwaukee Public Schools is embarking on a leadership change. A strong transition plan is in place and the District, guided by the strategic plan, will continue its course of improvement. Still, the challenges are immense. The new superintendent is assuming his post as federal and state governments become stronger partners with increasing requirements and demands. District finances are under a kind of pressure not seen for decades, if ever. It is simply too early to tell whether this is a temporary state or the new permanent reality.

Amidst all the pressures and all the change, there are the two crucial constants, -- children, and the mission to educate them.

It is because of those top priorities that District staff members must do their parts in difficult times and perform at high levels.

FY11 SUPERINTENDENT'S BUDGET OVERVIEW

It is because of those top priorities that District costs must be controlled wherever feasible.

And it is because of those top priorities that Milwaukee Public Schools must continue to advocate for the resources necessary to provide a free and adequate public education to its students.

That is what the law requires and that is what Milwaukee children deserve.