

School District of South Milwaukee

Budget Impact Statements

February 21, 2018

The School District of South Milwaukee has been in the unfortunate situation of having to reduce positions, programs and budgets by over \$10 million over the last 16 years. These reductions have been necessary as a direct result of limited revenue cap increases. This year, the District is continuing to struggle with a decreasing operating revenue limit, although the state did increase the unequalized per pupil categorical aid for 2018-19. The increases provided by the state will not be sufficient to fund ongoing expenditure and existing needs due to the extremely inequitable revenue limits that remain in effect.

Over the last six years, the District has dealt with extremely challenging budget constraints. In 2011-12 the District lost nearly \$2 million in revenue in one year. The following three years brought revenue limit adjustments of 0.5%, 0.9% and zero ever since. The impact of revenue limits is felt even more as we experience declining enrollment. We are projected to have a decrease in students for 2018-19 which will result in losing ground under the revenue limit, much of which will need to be made up through reductions in services or supplanting the loss with the additional unequalized per pupil categorical aid.

The revenue limits are extremely inequitable and we are hopeful that the legislature will realize that it is time for sustainable, predictable and equitable funding for our Public Schools. We encourage members of our South Milwaukee community to let the state decision-makers know of your support of public education and the need for proper funding.

REVENUE

Revenue Cap Adjustment

+305,724

The proposed State Budget includes \$0 in the per pupil adjustment. At the same time we are projecting a loss of students which will impact the overall revenue limit. The result of a \$0 per pupil revenue limit adjustment combined with a declining enrollment exemption will be a loss of revenue in the amount of \$400,000; the state allows you to receive that funding for one (1) year to give you time to find a way to reduce the budget. In addition, another exemption kicks in called the Hold Harmless exemption. The Hold harmless exemption allows you to receive the same revenue from the previous year for one (1) year. The amount of our hold harmless exemption is \$305,724. Therefore, in 2018-19 we will receive the \$705,724 for one year and lose it for 2019-20; as you can see below, there is a recommendation to hold a portion of the funds in reserve so that the impact on the 2019-20 fiscal year can be minimized. A \$0 per pupil change is a continuation of poor legislative prioritization in Madison.

Per Pupil Categorical Aid (\$180 Per Pupil)

+\$528,750

The 2017-19 State Biennial budget included an increase in the per pupil categorical aid of \$180. This aid is based solely on the number of students included in the revenue limit calculation. The big problem with this aid is that it is disequalizing. The fundamentals of school finance are to achieve equal tax effort for equal spending. By providing this aid as a direct state aid it ignores a districts “ability to pay” and treats poverty stricken districts the same as affluent districts.

Per Pupil Categorical Aid (\$24 Per Pupil)

+\$72,600

The 2017-19 State Biennial budget included an increase in the per pupil categorical aid of \$24; however it stated that this particular \$24 would disappear in 2019-20. It is important that we recognize this since it will negatively impact the 2019-20 budget.

Interest Earnings Revenue

+\$20,000

Interest rates are climbing, which means that we are able to achieve higher rates of return for the cash that is on hand. This has dual impacts on the District; we are earning more, however, when we go out to borrow we will be paying more. We have successfully avoided cash flow borrowing for three years now, and hope to avoid it in the future. It is important to have a effective cash management strategy that will allow us to keep the dollars in the classroom.

9th Grade Device Reimbursement

+\$37,500

The 2017-19 State Biennial budget included an allocation for 9th graders to receive technology devices in the 2018-19 school year. While it is important that 9th graders have access to these devices, it is also important for other student grades to have access. We will provide devices to more grades than just 9th, however the state is just reimbursing for a portion of the 9th grade costs.

EXPENDITURES INCREASES

Staff Salary & Benefits

+\$420,000

The amount above is being set aside to invest in our ability to attract new staff and retain our current staff.

Open Enrollment Expense

+\$220,000

Our open enrollment “out” students have increased at a rate of approximately 10% per year. This is not unique, as most of our neighboring schools have also seen an increase in open enrollment out students. This expense increase reflects actual costs increases from the current year. It is important to note that the District still receives more funding from students coming into the District over the amount of students choosing another option.

Hold in Reserve For Nonrecurring Revenue Limit Exemptions

+\$341,574

As mentioned above we are projected to receive over \$700,000 in nonrecurring revenue limit exemptions. It is important that we keep some of those exemptions in reserve so that we can more effectively manage our resources in 2019-20 fiscal year when the exemptions are eliminated.

BUDGET ADJUSTMENTS / REALLOCATIONS

Staff Turnover Savings

(\$80,000)

The District annually reviews staff turnover due to retirement and resignations and the impact on salary costs. Given what we know now and a conservative trend, it is anticipated that the District will realize savings of approximately \$80,000.

Eliminate High School English Overloads

(\$13,440)

The recommendation to add a 1.0 High School English Teacher (see below) will result in the elimination of the current english overloads.

BUDGET ADDITIONS

Increase of 1.0 FTE High School English Teacher

+\$75,000

The high school is currently are running an overload all year in the English department, in addition to running course sections with high student enrollments. This additional teacher will assist in bringing down student class sizes and allow enough sections of AP English to be offered.. English is the only department that requires 4.0 credits for graduation, requiring students to take an English course every year. However, English has the least number of teachers (8 along with social studies) in the core subject areas (Math-10, Science-10).

Increase of ½ hour Rawson Health Room Paraprofessional

+\$1,440

The Rawson health room aide addresses students needs and concerns that arise from health issues, in-school injuries, and any variety of illness that may surface during the school day. Rawson has the most students out of all elementary schools and has the need for additional health room support. This change will increase the hours from 2 hours a day to 2.5 hours per day.