

# School District of South Milwaukee

## Budget Impact Statements

### February 19, 2020

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The state of Wisconsin distributes funds to public schools in multiple ways. The primary method of distribution is through the State Equalization Aid formula. The formula attempts to equalize the state aid so that school districts that have a greater need receive more state assistance. In 1993 the State designed revenue caps with the intent to control spending through restricting revenue generation. The revenue caps limit the amount of revenue school districts can generate (which goes against Article X in our state constitution). Each school district was “frozen” at the rate they were at the year before the revenue caps went into effect. This “freezing” created a completely inequitable situation between school districts; which to this day still exists.

One of the major elements in the revenue cap is enrollment. The revenue limits use a three year average to calculate current membership and base membership. We are projected to be down 62 students in 2020-21, which will result in a declining revenue cap. Typically this would need to be made up through reductions in services or supplanting the old revenue with new revenue, which limits our capacity to enhance the student experience or to retain high quality staff

The good news is that our local taxpayers approved the 2018 November ballot referendum that will provide additional revenue limit resources to the District over the next 5 years. The fear is that our base funding will erode faster than the referendum funds are received; to know the true impact we will need to know the 2021-23 state budget and our enrollment figures for the upcoming years.

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.

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## **REVENUE**

### Revenue Cap Adjustment \*(Not including Referendum Funding)

Net impact +\$73,979 (Loss of 2019-20 Hold Harmless Exemption: -\$17,912, Loss of 2019-20 Declining Enrollment Exemption: -\$544,487, Loss of -\$107,426 in base revenue due to per pupil increase & enrollment changes, Addition of 2020-21 Hold Harmless Exemption: \$107,433 and Addition of 2020-21 Declining Enrollment Exemption \$636,371)

- The 2019-21 state budget included \$179 in additional per pupil funding under the revenue cap. This is a good thing, however an ongoing increase will not be felt due to our declining enrollment. Essentially the \$179 increase will be multiplied by the projected 2,895 membership

which will come to an increase of \$518,205. However, the issue is we are experiencing declining enrollment to the tune of 60 students. The declining enrollment figure is multiplied by \$10,427 per student which equates to a revenue loss of -\$636,371. These figures are based on student enrollment projections that include Summer School & September 2020 pupil count items.

Per Pupil Categorical Aid (No Change Per Pupil)

Net impact (\$44,520) (Decrease of 60 students x \$742/student)

- The 2020-21 budget assumptions assume that the state will hold to the \$742 per student that was allocated in 2019-20. 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. We will see this budget reduced due to declining enrollment.

Interest Earnings Revenue

Net impact +\$10,000

- 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 several years now, and hope to avoid it in the future. It is important to have an effective cash management strategy that will allow us to keep the dollars in the classroom.

Special Education Categorical Aid

Net impact +\$100,000

- The State budget included an increase in special education categorical aid. In addition, our aidable expenses have been rising which will increase the amount that the aid is based on.

Referendum Funds For Maintaining

Net impact +\$550,000

- The second year of the referendum will bring an additional \$550,000 in revenue limit authority. This authority will be used to help maintain our programs and services.

## **EXPENDITURES INCREASES**

### Staff Salary & Benefits

Net impact (\$555,000)

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

### Hold in Reserve For Nonrecurring Revenue Limit Exemptions

Net impact (\$134,459)

- As mentioned above we are projected to receive over \$743,804 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 2021-22 fiscal year when the exemptions are eliminated.

## **BUDGET ADJUSTMENTS / REALLOCATIONS**

### Staff Turnover Savings

Net Impact (\$100,000)

- 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 \$100,000.

### Increase and Modify Co-Curricular Activities and Rates

Net impact +\$35,000

- A survey was sent to staff recently asking them for input on co-curricular programming. They responded with almost even splits that we need to invest in a higher base rate, invest in expanding opportunities for students, and invest in the current co-curriculars we have. This proposal will accomplish all three items identified in the survey. It will increase the base rate from \$3,619 to \$3,800; the base rate has not changed for well over a decade. In addition, it will increase the supply budget for activities. Finally, it will expand the following:
  - *Elementary*: Create: Character Club, Girls on the Run, Increase the rate for Peer Mediation (from 19% to 40%) and Student Council (from 10% to 25%).
  - *Middle School*: Increase the rate for WEB from 60% to 100%, include Peer Mediation and Altruistic Club.
  - *High School*: Increase the rate for DECA and FBLA from 25% to 40%, add Forensics and Skills USA and Strength and Conditioning

### **Staffing Recommendations:**

The recommendations below are all based on the needs of the students in the district. The School Board is the only entity that can decrease or increase FTE for the positions impacted by the recommendations, therefore, this process is how the administration brings staffing revisions for positions to the Board for that approval each year. Other changes may be presented at other times of the year due to new information, however, all known recommendations are included at this time.

**Please note that none of the recommendations will result in any individuals not being employed by SDSM next year.** All will be or have been offered roles in the district, although the roles may not be in the same employee group.

#### **Reallocate High School Teacher Positions**

Net impact of \$0

This recommendation is based on the needs of the students at the high school and middle school.

- Increase the physical education teaching department by 1.0 FTE. Currently, one PE teacher splits time between the middle school and high school. The middle school needs to have the teacher stay full time at the middle school due to the class sizes there and to have adequate coverage of the locker rooms, gym and pool during swim. Similarly, the high school class sizes will be slightly reduced in order to better supervise students while in the pool and to reduce the overall number of students in the fieldhouse at one time. When three teachers are assigned to the field house in one class time, there can be over 90 students. Additionally, we need to provide specially designed physical education classes to students with intellectual disabilities. In the past, students with intellectual disabilities were provided physical activity by their special education teacher resulting in a loss of prep for that teacher. The addition of a 1.0 FTE PE teacher will alleviate that concern.
- Reduce 0.50 FTE at-risk teacher position. The program that this position was originally created to run has never met the full potential. With the addition of AVID for next school year, it is being recommended to not continue with this position.
- Reduce 0.67 FTE technology & engineering education teacher position. This recommendation reduces the 3.0 FTE department to 2.33 FTE at the high school and is based on the number of students who signed up for classes in this department for the 2020-21 school year.

#### **Reallocate Pupil Services and Special Education Positions**

Net impact of \$0

This recommendation is based on the needs of the students throughout the district.

- Increase 1.0 FTE elementary special education teacher and reduce 10 hours of paraprofessional aide time. Based on the needs of the students and current research, the students at Blakewood will

benefit with the addition of a special education teacher. This will be accomplished by revising the model at 5 year old kindergarten. Currently one 5k teacher serves as both the regular and special education teacher, with many services provided by paraprofessional aides. With the addition of a special education teacher, the regular education teacher will no longer need to act in both roles, which is currently creating an extremely large workload for the teacher in that role. Additionally, the special education teacher will be able to serve students at another grade level, reducing the caseloads for the existing special education teachers. The reduction of paraprofessional aide hours will primarily be from Blakewood. The exact hours will be determined over the next two months as student needs in all buildings are also reviewed.

- Increase 0.60 school psychologist position. There is a need for an additional school psychologist in the district. The roles of the school psychologist include evaluations for students being recommended for IEP services, re-evaluations of existing students receiving IEP services, collaboration with special education teachers and others related to students, serving on IEP teams, IEP compliance review, and more. The existing workload and student need for this position led to the recommendation of this part-time hire.
- Reduce 0.50 FTE special education literacy coach position. This recommendation reduces the 1.0 FTE Special Education Literacy Coach position to 0.50 FTE. This recommendation is being brought forward based on the needs of the pupil services department. As noted above, the recommendation is to replace this position with a school psychologist position. The role of a school psychologist, including IEP and evaluation procedural compliance is a significant area of need for the district at this time. There is also still a need for the special education literacy coach position. Therefore, it is being recommended that a portion of each position remain. Both positions are funded through the flow-through grant and will not impact the operational Fund 10 budget.

#### Create an All Day 4k Pilot

Net impact of +\$40,000

This recommendation is based on the need and requests to create an all day 4k option in the district.

- Increase 0.50 FTE 4k teacher position. The district has been discussing the need to create all-day 4k for many years. Currently our 4k program is a morning or afternoon class, 4 days per week. As the Board has discussed, our current families have expressed a desire for all day 4k, and many of those parents have chosen to not send their children to SDSM 4k because of the lack of this option. The recommendation is to create one full day section next year as a pilot in order to evaluate the program as a full day and create the best possible all day 4k program for full roll out in future years. In order to maintain the same number of 4k students/sections as previous year, an additional 0.50 FTE 4k teacher position is needed.

#### Reallocate High School Health Room Staffing

Net impact of +\$1,000

This recommendation is based on the large number of students in the high school and the need to have

additional health room staffing.

- Revise the 3 hour nurse position to a 6 hour paraprofessional aide position. Currently the position is staffed by a nurse for three hours over the lunch period. The health needs at the high school are constant throughout the day and are handled by various secretarial staff in the morning and later afternoon. The district has a 1.0 FTE district nurse who oversees all health plans and the health room paraprofessional aides at all schools. This change would continue that practice at the high school. The health room paraprofessional aides throughout the district are certified in CPR, AED, and first aid. Additionally they are trained by the district nurse to administer medication and work with students specialized medical needs. A survey of area districts demonstrates that a model of one district nurse (or less) who supervises health room aides or secretaries is the norm.

#### Increase Middle School Office Staffing

Net Impact +\$6,000

- Increase the middle school secretarial staff by 2 hours/day. Beginning with the 2011-12 school year, the Middle School Guidance Secretary Position was reduced to 3.75 hours from 7+ hours/day. The result of the reduction of hours has proven to have a negative impact on the workflow, efficiency, safety, and climate of the middle school office. Many of the tasks that are expected to be done are now taking longer to complete because of the reduction of hours, the number of interruptions from parents and students, and/or the re-distribution of some tasks to other secretaries in the office. In addition to the workflow demands, the middle school currently has the highest daily secretary hours to student ratio in the district. This change brings the middle school ratio closer to the other schools.

#### Revise the Energy Efficiency Model

Net impact of (\$9,000)

This recommendation will provide leadership for energy management in all buildings.

- Reduce the Energy Manager stipend and benefits from \$19,457 to \$10,457, and reallocate various duties of the position to the operations department. The goal would be to fully transition the duties from one person to specific members of the operations department over the course of the next several years. This will allow the benefits of managing and auditing our energy use to continue, but to make it part of our greater system instead of relying on one individual.