



SCHOOL DISTRICT OF SOUTH MILWAUKEE

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Impact of Wisconsin Act 9 2019-21 Biennial Budget on the School District of South Milwaukee December 2019

Introduction

The School District of South Milwaukee has created this memo to inform the state legislature and public of the challenges of the existing 2019-21 Biennial Budget so that there is time to further explore these issues prior to making decisions on the next Biennial Budget.

Challenges in Balancing Revenue and Student Services

At the foundation of a financially solid school district is the ability to balance revenues with expenses. Schools in Wisconsin, and in particular South Milwaukee, have used all available resources in our budgeting process, including restructuring positions, benefits, and compensation. The challenge comes when triangulating the extent of reducing resources for staff with the ability to meet the expectations of the community to provide student services, with the resources afforded to the District by the Wisconsin Legislature/Governor/Taxpayers.

The reality is that our families, students and taxpayers will always have high expectations of their schools. The high expectations mean that the balance between the use of reducing staff benefits and the availability of additional resources becomes something that must be carefully weighed in order to not hemorrhage staff and become a place that high quality staff avoid, which in turn will decrease our capacity to meet the expectations of our families, students and taxpayers. In order to meet family, student and taxpayer expectations additional, predictable funding must be achieved. Further, it is important to find a reasonable solution to how finances are reduced equitably in the case of declining enrollment. 2019 Act 9 is a good first step, however it misses the mark on addressing predictable funding and declining enrollment.

Revenue Limit History and Future Considerations

Beginning with the 1993-94 school year, school districts in Wisconsin have operated under a "revenue limit," which controls how much school districts can collect from their two main sources of revenue, state aid and local property taxes. The revenue limit uses a district's average enrollment for three years and multiplies that average by a per pupil revenue amount to determine the amount of money a district can raise through the local tax levy and state aid. In the early years, the limit was increased in line with inflation, as measured by the Consumer Price Index.

These “cost of living” increases ended following Act 10, which was passed in 2011. At that time, the limit was reduced by \$552 per pupil as local districts were provided increased flexibility to make reductions and refinements to salaries and benefits. A \$50 per pupil increase was permitted in 2012-13 with a \$75 increase the following year, but no increases in the revenue limits were permitted for 2013-2018. 2019 Act 9 brings back the increase to the revenue limit by an amount of \$175 per pupil in 2019-20 and \$179 per pupil for 2020-21; this amount is far below the 2.44% that the consumer price index was calculated at for the 2019-20 school year.

Further review needs to be held related to the revenue limit. It is unconscionable that what was supposed to be a short term bandaid in 1993 has continued for over 25 years and thus exacerbated the resource inequities between public schools. The formula fails to equitably provide resources let alone equally provide resources. Relying on referendums to keep the doors open is a poor practice and allows political ineffectiveness in Madison to hurt our schools.

Labor Shortage & Rehired Retirees

We know providing our students with high quality educators has become increasingly difficult over the last decade. There are a lot of reasons why the labor challenge exists, but there is one way to provide short term help. High quality retirees that are willing and able to continue teaching should be allowed to do so without forfeiting their earned pension while the return to service. The short term use of retirees is a win-win as they may elect to continue their pension and the District will save its portion of the pension contribution for the time that they work in retirement. These retirees can work for any private sector employer without foregoing their pension, why is it that public WRS employers are discriminated against and prohibited from allowing them to receive a pension while working in retirement? It simply doesn't make sense, and takes an asset that would improve the high quality labor issues to at least some degree.

The District supports eliminating the hour restrictions placed on retired teachers and staff that come back to work for an employer that participates in the Wisconsin Retirement System. The restrictions placed on those retired staff are discriminatory and further challenge a labor market that has low supply due to the numerous devaluing actions on the educator profession by many Wisconsin legislators and the previous Governor. This elimination alone will not address the labor shortage of teachers. That will only occur through providing the necessary resources to districts to make teaching a strong and attractive profession for years to come.

Special Education Reimbursement Impact

The cost of providing students who have special needs with a Free and Appropriate Education (FAPE), as required by Federal law, continues to rise. The State reimburses public schools just a portion of these costs (26% in 2019-20 and 30% in 2020-21) while requiring public schools to follow all aspects of the Individuals with Disabilities Education Act. Meanwhile, private voucher schools receive 90% reimbursement on these same costs with no comparable oversight or accountability.

While WI 2019 Act 9 represents a slight increase from just under a 25% reimbursement rate, the School District of South Milwaukee continues to support an increase in Special Education Categorical Aid Reimbursement to 60% of aidable cost. This year the District will transfer \$4,303,616 from its General Fund to offset the cost of providing special education services for students with disabilities. If this issue of funding and consistency is not addressed, the increasing expenses associated with special education programming in public schools will continue to affect resources available to all students.

Addressing the whole child: Safety/Trauma Sensitive Schools/Mental Health/Full Day 4K

Over the last few years there has been some investment made in addressing the whole child, however the amount has been insufficient and the delivery method has been inefficient. We have seen safety grants, mental health grants, and a smattering of other initiatives with a token amount of funding attached. It is time to coordinate a strong, ongoing, full throated endorsement of supporting the whole child.


There are multiple ways to accomplish the method of funding such as categorical, a revenue limit exemption, grant supported, etc. Whatever funding mechanism is chosen, it must be sufficient. Our students, families and taxpayers are looking for safe schools, that address the whole child and all the trauma that they come to school with.


In addition, getting to students at an early age will enable schools to properly assess and implement best practice strategies that will close gaps and increase student preparedness. It is imperative that full day 4K be moved beyond an idea, and made a reality, which is funded to the same degree that 5K students are.

District Commitment

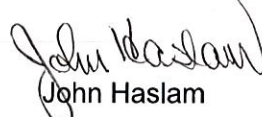
The School District of South Milwaukee remains committed to delivering a high quality educational program despite budgetary constraints. High quality programming and retaining high quality staff remain a key focus of our work. The School Board and Administration will continue to monitor these issues and others to ensure continued excellence in our District.

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