

School District of South Milwaukee  
2015-16 Budget Assumptions  
Budget Recommendations  
May 6, 2015

Description	Increase/ (Decrease)	Totals
<b>Revenue:</b>		
Medicaid Administrative Claiming Reimbursement	30,000	
SAGE Aid	25,000	
Special Education Categorical Aid	30,000	
Revenue Cap \$0 Per Pupil	6,370	
Elimination of Per Pupil Categorical Aid	(457,650)	
<b>Total Revenue Increase</b>		<b>(366,280)</b>
<b>Expenditures:</b>		
Staff Salaries & Benefits	0	
Fire Hydrant Fee	13,000	
Transfer back \$62,500 from Fund 80 to Fund 10 (Utilities)	62,500	
<b>Total Expenditure Increase</b>		<b>75,500</b>
<b>Total Budget Adjustments Needed</b>		<b>(441,780)</b>
<b>Budget Adjustments / Reallocations:</b>		
Staff Turnover Savings	(180,000)	
Reallocate Available Budget	(64,000)	
Short Term Borrowing Interest Budget	(15,000)	
Eliminate Capital Budget	(228,825)	
<b>Total Budget Reductions / Reallocations</b>		<b>(487,825)</b>
<b>Budget Additions:</b>		
Increase of 1.0 Science Teacher at High School	82,000	
Increase of .33 MS Health Position	18,000	
Increase of .60 Social Worker Position	42,000	
Increase of 6-12 Scheduling Assistant (11 Mo. to 12 Mo.)	3,800	
<b>Total Budget Additions</b>		<b>145,800</b>
<b>Budget Surplus (Deficit) 0 Per Pupil</b>	Assumed Above	<b>(99,755)</b>
<b>Budget Surplus (Deficit) 50 Per Pupil</b>	<b>133,051</b>	<b>26,926</b>
<b>Budget Surplus (Deficit) 200 Per Pupil</b>	<b>591,751</b>	<b>485,626</b>

# School District of South Milwaukee

## Budget Impact Statements

### May 6, 2015

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The School District of South Milwaukee has been in the unfortunate situation of having to reduce positions, programs and budgets by approximately \$10 million over the last decade. These reductions have been necessary as a direct result of limited revenue cap increases. This year, the district is struggling with the Governor's proposed State budget that will reduce nearly a half million dollars in funding from South Milwaukee. Over the last four years, the District has dealt with extremely challenging budget constraints. In 2011-12 the district lost nearly 2 million dollars in revenue. The following two years brought revenue limit increases of 0.5% and 0.9%. Meanwhile, the cost of operations outpaced the low increases. For 2015-16 the district is facing another reduction in funding. ***This has got to stop***, it is time for sustainable, predictable and fair 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**

### Medicaid Administrative Claiming (MAC) Reimbursement:

+\$30,000

The district currently participates in the Medicaid School Based Services program which allows the district to bill Medicaid for special education services that are provided by district staff. As part of that process, there are time studies and reporting requirements that the district must complete. For completing the requirements the district has received a MAC reimbursement. The district has received MAC reimbursement for the last two years, and is anticipating that the reimbursement will be made for next year.

### SAGE Aid Increase:

+\$25,000

SAGE aid is a payment from the State to the district for the small class size program at Lakeview (grades K-3). The aid is based on the number of free and reduced students that are enrolled at the applicable grade levels at Lakeview. The aid amount is set to be \$2,250 per student, however since it is a sum certain allocation, the amount has been prorated to \$2,045 per student. The trend of the free and reduced population in the applicable grade levels has been 67% in 2012-13, 71% in 2013-14 and 78% in 2014-15. Due to the increased number of free and reduced students, we will certainly receive an increase in funding.

Special Education Categorical Aid Increase

+\$30,000

The district receives special education aid based on the previous years expenses. The aid percent is typically around 26%. Based on projected special education costs in 2014-15, the projection for 2015-16 special education categorical aid will increase by \$30,000.

Revenue Cap Adjustment

+\$6,370

The proposed State Budget includes \$0 in the per pupil amount adjustment. When projecting the revenue limit with the \$0 figure, the total increase amounts to \$6,370. The revenue limit caps our ability to raise new revenue to continue or enhance our programs.

Elimination of Per Pupil Categorical Aid

(\$457,650)

The Governor's proposed budget deletes a provision that allows the district to receive \$150 per pupil in categorical aid. By deleting this provision, the district will lose \$457,650 in revenue. Throughout the spring, public school advocates have advocated to leave this funding intact. Unfortunately, the state-level discussion did not center on an appropriate increase in public school funding, but instead was focused on defending the current funding level and trying to avoid another decrease.

**EXPENDITURES**

Staff Salary & Benefits

\$0

In light of the proposed decrease in funding, the assumptions for 2015-16 staffing compensation increases will be frozen at the 2014-15 rates. Additionally, health benefits will be modified to hold the cost of benefits flat going into 2015-16. If the State budget changes for the good, available funds will be allocated here to invest in our ability to retain our staff.

Fire Hydrant Fee

(\$13,000)

The City of South Milwaukee has created a fire hydrant fee and will be assessing the fee to the district. The fee will increase the expense budget by \$13,000.

Decrease in Utility Transfer of \$62,500 from Fund 80 to Fund 10

(\$62,500)

The State charged the Department of Public Instruction to create rules on the use of funds in the Recreation Fund. As a result, only direct expenses can be charged to the Recreation Fund. We estimate that we will lose the ability to charge a large portion of utilities to Recreation Fund due to the challenge of having to make the costs direct expenses.

Staff Turnover Savings

(\$180,000)

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 \$180,000. This is a higher amount than what was previously provided to the Board.

Reallocate Available Budget

(\$64,000)

We have reassessed our current budget and have found that there is a balance resulting from assumptions that proved to be better than expected.

Short Term Borrowing Interest Budget Reduction

(\$15,000)

Due to cash flow timing, the district annually goes out to bid for short term borrowing bonds. In recent years, the district has reduced the borrowing amount from a high of \$3.8 million to \$250,000. While the amount does fluctuate, the overall trend is coming down. As a result, there is a lower interest charge for the borrowing, thus a decrease in the interest expense budget of \$15,000.

Eliminate Capital Budget

(\$228,825)

The 2013-15 State budget included a new per pupil categorical aid, which was set at \$75 per pupil in year 1, and \$150 per pupil in year 2. When allocating the funds, the district took a conservative approach and only utilized half of the amount for operating purposes. The other half was put into a capital budget account to be used for one time purchases. As we can see by the proposed State budget, the State is proposing to pull back 100% of the per pupil aid. This reduction will reduce our ability to fund our capital projects.

## **STAFFING INCREASE**

### Increase of 1.0 FTE Science Teacher at High School

+\$82,000

The Board previously approved the addition of a new 1.0 FTE high school science teacher due to the increased science credit required for graduation. The revision is included in the budget assumptions to provide an overview of staffing budgetary impacts to the 2015-16 budget.

### Increase of .33 FTE MS Health

+\$18,000

The Board previously approved the increase of a .33 FTE middle school health teacher due to the new health class requirement at 8th grade. The revision is included in the budget assumptions to provide an overview of staffing budgetary impacts to the 2015-16 budget.

### Increase of .60 FTE Social Worker

+\$42,000

There are increased student and family needs that require the assistance of a certified social worker. Currently there is one social worker in the district, working in all six buildings. This is not a sustainable model as she is unable to properly assess and assist with all needs. The addition of a .60 FTE social worker at the elementary and/or middle school level will help balance the workload and provide additional resources to our students and families. The funding for the position is partially found through retirement savings of a 1.0 FTE guidance counselor at the elementary level. The retirement savings line item above has been increased to reflect that change from the last time the information was given to the Board, partially offsetting this increase.

### Increase of 6-12 Scheduling Assistant (11 Mo. to 12 Mo.)

+\$3,800

The position of the 6-12 Scheduling Assistant is recommended to be moved from 11 months to 12 months in order to accomplish all the duties assigned to this individual. The main responsibility of the position is to create and update the master schedules for the high school and middle school, including working with administrators, guidance counselors, and families with individual student schedules. As an 11 month employee, the position is empty during the month of July. This is when numerous changes need to be made to the schedule. Additionally, the individual assists in other duties that have been moved to more summer scheduling by the federal government (civil rights report) or the state government (increased reporting related to staffing and class assignments).

## **OTHER**

### Utilization of Fund Balance

(\$0- \$99,755)

Depending what the State ends up including in the 2015-17 budget, there is a possibility that the district would have to utilize up to \$99,755 of fund balance to balance the budget for 2015-16. There is confidence that the State will revise the impact to public education, which would then negate the need to utilize fund balance.