



WISCONSIN POLICY FORUM

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Referendum Vote a Bright Spot, but Unknowns Cloud Picture for Milwaukee Public Schools Budget

With the national economy in turmoil amid the COVID-19 crisis, voter approval of an April referendum for Milwaukee Public Schools to exceed state revenue limits may “serve as a life raft rather than the instrument of district renewal some might have envisioned,” according to a new Wisconsin Policy Forum report.

The Forum’s annual budget brief examines the \$1.2 billion 2021 budget proposal released earlier this month by Milwaukee Public Schools (MPS) Superintendent Keith Posley – as well as the district’s long-term fiscal outlook. The aim is to provide an independent assessment that will encourage informed deliberations by policymakers in Milwaukee and the state Capitol.

Our analysis finds MPS cross-buffered by two recent developments with very different implications. While the resounding passage of the referendum was a milestone for the district, it will not be a panacea for its finances.

“The ability to add these dollars to the budget provides new hope for the district, though that hope might be tempered by new budget holes created by the COVID-19 crisis,” the report says.

Challenges confronting the district prior to the pandemic included growing fixed costs, long-term facility needs – for which the report notes the district lacks a strategic plan – and dwindling reserves. The report also notes the district faces “fierce expenditure pressures related to salaries, benefits, and a student population with a variety of special needs related to poverty, trauma, racism, disability, and English language proficiency.”

Now add to that the significant additional costs anticipated as a result of the pandemic. Like schools nationwide, the district is scrambling to adapt to an unprecedented distance learning model while providing some students the technology they need to learn from home. It is possible that some of the added costs will be offset by federal or state relief.

Analyzing this budget was especially challenging because it does not grapple with some of the biggest fiscal decisions currently facing the district – instead setting them aside to be resolved later in the budget process. Rather, the proposal lays out a baseline scenario of how the district’s fiscal picture would have looked without the onset of the pandemic and passage of the referendum.

“This should be recognized as a “placeholder” budget that will change significantly when the referendum monies are added and the impacts of the COVID-19 crisis become more clear,” the report says.

Posley, in a presentation to the MPS school board shortly after releasing the proposed budget, outlined his proposed use of the \$57 million in additional property tax revenue the district will now realize as a result of the referendum's passage. The additional levy authority approved through the referendum will be phased in, eventually increasing to \$87 million a year after four years.

Much of the new funding, or about \$30 million, would go toward "attracting and retaining certified educators." The budget brief notes that it is unclear from the proposed budget and referendum spending proposal what portion of referendum funds would fill a gap in the 2021 baseline budget stemming from approval last year of a new compensation framework for teachers and other staff. Remaining dollars would add positions and other instructional spending for a variety of priorities, such as art, music, physical education, and library staffing and programming, nurses and counselors, early childhood teachers, and career and technical education.

The report concludes that the MPS budget proposal leaves many unanswered questions, starting with whether the district can sustainably deliver on the promise that the referendum would enable it to expand its workforce to address key educational and service-related priorities. Other question marks include how the new compensation framework could affect the district's long-term finances, how MPS would respond to a cut in state support should state leaders turn to that option in a state budget repair bill, and how to address the likely impact to student learning from the pandemic.

"There is still too much uncertainty surrounding the global pandemic and its impacts on MPS' operations and finances to fault its leaders for not yet providing answers to those questions," the report concludes. "However, it will be incumbent upon them to both delineate and address them as the 2021 budget continues."

[Click here to view the report.](#)

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