Budget Update # 3
Funding for Non-Personnel Accounts
Presented March 17, 2014

This is the third in a four-part series of updates regarding development of the 2014-15 MMSD budget. As you may recall, the January update focused on the revenue side of the budget. In February, the update provided an introduction to the staff allocation process. The update this month will feature the non-personnel side of the budget for the schools. It will also include information about the MMSD budget adoption process and schedule.

1)   School Non-personnel Budgets:

Our proposition is that school non-personnel budgets are under-funded and that funds should be shifted from central office accounts to the schools to correct this condition. Our zero-based budget goal is to shift at least $500,000 to the schools for non-personnel budgets (an 11% increase), with a stretch goal of shifting $1,000,000 to the schools (a 22% increase). In 2013-14, the schools received $4.5 million of local funds for non-personnel accounts. Our goal is to increase this amount to $5,000,000 or $5,500,000. This reallocation will provide additional resources for schools which can be used for a variety of activities aligned with SIP priorities, such as basic classroom supplies and materials, supplemental instructional materials, staff development, additional teacher planning time, and additional SBLT planning time.

It should not be surprising that school non-personnel budgets have been squeezed in recent years. Whenever personnel costs grow faster than school revenues, which is the case in almost all Wisconsin school districts, the non-personnel side of the budget is inevitably reduced. For example, MMSD used a two percent (2%) across-the-board decrease in all supply accounts (including central office) to help balance this years' budget.

We are making school non-personnel budgets a priority in budget development because it will give principals slightly more local decision-making authority. In addition, there are related signs of budgetary stress in the schools which we should acknowledge, even if we can't solve them all in one step. At the secondary level, for example, under-funded school non-personnel budgets lead to departmental requests for higher course fees. At the elementary level, it leads to ever-lengthier school supply lists for parents to fulfill. At the community level, it leads to PTO's and Boosters being asked to supplement school budgets for routine operational needs. These are conditions we wish to remediate over the next several budget cycles.

School non-personnel budgets account for just 1.4% of total general fund expenditures ($4.5 MM versus $324 MM). Common non-personnel expenditures at the school level include office and classroom supplies, bulk and specialty paper, photocopier leases, small equipment and classroom furniture. Almost all other expenditures are paid for by central office departments. For example, utilities, transportation, and major curricular materials are not funded at the school level.

Each school also receives an allotment for staff development, School Based Leadership Teams (SBLT), and School Improvement Planning (SIP). The table below shows typical school non-personnel budgets for an elementary, middle and high school:

Selected School Budgets - 2013-14 data:

Category	Method	Elementary School Ex: Midvale (445 Pupils)	Middle School Whitehorse (469 Pupils)	High School LaFollette (1,476 Pupils)
Base Allotment	Variable Based on Students	44,100	61,814	219,407
SIP Allotment	Tiered	4,257	4,592	5,378
Staff Development Allotment	Variable Based on Students	2,988	3,149	9,910
SBLT Leadership Team Allotment	Variable Based on Students	2,592	2,592	2,592
Subtotal		*53,936*	*72,147*	*237,287*
Subtotal Per Pupil		*121.20*	*153.83*	*160.76*
Athletic Dept - General (High Schools)	Fixed Amount Per School			160,257
Athletic Dept - Supervision (High Schools)	Fixed Amount Per School			36,622
Extra-Curric Clubs & Activities (High Schools)	Fixed Amount Per School			33,008
Subtotal				*229,888*
Subtotal Per Pupil				*155.75*

Funding for staff development and SIP has been steady but not increasing in recent years. The SBLT category was added last year.

Funding for athletics and extra-curricular clubs/activities at the high school level has been similarly steady. However, an increase of approximately $16,500 per athletic department was added two years ago to help offset the cost of transportation to and from athletic events.

Our goal is to identify and reallocate at least $500,000 to $1,000,000 from central office accounts to increase the school non-personnel allotments. The schools will receive an additional allotment on approximately May 1, 2014.

Round # 2 of the zero-based budget process, which includes an in-depth review of each central office department, will be completed later this month. Through this process, funds will be identified for reallocation to the school sites.

2) Budget Presentation, Hearing, and Adoption:

Budget development is on schedule. We are looking forward to presenting the budget proposal to the Board at the regular meeting on April 28. The budget will be posted on the MMSD website at the same time. We are planning to preview budget highlights at the Operations Work Group meeting on April 14.

It would be ideal to have a preliminary 2014-15 budget adopted by the Board in May, one month after the initial April presentation. This will give us time to incorporate any changes based on the Special Education and Alternatives Review. Opportunities for public input on the budget proposal should be scheduled during the month of May.

We hope to make this process as efficient and satisfying as possible for the Board and public. If we have done our budget work well, the need for extensive Board revisions of the budget proposal should be reduced.

Once a preliminary budget has been adopted by the Board, it will remain in place until November, at which time a tax levy and revised budget will be presented for Board consideration.

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