



February 19, 2020

Dr. Keith Posley, Superintendent
Milwaukee Public Schools
5225 W. Vliet Street
Milwaukee, WI 53208

Dear Superintendent Posley:

Thank you very much for meeting with MMAC's Education Committee. We appreciated the opportunity to learn more from you and your staff about the use of the proceeds from the proposed permanent increase of \$87M in annual MPS funding from the April 7th referendum.

MPS is an important institution, we respect the committed dedication of its employees in serving more than half of the K-12 students in the city. For these reasons, MMAC has made a careful assessment of the referendum. We have attended and reviewed information from the Community Task Force and MPS School Board presentations, while gaining input from our Education Committee and Board of Directors.

As stakeholders, we value the role of the K-12 education system in developing young people as citizens. As employers, we respect the need for a community of life-long learners. And as taxpayers, we recognize the benefit of equipping everyone with the capacity to fulfil their potential and thrive in the future of work. In the context of how the funding is proposed to be utilized, MMAC is not supportive of the referendum. We look forward to further productive dialogue that could lead us to support the referendum. We encourage the MPS board and Administration to adopt these changes so the referendum is as impactful as our community deserves:

- Adopt a rigorous metrics-based plan connecting the referendum to improved student outcomes.
- Commit to implementing per pupil funding equity within MPS.
- Better utilize taxpayer investments to support quality educational options.

These changes will improve the impact of the referendum on student outcomes, increasing the value proposition of the added taxpayer investment. A referendum on all city taxpayers should be supportive of all students. We strongly encourage addressing these shortcomings from the proposed referendum.

Adopt a rigorous metrics-based plan to improve student outcomes. MPS students, like others in the city, have significant challenges to their learning journey. MPS must present a compelling case to connect the added funding to specific improved student outcomes. The rough plan that has been presented adds staff in 7 different categories but does not tie this to accountable student outcomes. Compared to 20 other large urban districts, MPS students score second from the bottom on the National Assessment of Education Performance (NAEP). The challenges in MPS are both systemic and specific to individual school campuses. There are gains being made across the city. On the most recent State Report Card, 39,000 students were in 4 or 5 star rated schools in the city: respectively, 34% were in MPS (which enroll 61% of total students tested), 37% were in MPCP (which enroll 25% of total students tested), and 29% were in public charters (which enroll 14% of total students tested). Sixty percent of African American students in MPS are in failing schools. While gains need to be made across all education sectors, of the 18,000 students attending one-star schools, 90% are in MPS (these are the

lowest rated schools--defined by DPI as "failing to meet expectations"). We are earnest supporters of efforts to improve outcomes critical to our community, and Milwaukee is better served with MPS as part of a city-wide strategy to grow quality schools.

Commit to per pupil funding equity within the district. MPS is misconstruing the number of students who will benefit from the referendum proceeds. While purporting to levy a tax increase for its 77,000-student enrollment, almost 10,000 students in district charter schools will not benefit from the referendum. These district charter students count for the purposes of state aid, but district policy, as manifested in its current charter school contracts, limits the amount of that aid a charter student receives, including any additional local referendum proceeds.

A parent with a student in an MPS charter school will pay the added referendum taxes, but their child will not benefit from this additional funding. Through the property tax levy and state aid, next year MPS will receive \$12,811 per pupil. Of this, it would fund its charter schools at \$9,165 per student. By excluding MPS charter schools from receiving the added referendum funds, the existing disparity would increase to almost \$5,000 per student, or \$14,129 vs. \$9,165. If MPS enrollment continues to decline as projected, this gap would widen significantly with time. This inequity creates "second class" students, putting public charter students at a significant funding disparity. MPS charter schools and other independent public charter schools provide quality options for students. Of the 15,000 students served by public charters, 97% are served by a school rated as "meets, exceeds, or significantly exceeds expectations" on the DPI report card. The goal should be to reduce per pupil inequities within the district, while increasing quality schooling options for children. MPS policy to exclude its charter students from this funding is detrimental to improving educational outcomes, and disingenuous to recruiting taxpayer support.

Better utilize taxpayer investment to support quality educational options. In the city, MPS's share of K-12 enrollment has declined by 44% since 2000. District enrollment has declined 16% in the past decade. This is due to parents making educational choices outside of MPS, and a city-wide decline in K-12 student population. Consequently, the district budget includes a substantial cost for empty classroom seats. The current facility plan inefficiently uses taxpayer resources by not addressing MPS's excess capacity of nearly 12,000 seats (14%). Under the district's enrollment projections, this excess capacity will grow to 18,000 seats (23%). According to its own consultant, conservatively, MPS is spending over \$6M annually on empty seats and, based on average operating costs per pupil *"MPS is spending \$125M for students that don't exist. When capacity and enrollment are not balanced, the district is spending resources on empty spaces."* Repurposing 8 schools would save the district \$30M over the next 5 years. Right sizing the district's facilities would free up resources for better maintenance, capital allocation, or added classroom support.

Examples in neighborhoods on the north, west and south sides show clusters of schools running at 50% of student capacity, while other schools serving publicly funded students have student wait lists or need expansion space. The district appears to be paying for excess school buildings to avoid triggering state law which requires "underutilized" space to be offered at market rate to other school providers.

Taxpayers are funding empty and underutilized school buildings on one hand, while being asked on the other hand to finance facilities for publicly funded students. Consequently, over \$100M of individual, corporate and philanthropic dollars are being spent to redevelop or build new school facilities. MPS can

reduce this negative impact on precious community resources by implementing a strategy that better utilizes taxpayer resources to meet parent demand for quality schools.

In addition to better facility utilization, we are concerned that the referendum does not address the district's current fiscal challenges.

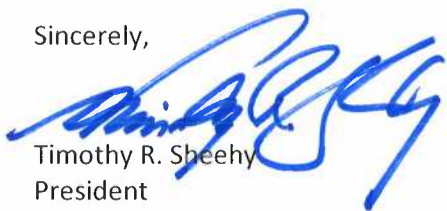
The referendum increases the MPS portion of the property tax by 17%, raising overall property taxes by 8.5%. This permanent new revenue stream will provide MPS with almost \$1B in new funding over the next decade. However, it also appears this new funding will support an equal amount of additional costs for some 800 new staff. With the added funding going to cover this incremental new staff cost, how are the current fiscal challenges to be addressed? It is our understanding that MPS has a projected \$30M budget deficit for 2021. Current employees and retirees carry a \$265M annual benefit cost and a \$765M unfunded OPEB liability. We support compensation levels necessary to attract and retain top school talent, but do budget projections account for the long-term costs of the added staff? The district also has \$300M in deferred maintenance. A full transparent fiscal analysis should be made well in advance of the ballot referendum.

MMAC's members employ over 300,000 people in the region and are representative of the 45% of the non-residential base in the city subject to the property tax. Our members are strong advocates for publicly funded education. We have worked alongside MPS to advocate that Wisconsin fully funds K-4 and it increases the reimbursement for special education costs. Our members are engaged in school partnerships, in providing scholarships, in programming to serve every 7th grader with a career exploration experience, and in facilitating volunteers to teach high-school computer classes. We are and will continue to be partners with MPS in the service of its students.

We look forward to a productive dialogue regarding our concerns and to better understanding the referendum proposal that could lead to our re-evaluating our current position on the proposed referendum. As employer stakeholders, we remain committed to supporting policies and programs that improve outcomes for all of Milwaukee's students.

Thank you for all you do to improve and enrich students.

Sincerely,



Timothy R. Sheehy
President